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REPUBLIC OF NORTH MACEDONIA

► **YOUNG PEOPLE NOT IN
EDUCATION, EMPLOYMENT
OR TRAINING (NEET)**

MAPPING AND POLICY POINTERS



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Note

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Valli Corbanese and Marjan Petreski (ILO Technical Team) advised on the preparation of different sections of the report, under the overall responsibility of Daniela Zampini, ILO Senior Employment Specialist, who shall be the main interlocutor for any errors and omissions found in the report.

Natasha Simjanoska and Markus Pilgrim (ILO); Cristina Mereuta, Maria Rosenstock, and Kristien Van den Eynde (ETF); and Kamil Valica (European Commission) provided comments and suggestions on the draft report.

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► Executive summary

At the EU-Western Balkans Ministerial Meeting on Employment and Social Affairs, in July 2021, the Republic of North Macedonia reaffirmed its commitment to support youth employment through the enhanced implementation of the Youth Guarantee introduced in the country in 2019, in line with the policy principles applied at European Union (EU) level.

Given that the employment outcomes of young Macedonians, although improving, are still lower than those of their European peers efforts to tackle youth inactivity and unemployment through an innovative youth employment policy framework are very much needed. In 2021, out of the total youth population (15–29 years of age) in North Macedonia (approximately 390,000 people), about 130,000 (or 33.4 per cent) were employed and 50,000 were unemployed (12.9 per cent). About 210,000 young people were inactive, mainly because of school attendance (78.1 per cent of all young inactive people). In the same year, nearly 40 per cent of all young unemployed had been looking for work for longer than one year. The rate of young people not in education, employment, or training (NEET) was 24.2 per cent, nearly twice the average NEET rate recorded in the EU (13.7 per cent).

This report offers a snapshot of the situation of young NEETs in North Macedonia. While the figures relate mainly to the latest available year (2021), it draws comparison, whenever relevant, with the previous five years, in order to disentangle any specific labour market impacts related to the Covid-19 pandemic. The situation of young NEETs seems to be particularly difficult in the Northeast, Polog and Southwest regions of the country, where the levels of youth unemployment – and especially the share of long-term unemployment – are more than three times the average recorded in the Southeast and East regions.

Equally high are the levels of young people who are inactive as a result of care and family reasons, predominantly young women in the 25–29 age group. The probability of young women being inactive because of care and family responsibilities – albeit on a declining trend compared with 2016 – remains significant and especially so for low-skilled young women living in less developed regions. Policy options for addressing inactivity among women with care and family responsibilities need to consider skills acquisition, care services and other support measures.

The relatively high number of long-term unemployed young people in all regions calls for early intervention (to prevent skills erosion and discouragement) and a strengthening of job matching services. All regions should invest in easing the labour market integration of young women with care and family responsibilities, especially low-skilled ones in the 25–29 years of age cohort. Young people living with an illness or disability require attention in all regions, but especially in the Southwest, where rehabilitation services may not be easily available.

This mapping offers guidance to policymakers and practitioners on how to improve the effectiveness of the Youth Guarantee and make it more relevant to the current situation of young women and men in North Macedonia.

▶ 1. Introduction

Headline unemployment, although often used by policymakers as a summary metric of the overall labour market situation, has proven time and again to be an inaccurate indicator of labour market health and may, consequently, lead to inadequate policy decisions. In the wake of the 2008 youth employment crisis in the European Union (EU), the concept of young people not in employment, education or training (NEET) has been gaining ground as a means of better gauging the labour market challenges young people face and orienting policies accordingly. The NEET rate is also one of the indicators used to measure progress towards the Sustainable Development Goals (SDGs).

Despite some criticisms, the notion of “NEET” can serve to orient employment and social policy objectives towards marginalized individuals who require appropriate policy responses.¹ In this respect, when governments and social partners set targets to reduce the number of young NEETs through policy measures such as the Youth Guarantee, the heterogeneity of the NEET population needs to be considered.²

Countries in Southern and Eastern Europe face the challenge of developing policy instruments that can address the labour market barriers faced by young NEETs over time. Some are considering the introduction of a Youth Guarantee scheme modelled on the one introduced in 2013 in EU Member States to tackle labour market disengagement. North Macedonia was the first country in the Western Balkans region to pilot (2018–19) and then implement (2020–22) a Youth Guarantee. The country’s constant commitment to promote youth employment is also reflected in the newly-adopted Employment Strategy (2021–2027), which sets as priorities improvement of the youth labour market, enactment of activation strategies and further development of the Youth Guarantee to ensure the social and labour market inclusion of unemployed and inactive young people.

The NEET population is not a homogenous group: it comprises young people with different characteristics, needs, and experiences, which require careful mapping in order to devise adequate policy responses. Against this backdrop, this report contributes to the knowledge base required for decision-making. It provides a synopsis of the main characteristics of young NEETs in North Macedonia and examines the likelihood of becoming NEET based on personal circumstances and geographical location. The data are drawn from the Labour Force Survey (LFS) carried out by the Statistical Office of North Macedonia for the period 2016–21.

The 2020 and 2021 figures examined in this report reflect the labour market impact of the Covid-19 pandemic. The Covid-19 impact assessment report shows that during the first wave of the pandemic in spring 2020 the country sustained a loss of working hours equivalent to 85,550 full-time jobs.³ North Macedonia has managed to offset this shock through a generous – albeit untargeted – package of economic support measures, but has faced tough choices in containing the pandemic while keeping the economy going.

This report is structured in six sections. The first two sections present the overall situation of young NEETs in North Macedonia and their main characteristics. Sections 3 and 4 analyse the main characteristics of unemployed and of inactive young people within the NEET count, with reference also to regional differences. Section 5 looks at the factors that most determine the risk of becoming NEET, while Section 6 reviews the achievement of the Youth Guarantee implementation plan (2020–22). Section 7 concludes and offers some policy pointers for the Youth Guarantee implementation plan of the next programming period.

1 International Labour Organization (ILO): What does NEETs mean and why is the concept so easily misinterpreted? Technical Brief 1 (Geneva, ILO, 2015).

2 Eurofound: Exploring the diversity of NEETs (Luxembourg, Publications Office of the European Union, 2016).

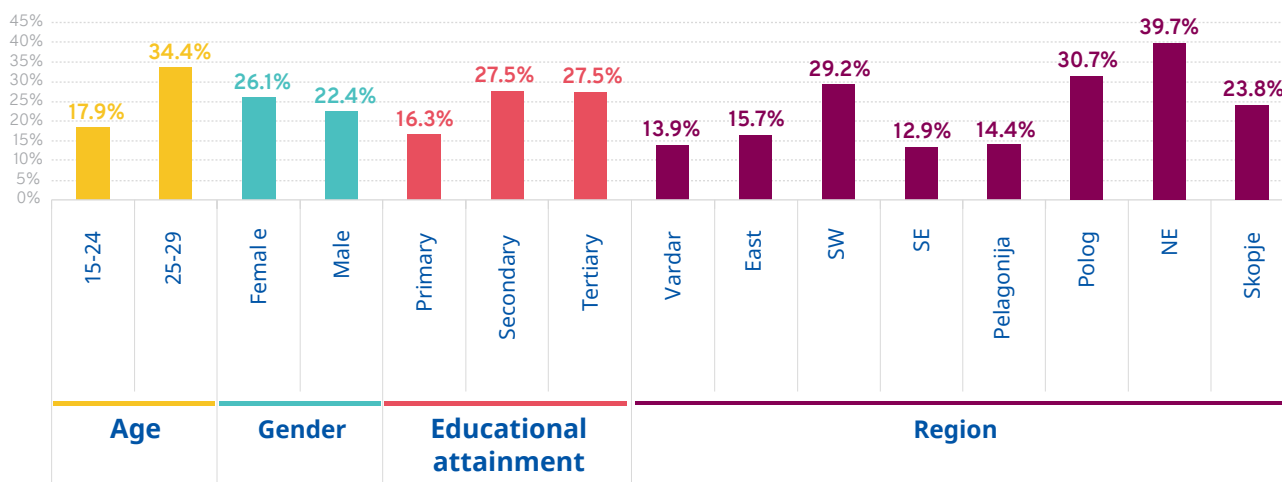
3 ILO and EBRD: “Covid-19 and the World of Work: Rapid Assessment of the Employment Impacts and Policy Responses – North Macedonia” (2020).

► 2. Key characteristics of young NEETs

According to the Labour Force Survey (LFS), in 2021 there were approximately 94,000 young people 15–29 years of age who were not in employment, education or training (NEET) in North Macedonia, corresponding to approximately one-quarter (24.2 per cent) of the total youth population. This share is on a declining trend compared with 2016, when young NEETs accounted for 31.3 per cent of the youth population (roughly 136,000 young people). This drop is due partly to the progressive decline of this age group (15–29 years of age) – although the exact figure is not yet known (census data have not yet been published) – but also to the decrease recorded in 2019 when the Youth Guarantee was piloted (the share of young NEETs dropped from 29.7 per cent in 2018 to 24.5 per cent in 2019).

As shown in Figure 1, the NEET rates in 2021 were higher for women than for men (26.1 per cent and 22.4 per cent, respectively), for young people in the 25–29 age group than for the younger cohort (34.4 per cent and 17.8 per cent, respectively), for young people living in the Northeast region (39.7 per cent) and for young people with secondary educational attainment (27.5 per cent).

► Figure 1 NEET rates by age, gender, region and educational attainment, 2021 (%)

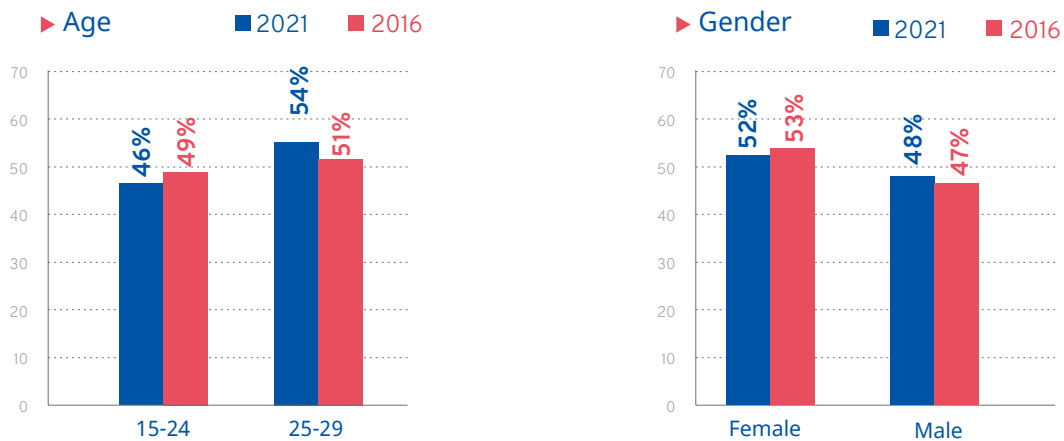


Source: Authors' calculation based on the Labour Force Survey (2021).

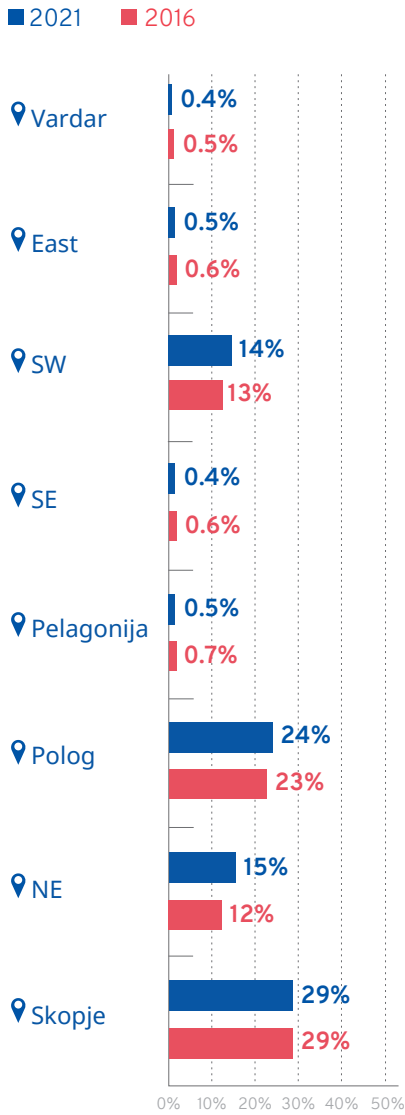
The composition of young NEETs over the years shows changes with regard to age group, gender, educational attainment and labour market status (Figure 2). While in 2016, 50.9 per cent of all young NEETs were in the 25–29 cohort, by 2021 this share had increased to 54.2 per cent. Between 2016 and 2019, the share of young women in the NEET group increased from 52.7 per cent to 56.1 per cent, falling back in the following two years (52.3 per cent in 2021). In 2016 over half of young NEETs were unemployed (61 per cent), while in 2021 this share stood at only 51 per cent. This latter change took place mainly in 2018 and 2019 and may be related to the introduction of the Youth Guarantee. The effect of the Covid-19 pandemic is noticeable only among young women: their NEET share dropped in 2020, especially among unemployed young women. As in the EU countries, the impact of the pandemic among young people is reflected mainly in a shift towards inactivity.

No major shifts occurred across regions between 2016 and 2021. Nearly one-third of NEETs (29 per cent) live in the Skopje region, followed by Polog (24 per cent).

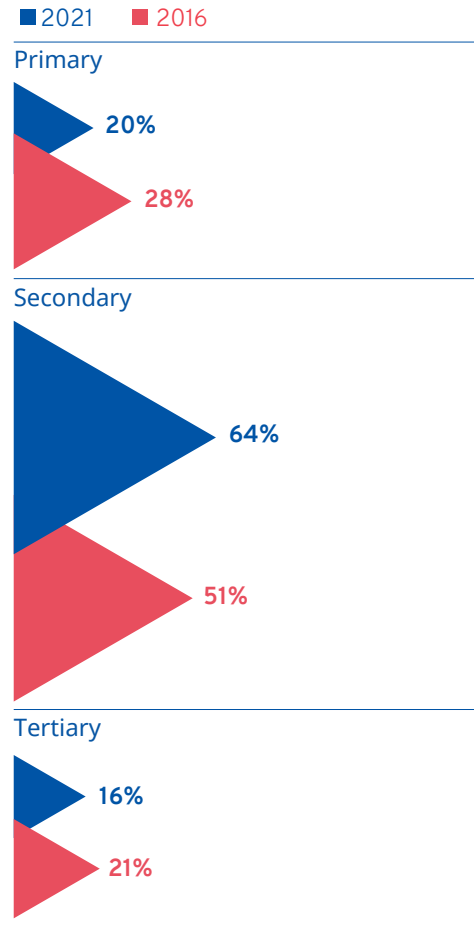
► **Figure 2 Young NEETs by key characteristics, 2016–21 (percentage within the NEET group)**



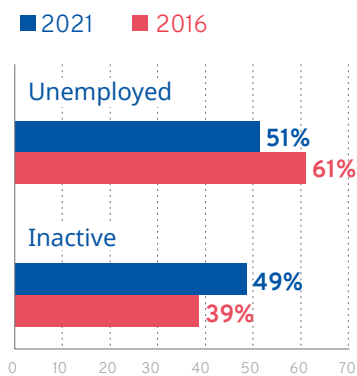
► Region



► Educational attainment



► Labour force status

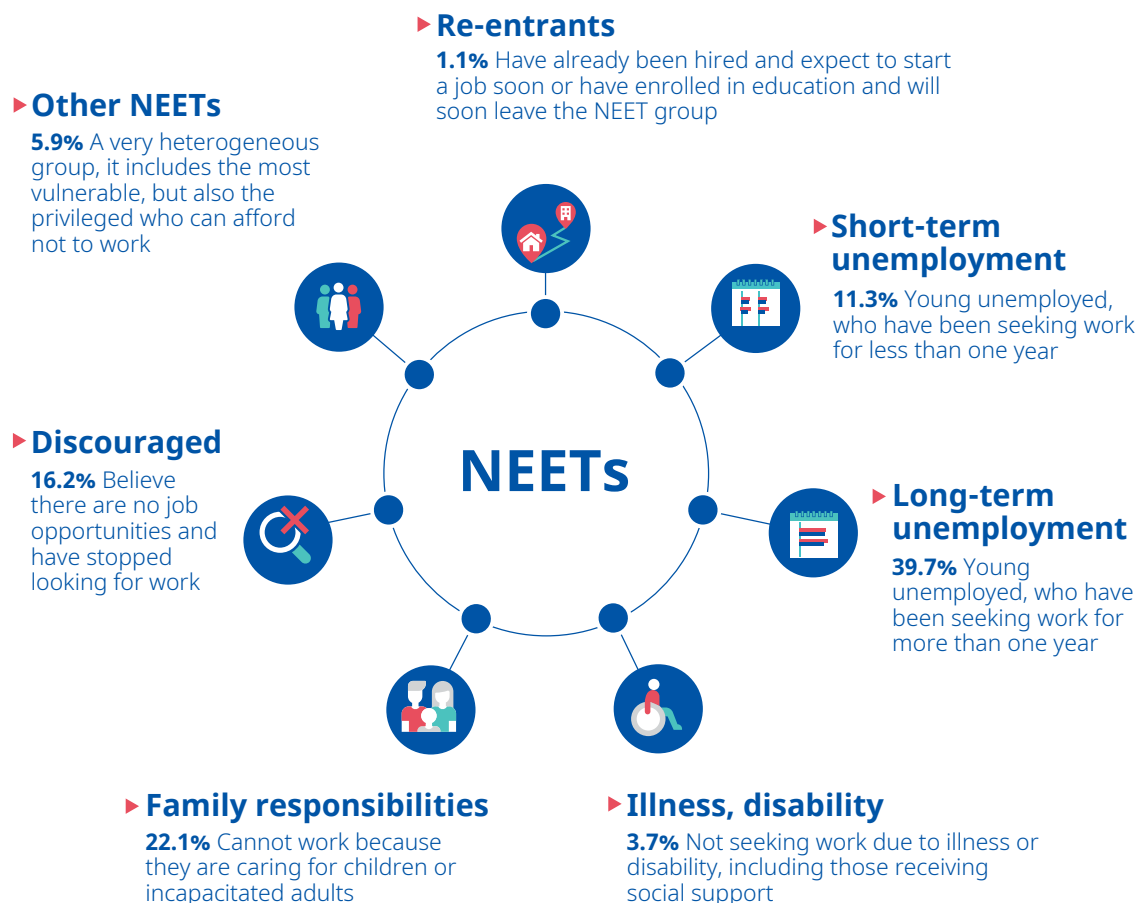


Source: Authors' calculation based on the Labour Force Survey (2016–21).

The figures on educational attainment show that most young NEETs have a secondary education (64.1 per cent), with a significant increase compared with 2016 (51.2 per cent). The share of university graduates who were NEET in 2021 is relatively high (16.3 per cent) and comparable with the proportion of those who had attained only a primary education (19.6 per cent in the same year). Yet both shares declined significantly compared with 2016 (20.8 per cent and 28 per cent, respectively).

The NEET population is usually divided into seven sub-categories (Figure 3). The unemployed are sub-divided by duration of unemployment (short- and long-term unemployed), while inactive young people are grouped according to the reason for inactivity. In 2021, roughly 11.3 per cent of young NEETs were short-term unemployed (approximately 10,600), while 39.7 per cent (or 37,300 young people) had been unemployed for longer than one year, on a declining trend compared with 2016 (14.6 per cent short-term unemployed and 44.3 per cent long-term unemployed, respectively).

► **Figure 3 Young NEETs in North Macedonia by sub-group**



Source: Authors' calculation based on the Labour Force Survey (2021).

Inactive NEETs include a substantial proportion of young people who are detached from the labour market due to care and family responsibilities (22.1 per cent of the total NEET population, over 20,000 people) and discouragement (16.2 per cent or 15,200 young people). In 2021, young people inactive due to illness or disability accounted for 3.7 per cent of the total (3,400 young people). The share of inactive NEETs due to discouragement started to increase in 2019, peaking in 2021 at 16.2 per cent, twice the share recorded in 2016 (7.5 per cent). Over the years, there has been a change in the relative incidence of the different NEET sub-categories, as shown in Table 1.

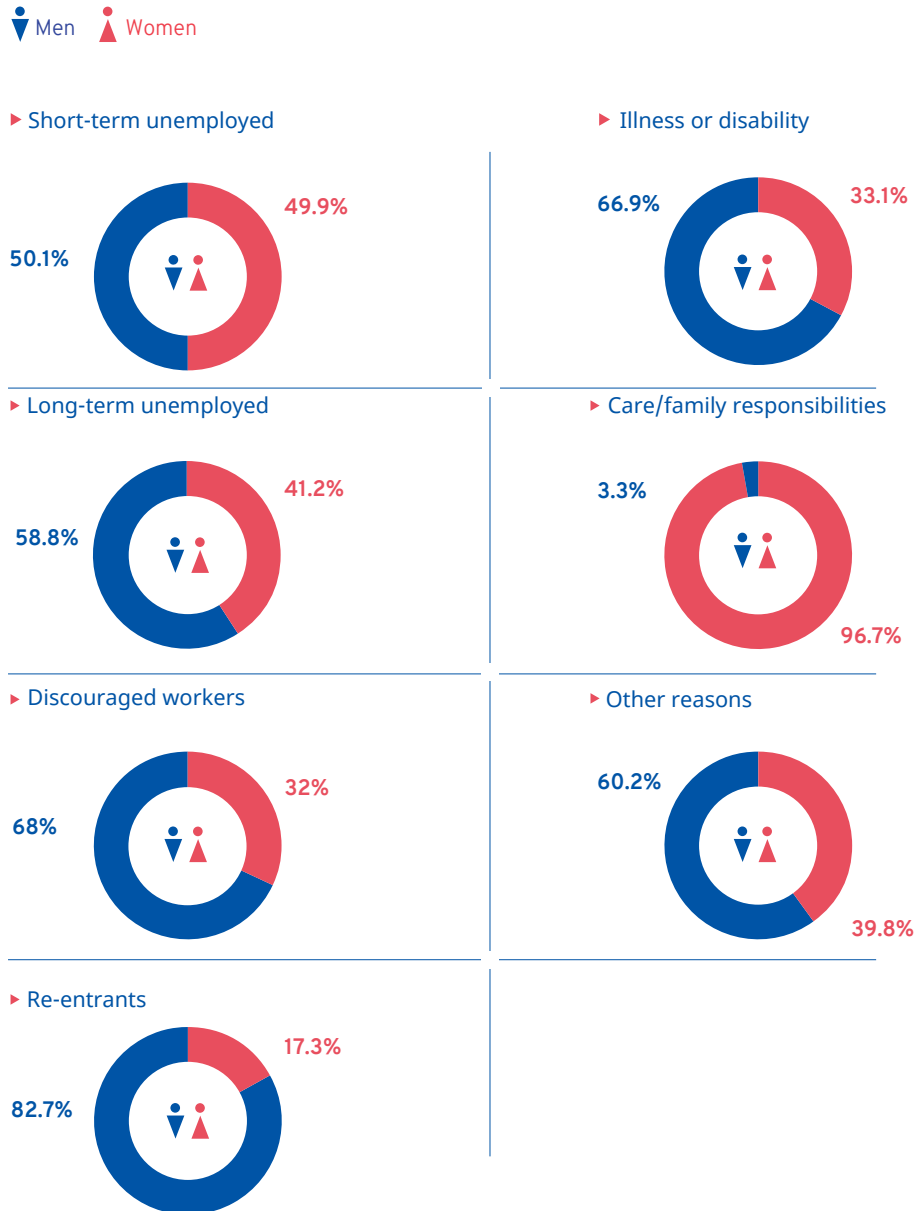
► Table 1 Young NEETs by sub-category, 2016–21 (%)

	2016	2017	2018	2019	2020	2021
Short-term unemployed	14.6%	14.7%	14.8%	9.7%	12.8%	11.3%
Long-term unemployed	44.3%	45.3%	43.8%	34.5%	39.3%	39.7%
Re-entrants	0.4%	0.5%	0.5%	1.5%	1.7%	1.1%
Illness or disability	2.3%	1.7%	2.4%	4.5%	4.1%	3.7%
Care/family responsibilities	26.2%	28.3%	26.9%	31.4%	22.9%	22.1%
Discouraged workers	7.5%	5.1%	7.2%	12.9%	12.1%	16.2%
Other NEETS	4.8%	4.4%	4.3%	5.4%	7.1%	5.9%

Source: Authors' calculation based on the Labour Force Survey (2016–21).

The gender gap in NEET rates – 3.7 percentage points in 2021 (see Figure 4) – is explained mainly by the predominance of women among those inactive because of family and care responsibilities (96.7 per cent).

► Figure 4 Young NEETs by sex and status, 2021



Source: Authors' calculation based on the Labour Force Survey (2021).

These young women are mainly in the low-to-medium-skilled category and live predominantly in rural areas, in non-poor households (Table 2). Young men, conversely, are more represented in other NEET categories, particularly among the long-term unemployed and discouraged workers.

► Table 2 Share of NEETs by key characteristics (percentage within sub-group), 2021

		UNEMPLOYED NEETS			INACTIVE NEETS			
		Short-term	Long-term	Re-entrants	Illness/ disability	Family care	Discouraged workers	Other
Age	15–24	56.2%	47.0%	49.0%	38.4%	31.0%	51.4%	62.3%
	25–29	43.8%	53.0%	51.0%	61.6%	69.0%	48.6%	37.7%
Gender	Women	49.9%	41.2%	17.3%	33.1%	96.7%	32.0%	39.8%
	Men	50.1%	58.8%	82.7%	66.9%	3.3%	68.0%	60.2%
Educational attainment	Primary	6.2%	11.0%	7.1%	72.4%	39.9%	13.6%	13.8%
	Secondary	66.0%	67.7%	70.6%	27.6%	51.6%	75.8%	72.5%
	Tertiary	27.8%	21.3%	22.2%	0.0%	8.6%	10.5%	13.7%
Working poverty status	Non-poor	88.9%	94.0%	91.9%	95.5%	90.0%	90.6%	90.2%
	Poor	11.1%	6.0%	8.1%	4.5%	10.0%	9.4%	9.8%
Region	Vardar	8.1%	3.5%	3.9%	8.9%	4.4%	0.9%	3.8%
	East	9.2%	2.6%	21.6%	14.6%	3.7%	6.7%	3.4%
	SW	12.4%	13.6%	1.8%	13.8%	14.6%	10.1%	21.1%
	SE	6.6%	2.4%	17.1%	4.2%	4.0%	4.5%	5.5%
	Pelagonija	7.7%	8.1%	6.6%	31.4%	1.0%	2.3%	9.3%
	Polog	12.9%	18.3%	3.5%	9.0%	28.7%	44.4%	15.2%
	NE	14.8%	22.1%	0.0%	18.2%	9.9%	9.5%	7.7%
	Skopje	28.3%	29.5%	45.5%	0.0%	33.7%	21.6%	34.1%
Labour market status	Unemployed	98.6%	99.5%	100.0%	0.0%	0.0%	0.0%	0.0%
	Inactive	1.4%	0.5%	0.0%	100.0%	100.0%	100.0%	100.0%
Urban/rural	Rural	41.8%	51.9%	31.2%	50.6%	60.5%	66.3%	49.2%
	Urban	58.2%	48.1%	68.8%	49.4%	39.5%	33.7%	50.8%

Source: Authors' calculation based on the Labour Force Survey (2021).

The geographical distribution of the different NEET sub-groups shows a prevalence of short-term unemployed in the Eastern region and, to some extent, in Vardar, while in Pelagonija and in the Northeast nearly 60 per cent of all young NEETs are long-term unemployed (Table 3). The Southwest and Skopje regions also show a high share of long-term unemployed NEETs, while the Southwest region has a proportionally higher share of young people with disabilities. In five regions, the share of inactive NEETs due to care and family responsibilities exceeds 20 per cent, while discouraged workers dominate the NEET count in Polog (29.6 per cent) and in the Eastern region (23 per cent).

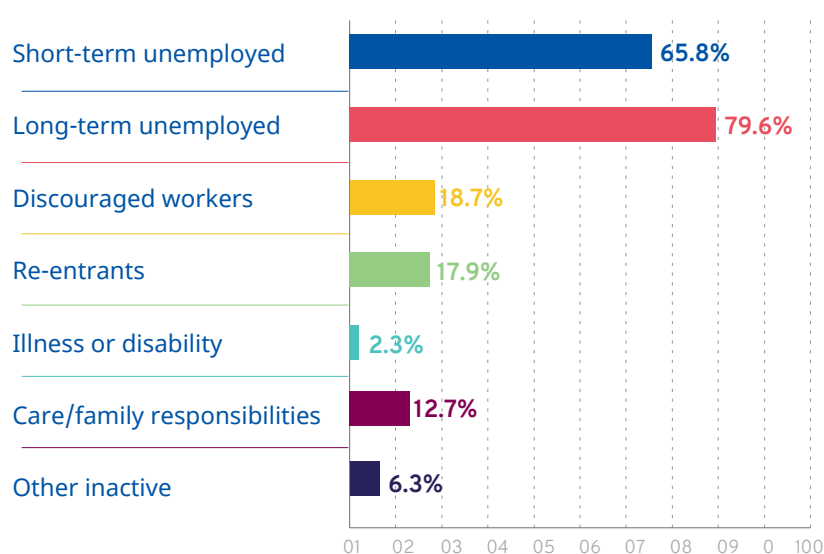
► Table 3 Geographical distribution of young NEET sub-groups (%)

	Vardar	East	SW	SE	Pelagonija	Polog	NE	Skopje
Short-term unemployed	24.8%	22.0%	10.4%	17.0%	15.8%	6.0%	11.1%	11.0%
Long-term unemployed	37.5%	21.5%	40.2%	22.1%	58.9%	29.9%	58.6%	40.3%
Re-entrants	0.0%	5.2%	0.1%	4.5%	1.4%	0.0%	0.3%	1.8%
Illness and disability	1.2%	6.9%	4.0%	11.6%	2.9%	4.7%	2.2%	2.3%
Family responsibilities	26.6%	17.3%	24.0%	20.3%	4.1%	26.1%	14.6%	25.7%
Discouraged workers	3.8%	23.0%	12.2%	16.9%	6.9%	29.6%	10.3%	12.1%
Other	6.1%	4.2%	9.2%	7.5%	10.0%	3.7%	3.0%	6.9%

Source: Authors' calculation based on the Labour Force Survey (2021).

Approximately 12.7 per cent of all young NEETs were registered with the Employment Service Agency (ESA) in 2021, on a declining trend compared with the 16.4 per cent recorded in 2016. As expected, young people who are short-term or long-term unemployed are more likely to register (65.8 per cent and 79.6 per cent, respectively). There are, however, young people who are inactive according to the Labour Force Survey, but who are registered with the employment services (Figure 5), especially among young people with care and family responsibilities (12.7 per cent) and discouraged workers (18.7 per cent). This may be because of the cash benefits related to registration with the Public Employment Service (PES), and especially the one-time cash support made available during the first wave of the Covid-19 pandemic.

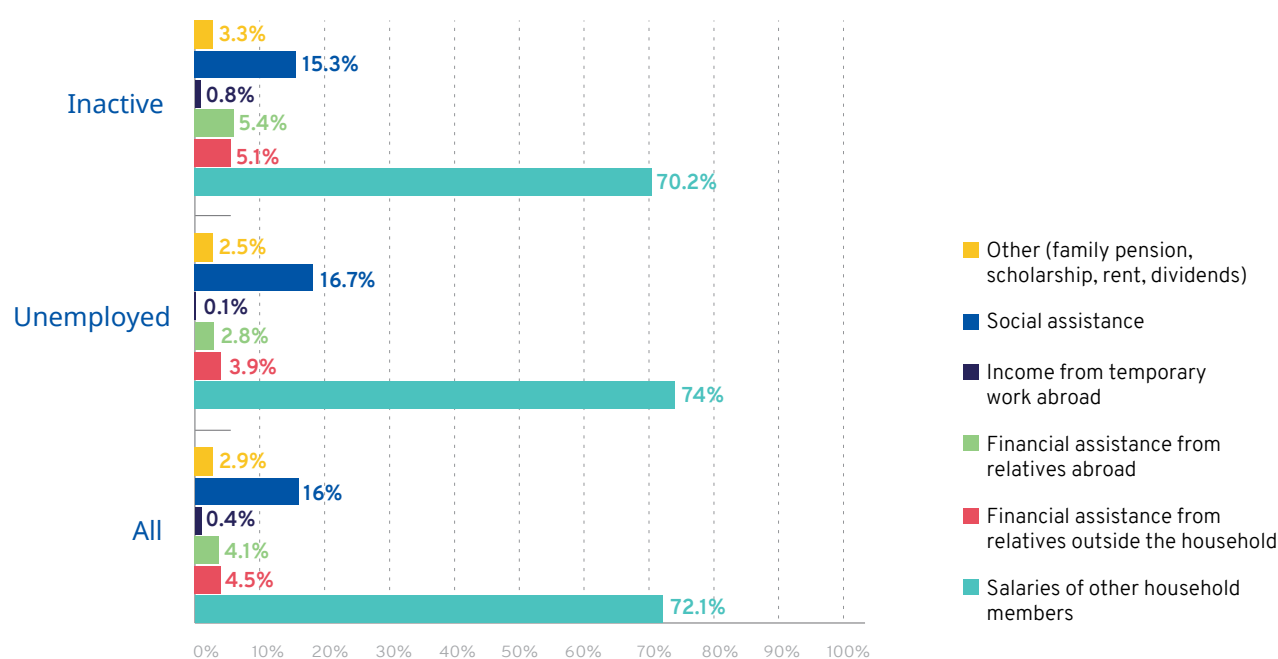
► Figure 5 Young NEETs registered with the public employment service (% by sub-group)



Source: Authors' calculation based on the Labour Force Survey (2021)

The main source of financial support for young NEETs derives from the wages of other family members (72.1 per cent), with unemployed young people relying slightly more (74 per cent) on family members than inactive young people (70.2 per cent). The highest percentage of young people relying on family income is recorded in the Eastern region (83.8 per cent) and the lowest in the Northeast (42.8 per cent). The second largest source of income for inactive young people is social assistance (16 per cent), with lower peaks in the East (4.2 per cent) and higher shares in the Northeast (44.9 per cent).

► Figure 6 Source of financial support for NEETs



Source: Authors' calculation based on the Labour Force Survey (2021).

In 2021, labour market status dynamics among young NEETs were dominated by the transition from employment to unemployment (24.1 per cent), with a nearly equal gender distribution (Table 4). In 2020, this type of transition was more pronounced (26.3 per cent), possibly because of the Covid-19 pandemic, while in 2021 its intensity started to decline. In 2021, about 10.9 per cent had shifted from employment to unemployment in the past year. In 2021, the share of young NEETs moving from employment to inactivity was 15.3 per cent, slightly stronger among young men than young women (19 per cent and 13 per cent, respectively). Of these, 6.9 per cent had moved from employment to inactivity in the past year, and more young men than young women (8.4 per cent and 6.1 per cent, respectively).

► Table 4 Labour market transitions of young NEETs (%)

	All	Women	Men
Employed → unemployed	24.1%	24.0%	24.2%
Of which:			
<i>Employed → unemployed in the past year</i>	<i>10.9%</i>	<i>11.2%</i>	<i>10.7%</i>
Employed → inactive	15.3%	13.0%	19.0%
Of which:			
<i>Employed → inactive in the past year</i>	<i>6.9%</i>	<i>6.1%</i>	<i>8.4%</i>
Unemployed → inactive	0.0%	0.0%	0.0%

Source: Authors' calculation based on the Labour Force Survey (2021).

▶ 3. Unemployed NEETs: key characteristics

In 2021, young unemployed people represented approximately 52.1 per cent of all young NEETs (15–29 years of age), out of a total of approximately 50,000 young people (26,000 women). The highest share of young unemployed (Table 5) was recorded in the Skopje (29.1 per cent) and Northeast regions (20.5 per cent), while the lowest was found in the Southeast region (3.3 per cent). In all regions, young men of both age cohorts are more likely to be unemployed than young women, except in the East for the 15–24 age group, as well as in Vardar and Polog for the older group.

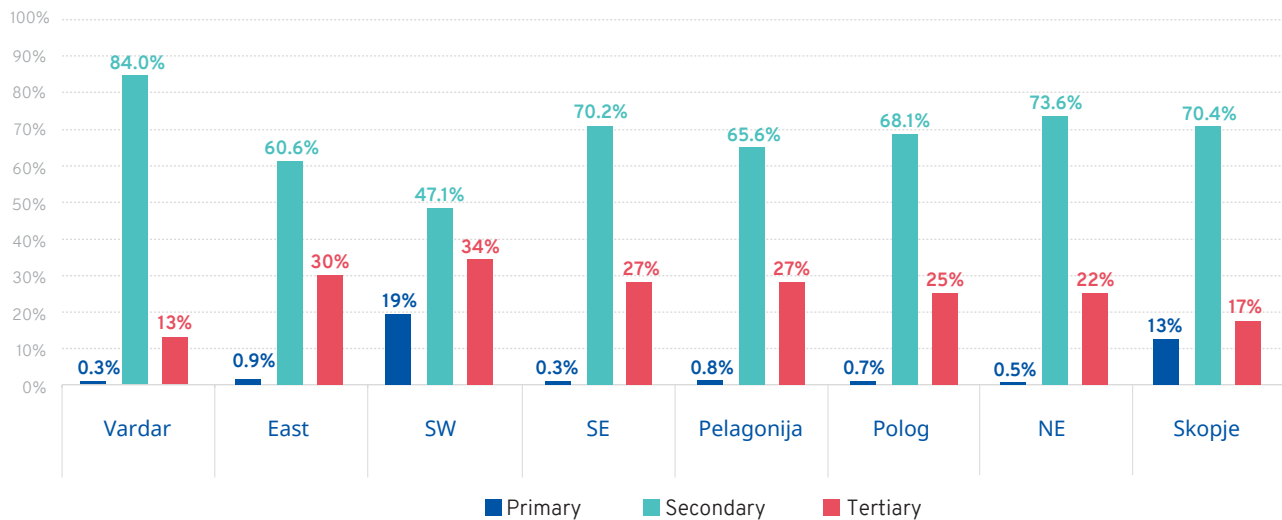
▶ Table 5 Regional distribution of unemployed NEETs by age and gender (%)

	ALL	15–24		25–29	
		WOMEN	MEN	WOMEN	MEN
	<i>Vertical 100%</i>	<i>Horizontal 100%</i>			
Vardar	4.5%	19.2%	20.6%	38.6%	21.6%
East	4.0%	19.7%	15.1%	31.5%	33.7%
SW	13.4%	20.7%	31.0%	17.1%	31.2%
SE	3.3%	20.7%	27.9%	11.9%	39.5%
Pelagonija	8.0%	15.7%	32.8%	19.7%	31.8%
Polog	17.1%	22.1%	21.1%	33.2%	23.6%
NE	20.5%	14.8%	25.2%	21.4%	38.6%
Skopje	29.1%	24.7%	36.6%	18.3%	20.4%

Source: Authors' calculation based on the Labour Force Survey (2021).

In all regions, most young NEETs had attained secondary education (Figure 7). The Southwest region stands out with the lowest share of secondary educated young people who are unemployed (47.1 per cent) and the highest share of young people with a tertiary education (34 per cent) in the NEET population, with no substantial change over the years. The Vardar and Eastern regions have the smallest percentage of unemployed NEETs without work experience (43.6 per cent each), while the highest share of unemployed without work experience is found in Polog (91.1 per cent).

► Figure 7 Regional distribution of young NEETs by educational level (%)



Source: Authors' calculation based on the Labour Force Survey (2021).

Table 6 shows the distribution of young unemployed NEETs in terms of reservation wages (that is, the minimum wage below which they would not accept a job). For most low-skilled, short-term unemployed the reservation wage is 12,000–16,000 Macedonian denars (MKD), generally in line with the net average wage recorded for workers with the same educational level (MKD 17,529 in 2021). Long-term unemployed with the same skills level are concentrated in the three central wage ranges (from MKD 12,000 to 30,000). The wage expectations of unemployed NEETs at higher levels of educational attainment also appear to be in line with the average wage of equally qualified workers (MKD 15,928 – for medium-skilled and MKD 23,513 for high-skilled workers). Wage reservation mechanisms, therefore, do not seem to play a role in determining unemployment (or inactivity).

► Table 6 Distribution of unemployed NEETs by education level and reservation wage (MKD)

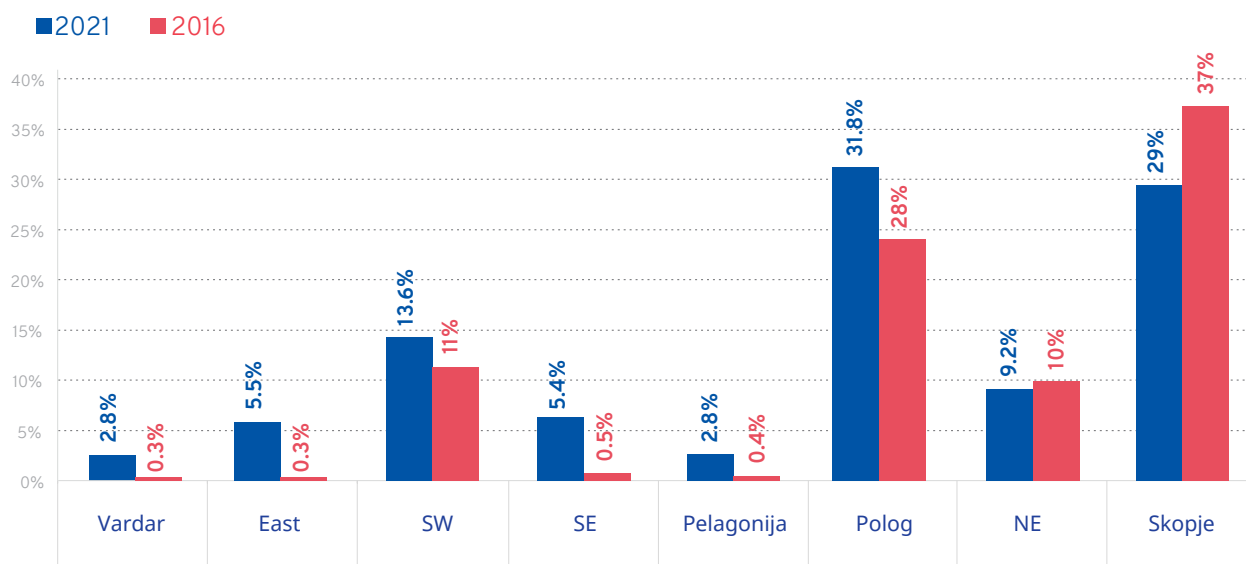
		up to 8000	8,001–12,000	12,001–16,000	16,001–20,000	20,001–30,000	30,001–40,000	over 40000
Short-term unemployed	All			13.8%	32.0%	45.2%	8.3%	0.7%
	Primary			43.7%	28.7%	27.7%		
	Secondary			16.8%	43.2%	35.4%	3.6%	1.1%
	Tertiary				6.3%	72.3%	21.4%	
Long-term unemployed	All	0.3%	0.1%	14.2%	45.1%	37.3%	3.0%	
	Primary		0.5%	34.1%	35.5%	29.9%		
	Secondary	0.5%		15.4%	57.5%	25.5%	1.1%	
	Tertiary				10.8%	78.6%	10.6%	

Source: Authors' calculation based on the Labour Force Survey (2021).

▶ 4. Inactive NEETs: key characteristics

In 2021, inactive young people represented 47.8 per cent of total NEETs, approximately 11.6 per cent of all young people aged 15–29 (approximately 45,000 people, 52 per cent women). The geographical distribution of inactive NEETs has changed in the past five years (Figure 8). Currently, roughly one-third (31.8 per cent) live in the Polog region and another 29 per cent in the Skopje region. Vardar and Pelagonija have the lowest share of inactive NEETs (2.8 per cent each). Compared with 2016, Polog experienced an increase in the share of inactive NEETs, while in the Skopje region this share declined.

▶ Figure 8. Regional distribution of inactive youth, 2019-2020 (% over total)



Source: Authors' calculation based on the Labour Force Survey (2021).

Young people aged 15–24 represent 42.4 per cent of total inactive NEETs (Table 7). In the younger cohort, women predominate slightly in all regions, except in the East and Southeast. The same holds for the older age group.

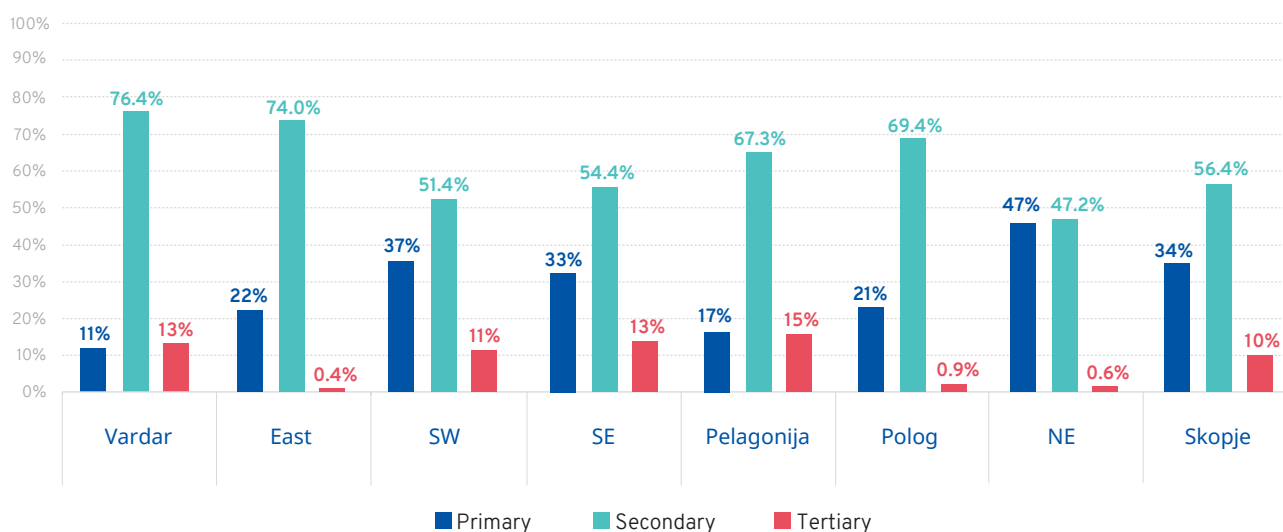
▶ Table 7 Regional distribution of young inactive NEETs (%), by age and gender

	15–24		25–29	
	WOMEN	MEN	WOMEN	MEN
Vardar	28.9%	14.1%	45.4%	11.6%
East	14.7%	41.2%	21.1%	22.9%
SW	22.2%	20.1%	41.1%	16.6%
SE	19.2%	30.3%	24.1%	26.3%
Pelagonija	40.2%	32.9%	9.1%	17.8%
Polog	18.7%	13.1%	40.9%	27.3%
NE	35.2%	17.9%	38.2%	8.8%
Skopje	24.5%	19.5%	43.9%	12.1%

Source: Authors' calculation based on the Labour Force Survey (2021).

The distribution by educational attainment shows a prevalence of young inactive NEETs with secondary educational attainment (60.7 per cent), followed by young people with a primary education (29.8 per cent) (see Figure 9). The region with the lowest share of inactive young people with secondary educational attainment is the North-East (47.2 per cent), while the highest share is found in Vardar (76.4 per cent). Pelagonija is the region with the highest share of young inactive NEETs with tertiary educational attainment (15 per cent).

► Figure 9. Shares of young inactive NEETs by region, educational attainment, and dwelling



Source: Authors' calculation based on the Labour Force Survey (2021).

In almost all regions there are significant shares of young people inactive due to family and care responsibilities (Table 9), the highest being in Vardar (72.8 per cent) and the lowest in Pelagonija (17 per cent). Only in Pelagonija does inactivity for “other, unspecified” reasons prevail over inactivity due to care and family responsibilities (42.1 per cent). Discouraged workers prevail in the East (44.8 per cent) and Northeast regions (34.2 per cent), while inactivity due to illness and disability is high only in the Southeast region (20.7 per cent).

► Table 8 Regional distribution of young inactive NEETs (%)

	Illness and disability	Family responsibilities	Discouraged workers	Other
	Horizontally 100%			
Vardar	0.0%	72.8%	10.4%	16.7%
EAST	13.4%	33.8%	44.8%	8.1%
SW	8.0%	48.6%	24.7%	18.6%
SE	20.7%	36.0%	30.1%	13.2%
Pelagonija	11.9%	17.0%	28.9%	42.1%
Polog	7.4%	40.7%	46.2%	5.7%
NE	7.3%	48.5%	34.2%	10.1%
Skopje	4.9%	54.7%	25.7%	14.7%

Source: Authors' calculation based on the Labour Force Survey (2021).

▶ 5. Profiling the risk of being NEET

5.1 Econometric model and approach

A *probit* regression – based on micro data from the Labour Force Survey (LFS) – makes it possible to estimate the probability of a young person being NEET, based on their individual characteristics and geographical location. The following model is applied:

$$P(\text{neeti}_i) = \alpha + \beta_1 \text{age}_i + \beta_2 \text{gender}_i + \beta_3 \text{education}_i + \beta_4 \text{geo}_i + \varepsilon_i \quad (1)$$

The dependent variable indicates the probability of being NEET and takes a value of 1 if the young person i is NEET (0 otherwise); age_i is the age of person i , represented by a dummy taking a value of 1 if the person belongs to the 25–29 age group, and 0 if the person is in the 15–24 age group; gender_i is a dummy taking a value of 1 for men, and 0 for women; education_i is captured by three dummy variables (i) primary or less, (ii) secondary and (iii) tertiary and above, with the first being the base category. The variable geo_i is represented in two ways: first, to capture population densities, a dummy variable takes a value of 1 for urban areas ($\text{urban}=1$), and 0 for the others; second, to identify regional differences: a dummy variable takes a value of 1 for a specific region, with the others being 0; Vardar is the base category against which other regions are compared. First, the equation is estimated for NEETs who are unemployed and inactive, separately, and then for each of the seven NEET sub-categories. The comparative basis for unemployed NEETs is all employed persons (15–29 years of age), while for the inactive NEETs it is all employed and unemployed persons except unemployed NEETs (15–29). Separate estimates are obtained to appraise whether the factors determining the risk of being NEET differs by category of NEET.

To calculate (1) the model uses the cumulative distribution function of the standard normal distribution $\Phi(z)$, where $z = \beta_0 + \beta x$. The probability is estimated as:

$$P(Y_i = 1 | X = x_i) = \Phi(\beta_0 + \beta_1 \text{age}_i + \beta_2 \text{gender}_i + \beta_3 \text{education}_i + \beta_4 \text{geo}_i) \quad (2)$$

where x is a vector of explanatory variables (*age, gender, education and geographical location*), β is the set of parameters measuring the impact of changes in x on the probability, and Y_i is the dependent variable indicating the i -th individual as being NEET (unemployed or inactive). We refer to $z = \beta_0 + \beta x$ as the z -value or z -index of the probit model. The higher the value of z , the more the event is likely to happen.⁴

5.2 Results

The estimation results (marginal effects) are reported in Table 9. Young people aged 25–29 have a lower probability of being both unemployed and inactive (by 14.7 per cent and 7.7 per cent, respectively) than the younger cohort (15–24). The result is robust, however, only for unemployed NEETs, with similar coefficients for short- and long-term unemployed.

⁴ Corresponding z -values/ probabilities obtained from two alternative specifications are noted as probit1 and probit2 in Stata file. Further elaboration of binary-outcome models can be found in Greene (2018).

► Table 9 Probability of being NEET (estimated marginal effects)

	Unemployed NEET	Short-term	Long-term	Re-entrants	Inactive NEETS	Illness/ disability	Family care	Discouraged	Other inactive
Aged 25–29	-0.147*** (0.021)	-0.0811*** (0.016)	-0.107*** (0.020)	-0.00464 (0.004)	-0.0774*** (0.019)	-0.0011 (0.002)	-0.00445 (0.007)	-0.0651*** (0.014)	-0.0446*** (0.010)
Men	-0.0525*** (0.020)	-0.0334*** (0.013)	-0.0334* (0.019)	0.00731** (0.003)	-0.184*** (0.019)	-0.0005 (0.002)	-0.204*** (0.015)	0.00126 (0.012)	-0.00777 (0.008)
Secondary	-0.166*** (0.039)	-0.0302 (0.027)	-0.156*** (0.037)	-0.00254 (0.004)	-0.357*** (0.029)	-0.134*** (0.028)	-0.146*** (0.021)	-0.0793*** (0.025)	-0.0416** (0.017)
Tertiary+	-0.159*** (0.033)	-0.0157 (0.025)	-0.155*** (0.028)	-1.42E-03 (0.005)	-0.341*** (0.016)		-0.0934*** (0.013)	-0.0961*** (0.014)	-0.0393*** (0.009)
East	-0.0334 (0.050)	0.00422 (0.029)	-0.0496 (0.048)	0.0179 (0.021)	0.0986 (0.061)	0.988*** (0.002)	-0.0126 (0.014)	0.200** (0.080)	-0.00903 (0.016)
SW	0.233*** (0.053)	0.0388 (0.033)	0.264*** (0.058)	-0.00382 (0.005)	0.311*** (0.060)	0.996*** (0.003)	0.0444 (0.028)	0.304*** (0.085)	0.128** (0.055)
SE	-0.0877** (0.040)	-0.0247 (0.019)	-0.0759* (0.040)	0.0123 (0.015)	0.0454 (0.052)	0.992*** (0.006)	-0.0255*** (0.008)	0.112* (0.061)	0.00852 (0.021)
Pelagonija	0.0531 (0.047)	-0.0213 (0.020)	0.0936* (0.051)	0.00217 (0.010)	-0.0522 (0.045)	0.983*** (0.013)	-0.0372*** (0.008)	0.0564 (0.050)	2.31E-02 (0.025)
Polog	0.183*** (0.050)	0.0106 (0.027)	0.219*** (0.054)		0.394*** (0.053)	0.994*** (0.004)	0.0670** (0.030)	0.456*** (0.076)	0.0447 (0.029)
NE	0.447*** (0.049)	0.0987** (0.046)	0.485*** (0.054)	0.00044 (0.009)	0.264*** (0.062)	0.998*** (0.001)	0.0361 (0.030)	0.328*** (0.089)	0.0511 (0.036)
Skopje	0.0975** (0.040)	-0.00524 (0.020)	0.129*** (0.042)	0.00747 (0.009)	0.164*** (0.045)	0.860*** (0.043)	0.0145 (0.015)	0.164*** (0.049)	0.0309 (0.019)
Urban	0.0164 (0.019)	0.0226** (0.012)	0.00382 (0.018)	0.00507 (0.003)	-0.0283 (0.019)	0.00165 (0.002)	-0.0154** (0.007)	-0.0270** (0.011)	0.00696 (0.007)
Observations	3,094	2,480	2,924	2,090	3,213	1,809	2,717	2,630	2,458

Note: Robust standard errors in parentheses. ***, ** and * refer to statistical significance at the 1%, 5% and 10% levels.

Among inactive NEETs, age differentiation vanishes except for discouraged individuals and those who are inactive for “other” reasons, whose coefficients range between 4.5 and 6.5 per cent, lower than for unemployed NEETs.

Young men face a lower likelihood of being NEET than women (5.2 per cent for unemployment and 18.4 per cent for inactivity). The larger “inactivity” effect for young women is derived solely from the “care and family responsibilities” group (20.4 per cent).

As expected, a higher level of educational attainment lowers the risk of being NEET. Compared with the baseline group (young people with at most primary education), the probability of being NEET for young unemployed with secondary and tertiary education decreases by 16.6 per cent and 15.9 per cent, respectively. Education, however, works best for inactive young people, with probabilities for secondary and tertiary educated individuals being lower by 35.7 per cent and 34.1 per cent, respectively.

Within the NEET categories, however, there are some notable differences. A higher level of educational attainment protects only young, long-term unemployed people, while education works for all inactive NEET categories, with the strongest effect for young people inactive due to family responsibilities and, to a lesser extent, for discouraged workers.

The probability of becoming unemployed is higher in the Southwest, Polog, Skopje and Northeast regions than in Vardar, but this effect is almost entirely driven by the long-term unemployed. Only the Southeast region faces a lower unemployment probability than Vardar. The findings are fairly similar when inactive NEETs are considered. For example, the probability of being inactive due to disability is consistently larger in all regions than in Vardar (although this may be driven by the small size of this group). The probability of being inactive due to family responsibilities is lower in the Southeast, but the probability of discouragement is higher. Discouragement is more probable in Polog and the Northeast than in Vardar. The urban/rural divide is not significant for unemployed NEETs, while young people living in urban areas have a lower probability of becoming inactive due to family responsibilities and discouragement.

► 6. Implementation of the Youth Guarantee in North Macedonia

In 2018 the Government introduced the Youth Guarantee (YG), modelled on the EU approach, in three local employment offices, on a pilot basis⁵. The YG targeted young people (15–29 years of age) not in employment, education or training (NEET), with the aim of providing them with a quality offer of employment, continued education or training, or a traineeship within four months of leaving school or becoming unemployed. The YG implementation plan also envisaged the piloting of outreach activities, in partnership with the Agency of Youth and Sports, and early intervention measures, in partnership with the Ministry of Education and Science.

In terms of delivery of offers, the 2018 figures of the North Macedonian YG are mostly in line with the average found in EU countries, as approximately 41.9 per cent of the over 5,200 young persons registered in the YG pilot phase received an offer within four months. Over 36 per cent received an employment offer, while 3.1 per cent received a traineeship and 2.2 per cent a continuous education and training offer. Over 34 per cent of young beneficiaries remained in the YG service delivery system beyond the four-month threshold.⁶ Based on these promising results, the YG scheme was extended to the whole country in 2019, when approximately 20,000 young people registered to receive support.⁷ As the numbers scaled up, however, performance started to decline, with just 36.8 per cent of young people registered in the YG receiving an offer within the four-month timeframe and 45.8 per cent remaining in the YG service delivery system beyond four months in 2019.

The worsening performance of the Employment Service Agency in relation to the YG offers during the roll-out phase is due to two main factors. First, this roll-out would have required an extensive reform of the Employment Service Agency, in terms of human and financial resources, workflow, staff training and innovative tools to ease service delivery to clients.

Second, the implementation of the Youth Guarantee in the whole country skewed participants' composition towards low-skilled persons, more difficult to place and requiring intensive assistance. Finally, in May 2019 the Government adopted the Social Protection Law, which envisages a minimum guaranteed income targeting poor households.⁸ The new benefit was conditional on: (i) registration with the Employment Service Agency; (ii) active job search and acceptance of suitable job offers (that is, aligned to a person's professional qualifications, knowledge and capabilities); and (iii) compliance with the provisions of the Individual Activation Plan, jointly compiled by the ESA caseworker, the caseworkers of the Social Work Centre and the beneficiary. This reform represented a major overhaul of the social assistance system and completely overturned the system of work incentives. The combined effect of the introduction of activation strategies and the roll-out of the Youth Guarantee put the ESA service delivery system under stress. These two policies placed an additional burden on ESA staff in terms of having to deal with a new type of clients in need of tailor-made assistance and close monitoring to be successfully activated.

A new Youth Guarantee implementation plan was approved for the period 2020–22, grounded on the lessons learned during the first phase of implementation. The new plan focused on early intervention (education reforms and legislative amendments, the establishment of regional VET centres, the expansion of second-chance programmes, the piloting of validation of informal and non-formal learning and the strengthening of the Education Information Management System); outreach (building the capacity of youth field workers, establishment of a common monitoring framework and online Youth Guarantee pre-registration system, roll-out of the Youth Card and expanding Erasmus+

⁵ The Youth Guarantee service delivery system was piloted in Skopje, Strumica and Gostivar.

⁶ See European Commission: Data collection for monitoring of the Youth Guarantee 2017 (Brussels, 2018).

⁷ The Youth Guarantee service delivery system was predominantly focused in the Polog, Northeast and Southwest regions.

⁸ Information provided by the Ministry of Labour and Social Protection.

opportunities); activation strategies; and quality offers. The Youth Guarantee implementation Plan was financially supported by the European Union (“EU for Youth”), with service delivery primarily concentrated in the Polog, Northeast and Southwest regions, hosting the largest shares of young NEETs (see Figure 1).

The activation pillar of the Youth Guarantee implementation plan was the most far-reaching, as it envisaged the structural and organizational reform of the Employment Service Agency, and related legislative changes; the recruitment of additional human resources to provide individualized assistance; the remodelling/refurbishing of employment offices; the introduction of a new service model, including the reform of the job vacancy recording system; and the expansion of activation services. These reforms were considered of the essence to improve the service delivery of the Youth Guarantee and expand the scope of available offers (employment, continued education and training, traineeship).

The monitoring data – regularly collected by the Employment Service Agency – show that in 2020 nearly 25,000 young people registered in the Youth Guarantee, of whom 34.2 per cent received an offer within four months. In that year the Youth Guarantee reached a peak in coverage (24 per cent of the eligible population). In 2021 the number of young people registering in the Youth Guarantee declined substantially (just over 18,200 young beneficiaries registered, equal to a drop of 27 per cent compared with 2020), while the share of those who received an offer within four months increased to 43.5 per cent – thus confirming the negative relation between a higher number of young people registering in the Youth Guarantee service delivery system and the capacity of the ESA to deliver offers within the four-month threshold. The fraction of young NEETs who remained in the Youth Guarantee beyond the four-month limit declined from 61.3 per cent in 2020 to 41.8 per cent in 2021.

The poorer performance of Youth Guarantee service delivery in 2021 was due primarily to the measures enacted by the Government to mitigate the effects of the Covid-19 pandemic on the economy and the labour market, which required a shifting of human and financial resources towards emergency measures. Several of the policy reforms and initiatives planned in the Youth Guarantee implementation plan (2020–22) were either not carried out (for example, outreach activities that required face-to-face interaction), or were delayed (for example, employment service and education and training policy reforms). The paragraphs that follow offer a synthesis of the achievements of the various pillars of the 2020–22 Youth Guarantee.

6.1 Early intervention

In 2020 the Law on vocational education and training was amended to allow for the establishment of Regional VET Centres tasked with the delivery of formal education; adult education and training; validation of non-formal and informal learning; research and development; and partnership with the local business community. In the following year – and pending the approval of the new law on vocational education and training – three VET Centres were established and under refurbishment (in Ohrid, Kumanovo and Tetovo), while other regional VET Centres are planned to be developed with the support of IPA funds starting from 2022. The work on increasing teachers’ competence – as a means to improve the quality of education – comprised the enactment of the annual training plan for 2021, as well as preliminary activities for the adoption of a Rulebook for the accreditation of teacher training programmes.

Validation of non-formal and informal learning mechanisms was piloted in two occupational profiles and the Law on Adult Education was amended to align it with the regulatory framework of the National Qualification Framework and to govern second-chance programmes. In order to provide the regulatory framework for ongoing reforms, new draft laws for VET and Adult Education with relevant by-laws were prepared and are currently under parliamentary scrutiny. The Education Management of Information System was upgraded to trace secondary student outcomes (Skills Observatory). Research conducted by the Centre for Vocational Education and Training work-based learning reveals that 79 per cent of the four-year secondary VET courses attended practical training as part of their course of study.

6.2 Outreach

The outreach component of the Youth Guarantee implementation plan (2020–22) envisaged four main policy interventions, namely: (i) building the outreach capacity of youth field workers; (ii) establishing a common framework for monitoring outreach activities and an online pre-registration system for young people targeted by outreach activities; (iii) introducing a Youth Card (modelled on the EU one); and (iv) expanding Erasmus+ opportunities. The only progress in this area is recorded for the Erasmus programme, which targeted 163 young Macedonians (compared with the 45 initially envisaged). Other initiatives were held in abeyance due to the Covid-19 restrictions imposed on face-to-face interactions to contain the pandemic. Despite the limits imposed on outreach activities requiring face-to-face interaction (contacting, engaging and offering of individualized services to young, detached individuals), this policy pillar could have advanced at least in terms of building the capacity of youth workers and developing a common monitoring framework, including the online pre-registration system.

6.3 Activation

As already mentioned, the activation pillar contained the main reform drivers of the Youth Guarantee. It envisaged the recruitment of additional human resources in the Employment Service Agency, the refurbishment or reconstruction of employment offices, and the establishment of a new service delivery model, including job vacancy recording and services to jobseeker clients. Progress in enacting the planned reforms has been limited. In terms of human resources, the only progress has been the establishment of a separate Youth Employment Unit in the area of ESA active labour market measures, but this is currently staffed by only one person. No additional front staff were made available to local employment offices.

The funding envelope for the refurbishing/reconstruction of local employment offices was reduced to shift financial resources to emergency measures related to the Covid-19 pandemic, but resources were still sufficient to renovate the Tetovo and Kumanovo employment offices. The containment measures also limited the possibility of expanding face-to-face service delivery to young NEETs, while the online registration system was limited to some specific procedures only (such as application to active measures).

6.4 Youth Guarantee service delivery system

The major reform of the Youth Guarantee service delivery system is related to the introduction of second-chance programmes (included in the new legal framework regulating adult education) and the expansion of subsidized offers of employment, continued education/training and traineeship. The expansion of subsidized offers, however, was conditional on reforms of the ESA, the main implementing partner of the Youth Guarantee. As already mentioned, the delivery of subsidized offers was negatively affected by the Covid-19 pandemic and the need to reallocate financial resources to target the needs of the increasing number of unemployed. The overall financial envelope for active labour market programmes increased in the reporting period (by approximately 3.5 per cent), but so did the number of registered unemployed (by 53.7 per cent between 2019 and 2020). By the end of 2021 the number of registered unemployed had declined, but it was still 29 per cent higher than in the pre-crisis period.

Table 10 summarizes the main performance indicators of the Youth Guarantee in North Macedonia since its pilot phase in 2018. The figures show an even gender distribution in registration (with young women representing roughly half of all young beneficiaries registering). The delivery of offers within four months ranges from nearly 42 per cent in the pilot phase to 34.2 per cent in 2020, when registration reached its peak. As coverage of the Youth Guarantee increased, so did the share of those who remain in the Youth Guarantee service delivery system beyond the four-month threshold (61.3 per cent in 2020). In terms of offers, most Youth Guarantee beneficiaries receive offers of employment (through job mediation, recruitment subsidies and self-employment schemes). Offers of continued education/training and traineeship cover a small proportion of beneficiaries (less than 6 per cent of total registered young people throughout the period).

► Table 10 Key indicators of the Youth Guarantee service delivery system

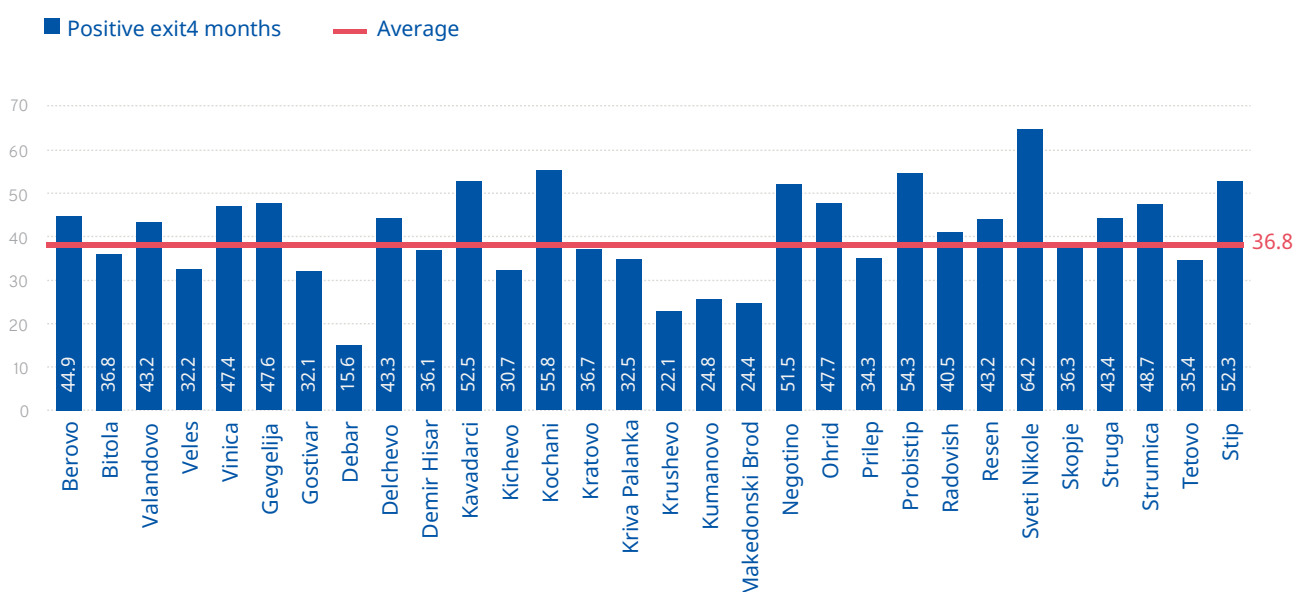
Indicator	2018 (pilot)	2019	2020	2021
Total number of Youth Guarantee entries	5,266	20,248	25,502	19,298
<i>Women (%)</i>	51.1%	51.7%	50.4%	50.0%
Share of total receiving an offer within 4 months, of which	41.9%	36.8%	34.2%	43.5%
<i>Employment offer (% of total entries)</i>	36.6%	31.0%	29.3%	37.1%
<i>Other offers (% of total entries)</i>	5.3%	5.7%	4.9%	4.8%
Share of registered still in the Youth Guarantee after 4 months	34.3%	45.8%	61.3%	41.8%
Share of unknown destination (% total entries)	23.7%	17.4%	4.5%	14.7%
Coverage rate Youth Guarantee (% of NEET population)	4.2%	20.4%	24.5%	20.6%

Source: Employment Service Agency, Labour Force Survey (2018–21).

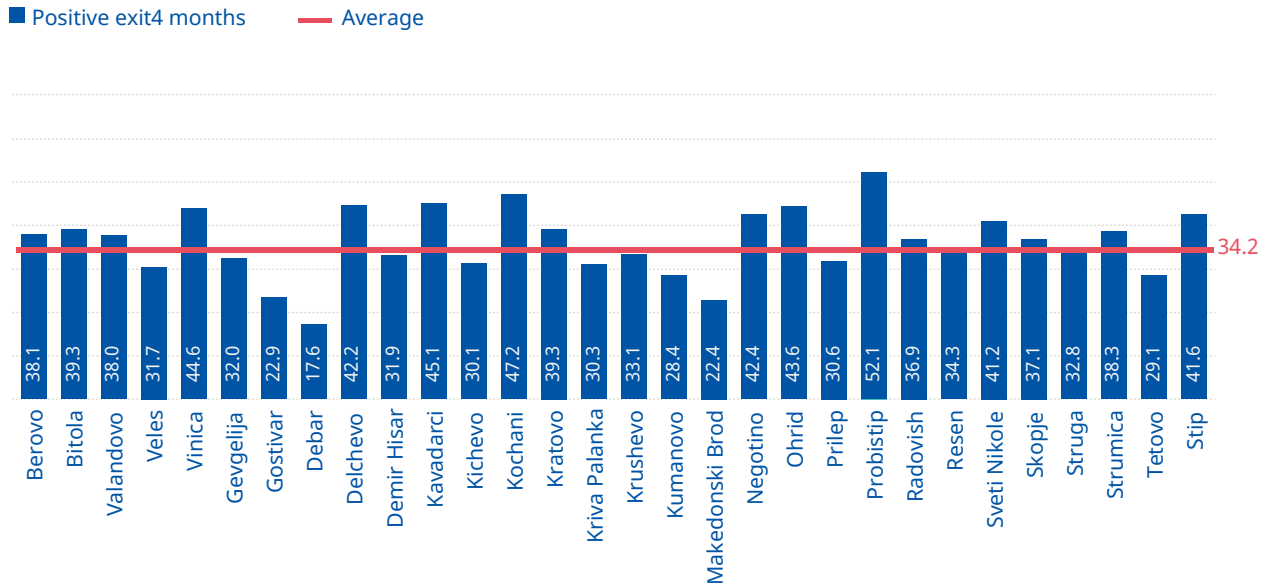
In terms of local ESA offices' performance (Figure 10), there are local offices that in the period 2019–21 performed consistently below the national average in the delivery of offers within the four-month timeframe (Veles, Gostivar, Debar, Kichevo, Makedonski Brod, Prilep and Tetovo), and others which consistently performed above the national average (Valandovo, Vinica, Kavadarci, Kochani, Negotino, Probistip, Sveti Nikole, Strumica and Strip). In this regard, the ESA should: (i) investigate the reasons for poor performance (internal ESA office factors or external circumstances) and (ii) make an effort to tackle constraints on the Youth Guarantee service delivery system in these geographical areas.

► Figure 10 Local ESA offices' response within four-month timeframe (2019–21)

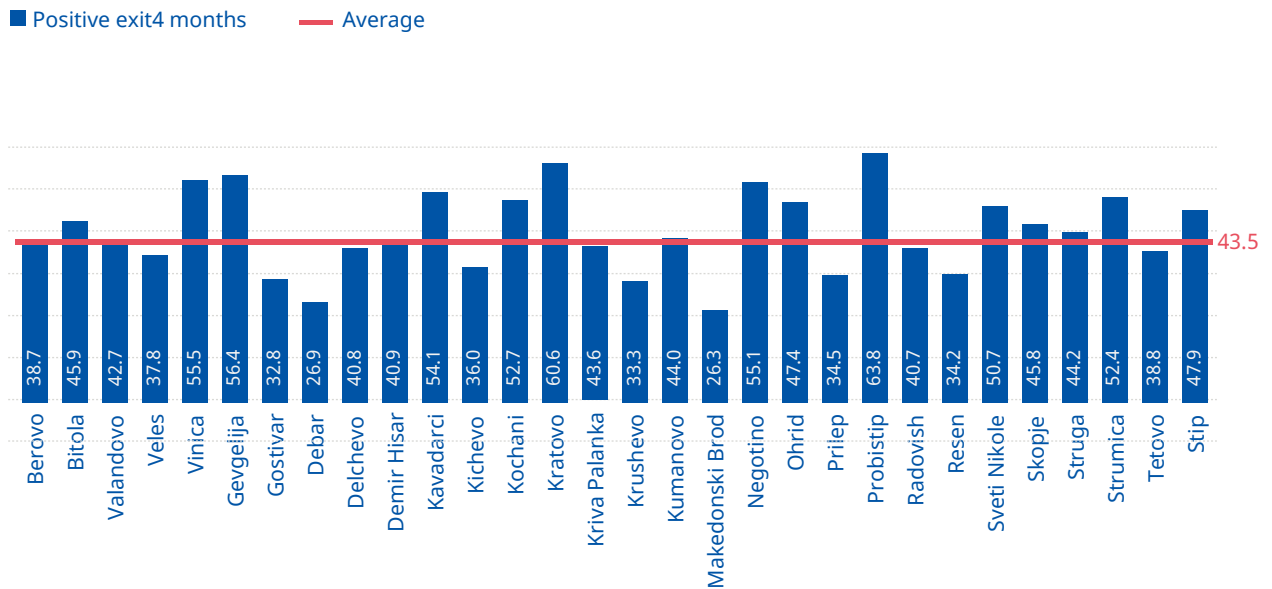
PANEL A 2019



PANEL B
2020



PANEL C
2021



Source: Employment Service Agency, Youth Guarantee monitoring system.

As regards the sustainability of the offers delivered, the follow-up monitoring data (at six, 12 and 18 months after exit from the Youth Guarantee scheme) show that 2018 (the pilot year) was the most effective, with positive situations at follow-up ranging from 40 per cent of the young people who registered (at six and 12 months) to 43.8 per cent at 18 months.

► Table 11 Follow-up indicators, at 6, 12 and 18 months since Youth Guarantee exit (%)

	Status	6 months	12 months	18 months
2018	Employed	40.0%	40.0%	43.8%
	Unemployed	30.7%	30.7%	29.0%
	Unknown	29.3%	29.3	27.1%
2019	Employed	30.8%	30.8%	36.2%
	Unemployed	45.5%	45.5%	42.9%
	Unknown	23.6%	23.6%	20.9%
2020	Employed	34.2%	34.2%	39.7%
	Unemployed	47.0%	47.0%	29.0%
	Unknown	18.7%	18.7%	31.2%
2021	Employed	38.9%	38.9%	39.6%
	Unemployed	38.5%	38.5%	36.2%
	Unknown	22.5%	22.5%	24.1%

Source: Employment Service Agency, Youth Guarantee monitoring system.

In 2019 and 2020, employment at follow-up declined and unemployment increased, while the reverse applies to 2021, with employment at follow-up after six and 12 months reaching 38.9 per cent. In all years, moreover, the employment rate increases after 18 months from exit from the Youth Guarantee scheme (with a more pronounced increase for the 2019 and 2020 participant cohorts (Table 11).

The aggregate indicators used to assess the overall performance of the Youth Guarantee improved in the period 2018–19 (Table 12). In 2020 the main labour market indicators (NEET rate, employment and unemployment) suffered a set-back because of the impact of the Covid-19 pandemic on the Macedonian labour market, recovering slightly in 2021.

► Table 12 Youth Guarantee in North Macedonia: aggregate indicators (2018–21)

Indicator definition	2018	2019	2020	2021
NEET rate (15-29)	29.8	24.5	26.2	24.2
<i>NEET rate: unemployed</i>	17.5	12.7	13.4	12.3
<i>NEET rate: inactive</i>	12.3	11.8	12.9	11.7
Employment-to-population ratio (%), 15–29 years of age	30.9	34.4	33.5	...
Youth unemployment rate (%), 15–29 years of age	37.0	30.5	29.6
Youth (20–24 years of age) educational attainment level (ISCED 3 and over)	70.0	70.0	70.6	...
Employment rates of recently graduated people (20–34) (ISCED 3–8)	49.2	57.2	54.5
Proportion of 20–29 year-olds with low educational attainment level (ISCED 0–2)	11.2	10.0	9.0	...
Proportion of 30–34 year-olds with tertiary educational attainment level (ISCED 5–8)	33.3	35.7	39.7
Early leavers (18–24 years of age)	7.1	7.1	5.7	...

Source: Authors' calculation based on Eurostat data and Labour Force Survey (2018–21).

Over the reporting period the educational attainment indicators have improved. An increasing share of individuals have been achieving tertiary education and the proportion of young people with low qualifications has been falling. The share of early leavers has been declining since 2008, when the country introduced compulsory education up to the completion of upper secondary education.

Although it is not possible to establish a direct, casual relationship between the Youth Guarantee and the improvement of the youth labour market in North Macedonia, there is sufficient evidence (coverage of the Youth Guarantee, number of offers delivered) to state that the Youth Guarantee has indeed helped to improve the situation of young NEETs. The figures, however, also point to the fact that when Youth Guarantee coverage increases, its effectiveness diminishes. This is due in part to the absorption capacity of the North Macedonian labour market, but also to the persistent lack of reforms in areas known to make a difference (namely the human and financial resources available to the ESA), its organizational structure and service model.

Early intervention and outreach also warrant attention. In terms of education and training reform, the main challenge remains the timeframe required to bring policy interventions to scale, which was observed even before the outbreak of the Covid-19 pandemic. The different pace of education and training policy reforms will have to be taken into consideration in the next Youth Guarantee implementation plan to avoid uneven performance across phases of the scheme. Whereas the slowdown of face-to-face outreach activities during the Covid-19 pandemic was to be expected, little was done in terms of policy actions that did not require personal interaction. For example, there was no capacity-building of field youth workers to target young NEETs, nor was there action to develop a set of common tools for youth workers (standard assessment questionnaire, development of data collection and monitoring apps).

Another area that would warrant attention in the next programming period is improvement of the Youth Guarantee monitoring system, especially in terms of data gathering for the follow-up monitoring indicators (situation at six, 12 and 18 months after scheme exit). Whereas monitoring at follow-up is fairly easy for the (formally) employed and unemployed – because the ESA maintains registers of both the employed and the unemployed – it may be more complex to disaggregate the positive or negative situations of other beneficiaries (such as the inactive, in those education or training, the unemployed and the unregistered).

► 7. Conclusions and policy pointers

7.1 Conclusions

The analysis presented in this report clearly highlights how gender, level of educational attainment, and geographical location affect the probability that young people in North Macedonia will become unemployed or inactive. The results suggest that living in urban areas decreases the probability of being NEET, although this is relevant only to inactive young people in the NEET count. Living in Skopje, conversely, increases the probability of being unemployed or inactive, probably because the capital city hosts about half the Macedonian population. In any case, this finding points to the need to prioritize the region of Skopje, and especially its rural and sub-urban areas.

The probability of being NEET also has a gender dimension, as young men are less likely to be NEET than young women. Although the trend is downward, gender differences persist, especially for the probability of being inactive due to care or family responsibilities. This probability decreased in the period 2016–21 (from 31.5 to 20.3 per cent), but it remains significant, especially for low-skilled young women living in less developed regions. Young women with care and family responsibilities should be targeted in all regions, but especially in Skopje, Polog and the Southwest. Policy options in this regard need to consider skills acquisition, the availability of care services, and other support measures.

Education pays a premium in the Macedonia labour market and lowers the risk of becoming NEET and especially the probability of inactivity. The count of young NEETs with high educational attainment, however, remains relatively high (16 per cent).

Table 13 offers a snapshot of the situation of young NEETs in North Macedonia for targeting purposes. As already mentioned, the situation remains particularly difficult in the Polog, Northeast and Southwest regions of the country (already prioritized in the Youth Guarantee implementation plan 2020–22), although Skopje hosts the largest number of all young NEETs.

► Table 13 Young NEETs by labour market status and geographical location, 2021

	Short-term unemployed	Long-term unemployed	Re-entrants	Illness and disability	Family responsibilities	Discouraged workers	Other	TOTAL
Vardar	853	1,288	42	-	913	131	210	3,436
East	975	953	232	305	770	1,021	185	4,440
SW	1,313	5,077	19	500	3,036	1,538	1,162	12,645
SE	692	899	183	473	825	687	302	4,061
Pelagonija	809	3,011	71	146	208	354	513	5,111
Polog	1,366	6,819	-	1,079	5,962	6,755	837	22,818
NE	1,562	8,233	38	308	2,045	1,442	424	14,052
Skopje	2,992	10,986	488	625	7,004	3,294	1,876	27,265
TOTAL	10,561	37,265	1,072	3,436	20,763	15,222	5,509	93,827

Source: Authors' calculation based on the Labour Force Survey (2021).

In the period 2019–21, a decline in the overall number of young NEETs was recorded in the Polog and Southwestern regions (by 11.4 and 13.3 per cent, respectively), while in the Northeast region the number of young NEETs actually increased (by 13.3 per cent).

Interestingly, in the Polog region the number of young unemployed NEETs declined by 35.8 per cent between 2019 and 2021, while in the Northeast the number of unemployed NEETs fell in 2019 and 2020, but increased in 2021 (by 16.3 per cent). In the Southwest the number of unemployed NEETs increased in 2020, then declined in 2021 (by nearly 30 per cent). As observed in EU countries, the positive results for the Youth Guarantee are due mainly to the decline in the number of young unemployed in the NEET count, whereas the number of inactive NEETs remains stable.

7.2 Policy pointers

In this section, we provide some insights into the policy items that decision-makers may consider in the formulation of the Youth Guarantee implementation plan for the next programming period. The policy pointers are organized in accordance with the phases and cross-cutting enablers of the reinforced Youth Guarantee⁹. Given the focus of this report on developing a statistical profile of young NEETs with a view to supporting their labour market transition, most policy considerations refer to the role of the ESA and of the Ministry of Labour and Social Policy (MLSP). The roles and responsibilities of other stakeholders, such as education providers, youth organizations, social partners, local government authorities and other actors shall be defined during the policy discussion around the Youth Guarantee and may be subject to further analysis.

A. Mapping and early intervention

The statistical mapping of young NEETs in North Macedonia was carried out mainly on Labour Force Survey data for the period 2016–21. The findings related to the probability of being NEET are consistent over time and point to gender, educational attainment and geographical location as key factors. The shifts recorded across the different categories of young NEETs are not substantial; they are probably related to the effects of the Covid-19 pandemic on the labour market and may be temporary in nature.

The implementation of the **annual NEET mapping on the data stemming from the Labour Force Survey should be continued** in order to appraise the shifts across different categories of young NEETs and the relevance of the policy actions targeting this population group. The reliability of complementary data sources should be explored, including administrative data from the tax/benefit system and information from the graduate tracking system to garner insights into the exposure of young women and men to joblessness, poverty, under-usage of skills.

The findings of this report highlight the need for **additional research on young women inactive due to care and family responsibilities**. This would help us to obtain a better understanding of their availability for work and/or to return to education/training, as well as the geographical distribution and affordability of care services. An ad hoc module attached to the Labour Force Survey would help in developing a better understanding of these young women's characteristics and needs. For this purpose, the Eurostat ad hoc module on Care responsibilities and childcare services and related methodology could be used.

Early intervention reforms are already planned in the Government's Economic Reform Programme (2022–24). They include expansion of early childhood education, development of qualification standards, strengthening of the dual education system, and alignment of education offers to labour market requirements.¹⁰ Specific policy options that may be considered for the Youth Guarantee include: (i) acceleration of the **VET and adult education reforms** (and especially the establishment of VET Centres in all regions, expansion of validation of learning mechanisms, and accreditation of additional adult learning programmes). The availability of a solid **recording and tracking system** as part of the EMIS (secondary and tertiary level, adult education) would make it possible to: (i) identify early students at risk of

⁹ The Council Recommendation on A Bridge to Jobs – Reinforcing the Youth Guarantee of October 2020 envisages four phases, namely: (i) mapping and early intervention; (ii) outreach; (iii) preparation services; and (iv) quality offers within four months of becoming unemployed or leaving school; as well as partnerships, data collection and monitoring, optimal use of funds and strong delivery mechanism. See EU-ILO: Guidelines for the preparation of Youth Guarantee implementation plans, September 2021.

¹⁰ The main education policy reforms are highlighted in the Government of North Macedonia's Economic Reform Programme (2022–24), pp. 78–83.

non-completion; (ii) detect the learning pathways that yield higher labour market returns (such as dual education vs regular vocational education courses); and (iii) measure the situation of young NEETs who returned to the education system after registering in the Youth Guarantee. vocational education courses); and (iii) measure the situation of young NEETs who returned to the education system after registering in the Youth Guarantee.

B. Outreach

There are several categories of young NEETs in North Macedonia who would benefit from outreach activities, including unemployed young people not registered with the ESA; young women with family responsibilities; and young people who are inactive for “other” reasons.

The key elements of an outreach policy were already developed during the prior Youth Guarantee implementation plans and include: (i) partnership with civil society organizations to identify, contact and engage young people detached from the labour market; (ii) focus on regions in which there is a higher prevalence of young inactive NEETs; (iii) offering individualized support to address the various barriers to labour market entry (discouragement, illness or disability, care and family responsibilities); and (iv) assistance in registering in the Youth Guarantee service delivery system.¹¹ In order to operationalize outreach, it will be necessary to return to policy interventions not yet carried out in the prior Youth Guarantee implementation plan, namely: (i) **capacity-building of youth field workers**; (ii) **development of common outreach tools** (needs assessment, case management, monitoring individual pathways); (iii) **online pre-registration application** to ease entry into the Youth Guarantee service delivery system; and (iv) **networking** with private and public service providers.

C. Youth Guarantee preparation services and quality offers

Since the initial piloting in 2018, the Youth Guarantee scheme in North Macedonia has been constrained by the failure to introduce the required reforms in the Employment Service Agency’s structure, organization and service delivery. More specifically, the reform included in the 2020–22 Youth Guarantee implementation plan encompassed the following policy items, which should be pursued in the next programming period.

- ▶ The **recruitment of specialized human resources** (especially staff with a psychology background for career guidance) and **implementation of an in-service training programme** to professionalize the delivery of employment services and ensure quality service delivery throughout the country. **This initiative, combined with statistical profiling and additional investment in active labour market programmes, would enable expansion of the intake of young NEETs into the Youth Guarantee service delivery system** and offer tailored activation services, without compromising Youth Guarantee outcomes.
- ▶ **Remodelling/refurbishing of ESA local offices and upgrading of the ICT system (hardware and software). This is required to ensure a minimum quality standard of service delivery throughout the country.** A higher number of caseworkers available to treat young people, as well as other ESA clients, would not in itself be sufficient to guarantee timely service delivery. This requires a robust profiling approach deployed at registration supported by an adequate ICT platform, a review of work processes and administrative procedures to smooth the transition of clients through the various processes (from first interview to enrolment into programmes), as well as accessible and functional premises to maximize service delivery and minimize waiting time. The upgrading of the ESA ICT platform would: (i) allow for the online pre-registration of young people referred through outreach activities; (ii) support the implementation of a statistical profiling system on the information collected at registration to segment support and service delivery; (iii) ease data collection for the monitoring system based on inflows and outflows and the collection of follow-up information mined through administrative data pooling; (iv) allow for the automatic (pre)matching of jobseekers/Youth Guarantee beneficiaries with available vacancies; and (v) support the collection and management of information about individual clients, vacancies and employers, service and programmes. Some of these changes will require amendments to the employment legal framework.

¹¹ Supported employment services for young people were piloted with the support of the Austrian Ministry of Social Affairs. The Employment Agency partnered with five local NGOs for the delivery of youth training, educational support and work assistance. Lessons learned from the pilot schemes will be included in the next Youth Guarantee implementation plan.

- ▶ **The establishment**, in partnership with the Ministry of Labour and Social Policy, **of a new system to collect and publish job vacancies (from an open to a semi-open system)** would provide realistic information to registered unemployed and Youth Guarantee beneficiaries. Employers would still be allowed to post their vacancies online, but these would have been checked prior to their posting on the ESA web page. This would allow clients to distinguish between vacancies that have been newly created, unoccupied, or about to become vacant and for which employers are looking for candidates outside the firm from other types of employers' announcements.¹²
- ▶ **The introduction of a more efficient workflow in local employment offices**, the adoption of new procedures (for the recruitment of partner providers as well as outreach activities) and the re-shaping of basic employment services (group and individual counselling, career guidance, job search assistance, job mediation, work preparedness, work tasters and other basic training programmes, individual employment planning and referral to active labour market measures) would be instrumental in increasing the quality of the services delivered, not only to beneficiaries of the Youth Guarantee, but also to other clients of the employment service.
- ▶ **A substantial increase in the funds invested in the labour market integration measures of the Youth Guarantee is of the essence to maintain a 35 to 40 per cent positive and timely exit for young beneficiaries.** Failing this, the main performance indicator of the Youth Guarantee (percentage of young people registered in the scheme who receive an offer of employment, training or traineeship within four months) would continue its declining trend, if the number of young people registering returns to its upward, pre-crisis trend.

D. Cross-cutting enablers

The reinforced Youth Guarantee emphasizes partnerships, data collection and monitoring, optimal use of funds and strong delivery mechanisms as essential elements for delivering the Youth Guarantee at national level.

In North Macedonia there are several types of partnerships that could be further harnessed to support young NEETs. First, there is the partnership between the Employment Department of the MLSP and the ESA, which is crucial for delivering the Youth Guarantee. The second partnership is between the ESA and the Centre for Social Work for targeting minimum guaranteed income beneficiaries (joint assessment and activation plan). This collaboration could be used to identify and target young people at risk of social exclusion in beneficiary households. The third type of partnership – which could be further improved – is the collaboration between the Employment Agency and employers. If the ESA establishes a more comprehensive line of services targeting employers, this could increase the availability of work, training and traineeship places for young people. The involvement of civil society organizations in outreach activities has already been piloted, but with uncertain results, mainly due to the limited experience of youth organizations in dealing with detached young people. Better coordination between the Ministry of Labour (the Youth Guarantee Coordinator) and the Youth Agency would ensure that outreach activities managed by civil society organizations lead to higher registration of inactive young people in the Youth Guarantee scheme. Finally, the partnership between the MLSP and the Ministry of Education needs to be strengthened with a view to accelerating education and training reforms, improving the quality of education, reducing the number of young people exiting the education system with no employability skills and expanding the range of adult education opportunities.

The NES's performance monitoring system is based on the pooling of administrative data. Employment at follow-up is regularly measured for preparation services and labour market integration measures. **Some adjustments to the data collection, aggregation and reporting system** will have to be enacted to comply fully with the Employment Committee (EMCO) indicator framework for monitoring the Youth Guarantee. The adjustments required are related mainly to the disaggregation of exits and follow-up indicators by type of subsidized and unsubsidized offers (employment, education/training and traineeship); the recording of re-entries in the Youth Guarantee (recycling rate); and data exchange with other administrations to better categorize young people who are in an "unknown" situation.

The Youth Guarantee service delivery mechanism in North Macedonia works reasonably well, also thanks to the EU funds invested over the years. Any improvement in terms of coverage of the NEET population, however, would require reform of the ESA structure, organization (especially in terms of human and financial resources) and service delivery system (see preparation services).

¹² Eurostat, Job vacancies, downloadable at <https://ec.europa.eu/eurostat/web/labour-market/job-vacancies>

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