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WORKFORCE DEVELOPMENT

REGIONAL OVERVIEW:
REPUBLIC OF MACEDONIA

WORKFORCE DEVELOPMENT REGIONAL OVERVIEW: REPUBLIC OF MACEDONIA

REGIONAL COMPETITIVENESS INITIATIVE

APRIL 2009

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EXECUTIVE SUMMARY

One of the definitions of a Workforce Development (WfD) is “activities undertaken by industry, government, and/or donor organizations for the purpose of improving productivity and employability of workers in growth-oriented industries.” USAID’s Regional Competitiveness Initiative (RCI) Project initiated a snap-shot overview of the relationship between WfD and Competitiveness, with a particular focus on Southeast Europe – Macedonia, Kosovo, Serbia, Albania, Montenegro and Bosnia and Herzegovina. It has been noted that the most recent competitiveness initiatives undertaken by missions in the E&E region have, for the first time, incorporated explicit Workforce Development elements into the overall competitiveness project design.

More precisely, this snap-shot overview of the Macedonia Workforce Development aims to:

- Identify the most significant activities currently underway in each country
- Identify key personnel associated with each activity
- Quantify, to the extent possible within the short scope of this assignment, is there a workforce gap as described above, and provide some quantification or estimation of the extent of that gap.
- Identify any planned activities in Workforce Development that are likely to be launched within the next 12 to 18 months, and the associated personnel
- Identify key industry sectors for which Workforce Development might be important, but not now currently being undertaken

After meeting relevant government, business and donor organizations and representatives, we have identified several challenges for the future Workforce Development activities in Macedonia:

1. More than half of all unemployed have never worked previously
2. Almost 91 percent of the unemployed are with less than university degree and 50,3 percent are with less than secondary education¹
3. There is lack of re-training and re-tooling educational and private infrastructure and capacity
4. There is an existent grey economy
5. Lack of practical and soft skills within the existing unemployed and future workers (current students)
6. Weak job absorption capacity of the private sector due to modest economic growth
7. There are large disparities in labor market outcomes across regions.

¹ Labor Market News Release, State Statistical Office, No. 2.1.8.32, December 25, 2008

On another hand, there are several opportunities that can support Workforce Development interventions for Macedonia such as strong government budgetary support for Active Labor Market Measures (ALLMs), high GDP growth in 2007 and 2008, significant increase in bank lending to the private sector and higher FDI inflow in 2007 and 2008. Still, the effects of the world recession are yet to be seen in the Macedonian economy as exports and orders are starting to shrink.

Public and private sector alike believe that there is a “gap” between supply and demand. Since 2007, the Employment Services Agency conducts as a regular activity the Skill Needs Analysis of the Labor market in the Republic of Macedonia². This Analysis ensures certain short-term indicators about the workforce fluctuation in the previous year and employers’ expectations with respect to recruitments in the next twelve months.

The Skill Needs Analysis of the Labor market for 2008 conducted by the Employment Services Agency shows that employers have stressed the need for recruiting workers with working experience. Namely, more than 50 percent of the stated employers’ needs for recruiting workers are for workers with experience. Even though there is a small number of anticipated recruitments for staff with university education, employers stressed the need for experienced workers even for this category (70.1 percent of the stated needs for workers with university education, are for persons with working experience). Employers stated the lowest need for workers with working experience for the anticipated recruitments of persons with primary education (26.9 percent)

With respect to the needs for special knowledge and skills of the persons who will be employed in the period, the research showed that besides the basic occupation employers mainly request knowledge in foreign languages, (mainly English language), as well as IT literacy and basic computer applications. Among the other skills, the following should also be mentioned: communication skills, team work, reliability etc.

Main recommendations are structured in four main areas:

1. Capacity building/ALMMs (addressing strengthening the capacity of the state institutions to plan, design and implement ALMMs and labor market analyses).
2. Formal education (addressing existing and future students and future workers)
3. Non-Formal Education (addressing existing unemployed and future workers)
4. Business growth support (addressing creating new jobs that are result of a business growth)

Key recommendation is that USAID Macedonia should undertake **Sector specific WfD studies** (IT is in progress, light manufacturing-electrical engineers, home repairs, food processing, hospitality, etc.) in 5-7 sectors to more precisely identify professions in demand

² <http://www.zvrm.gov.mk>

and skills they exactly need to have. Outcomes should include specific job requirements and qualifications per each identified position in need. This activity needs to be conducted in partnership with ESA, Ministry of Labor and the Chambers of Commerce. Other recommendations include:

Capacity building and ALMMs

1. Strengthen the Skills Needs Analyses
2. Develop long-term workforce forecasting, taking into account the EU WfD trends
3. Implement the Individual Employment Plans-IEPs
4. Formalize grey economy with stimulations such as grants and loans for registering the business
5. Start a business/self-employment/family businesses with grants and loans
6. Initiate paid internships for long-term unemployed that could lead to employment
7. Develop Local Employment Plans
8. Partner with LED Offices on municipal and regional level

Formal education

1. Invite Visiting Professors for one semester
2. Initiate Career Centers that will facilitate the communication between the private sector and the education institutions and will help students to prepare for the job search
3. Create University and Vocational School Business Advisory Groups
4. Initiate internships for vocational school teachers
5. Initiate real and virtual businesses in the vocational schools

Non-Formal Education

1. Initiate modern local re-training and re-tooling providers/centers that will design and implement courses based on the demand - Regional Retraining Centers
2. Initiate Regional Soft-skills Academies
3. Improve managerial skills of the young entrepreneurs and the next generation of owners

Business growth support

1. Provide equity investments
2. Create new or expand existing Business Incubators
3. Initiate a Business Angel Network
4. Initiate Demand Driven Quick-fix model

I. SOCIO-ECONOMIC AND LABOR BACKGROUND

The European Council has granted the status of candidate country to the Republic of Macedonia in December 2005. This provided an important drive and direction to the country in the further political and socio-economic development. The Stabilization and Association Agreement (SAA) between the Republic of Macedonia and the EU was signed in April 2001 and entered into force in April 2004. The Council adopted the Accession Partnership for the country, including key priorities for reform, in February 2008. Republic of Macedonia is actively participating in the Stabilization and Association Process (SAP). The Progress Report of the European Commission for 2008 shows that the country has made progress in the implementation of the Stabilization and Association Agreement (SAA) and has reached a high level of compliance. Accession negotiations have not started yet. However, the country will be able to draw on major financial support from the EU's Instrument for Pre-Accession Assistance (IPA) Program for the countries from the Western Balkans with the help of which reforms in key areas can be taken forward.

Macedonia's business environment continues to make positive steps improving its ranking in Transparency International's Corruption Perceptions Index 2008³ by twelve places to 72 out of 180 countries. Further on, Macedonia has moved up eight places in the World Bank's Doing Business 2009 report⁴, to be ranked 71st out of 181 economies because it has made it easier to start a business, register property, and obtain credit.

Real GDP growth continued in 2008 at approximately the same tempo as in 2007. After growing by 4.1 percent, 4 percent, and 5 percent respectively in 2005, 2006, and 2007, GDP growth rate for third quarter of 2008 is 5.5 percent comparing to the same quarter of 2007⁵. The biggest increase in this quarter is realized in Sectors C, D and E - Mining and quarrying, Manufacturing and Electricity, gas and water supply, 10.6 percent and in Sector G- Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods, 8.9 percent.

The value of foreign direct investments in 2007 is 330.8 million US\$ and compared to the previous year is decreased for 19.9 million US\$⁶. Countries with biggest foreign direct investments in the Republic of Macedonia in 2007 were: Austria with 90.5 million US\$, Slovenia with 53.3 million US\$, Bulgaria with 45.7 million US\$ and France with 30.2 million US\$.

³ <http://www.transparency.org>

⁴ <http://www.doingbusiness.org/>

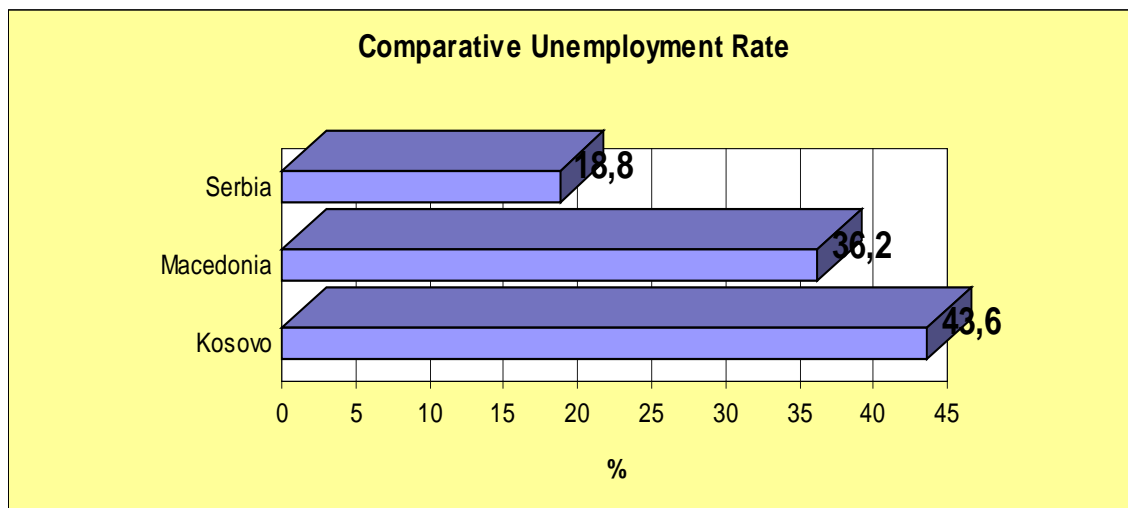
⁵ <http://www.stat.gov.mk/>

⁶ <http://www.stat.gov.mk/>

By tradition, the Macedonian economy is based on agricultural products and export of other goods like wine, lamb meat and sheep cheese. Its manufacturing sector is small and limited to textile industry, food processing, chemical industry and steel processing. The neighboring countries in the Western Balkan are the second most important trade destination, with about 34 percent of exports and about 11 percent of imports. The export structure is still highly concentrated on a limited range of products, with textiles and clothing accounting for about 24 percent of total exports, and manufactured iron and zinc products for some 26 percent⁷.

The main labor market indicators show weak performance of the labor market in Macedonia as compared to those in the EU. According to the State Statistical Office⁸, the unemployment rate in the country in 2007 was 34.9 percent which is well above the EU average (7.2 percent for EU-27⁹). Overall employment levels in the last five years are well below the EU average (65.4 percent for EU-27 for 2007), ranging from 36.2 percent in 2007, 35.2 percent in 2006, 33.9 percent in 2005, 32.8 percent in 2004 to 34.5 percent in 2003.

FIGURE I. COMPARATIVE UNEMPLOYMENT RATE: SERBIA, MACEDONIA, KOSOVO



Comparative data for Unemployment rates in Macedonia, Serbia and Kosovo for 2007 (various sources)

However, labor in Macedonia is among the most expensive in the region, more expensive than labor in neighboring EU member Bulgaria¹⁰. This justifies the government's decision to cut the taxes on salaries, and thus make labor cheaper for foreign investors and hiring illegal workers less attractive for domestic employers. The tax cuts are expected to help in reduce the country's informal economy, which is estimated to be 40 percent of the formal economy.

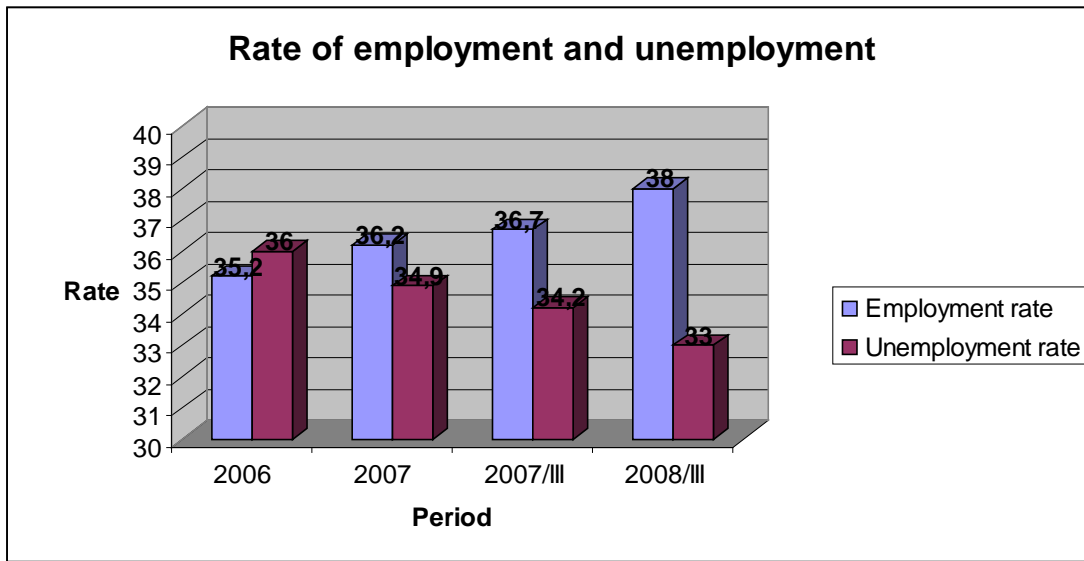
⁷ *FYROM 2008 Progress Report*, Commission of the European Communities, Brussels November 2008

⁸ Labor Force Survey 2007, State Statistical Office of the Republic of Macedonia, June 2008

⁹ <http://epp.eurostat.ec.europa.eu/>

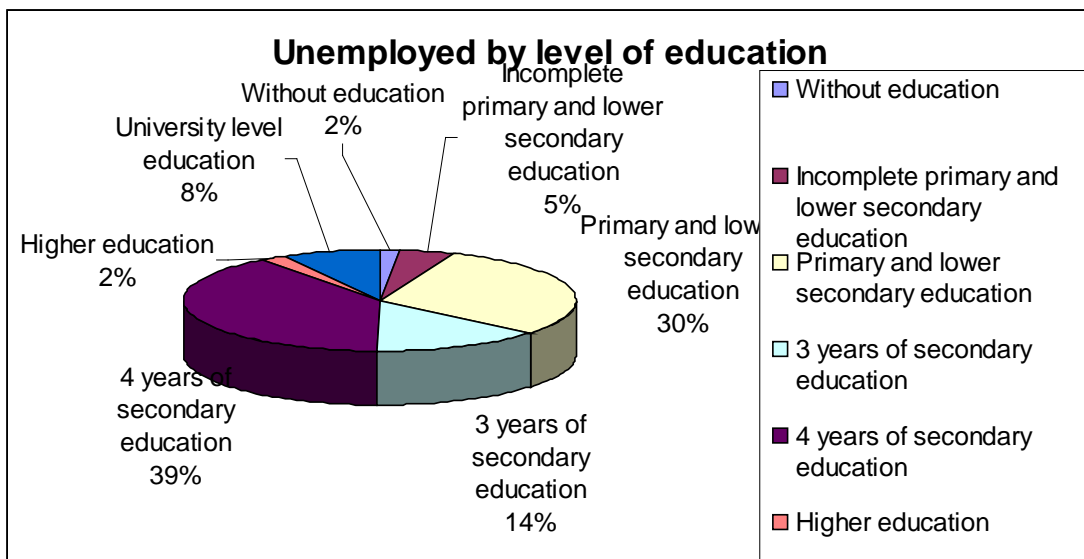
¹⁰ World Bank. "Western Balkans Integration and EU: An Agenda for Trade and Growth." Ed. Sanjay Kathuria. 2008

FIGURE 2. RATE OF EMPLOYMENT AND UNEMPLOYMENT



Labor Market News Release, State Statistical Office, No. 2.1.8.32, December 25, 2008

FIGURE 3. UNEMPLOYED BY LEVEL OF EDUCATION



Labor Market News Release, State Statistical Office, No. 2.1.8.32, December 25, 2008

II. RELEVANT NATIONAL DOCUMENTS

The politics and strategy for employment of the Government of the Republic of Macedonia as well as the planned activities for employment and decrease of the unemployment are determined in several documents: Program of the Government of the Republic of Macedonia 2008-2012, The National Employment Strategy 2006 – 2010, The National Action Plan for Employment 2006 – 2008, Operational Plan of the Government for active programs and measures for employment for 2009, Strategy for demographic development of the Republic of Macedonia 2008-2015 and Multi-annual operational program for human resources development 2007-2013, prepared in accordance with the Component 4 of the EU Instrument for Pre-Accession (IPA).

The Operational Plan of the Government for active programs and measures for employment for 2009 is a document that defines the types of programs and measures for employment, target groups, needed funds and sources of funding, as well as concrete activities and deadlines for each of the stakeholders responsible for its implementation.

The Operational Plan for 2009 includes eight programs for active employment measures:

1. Program for self-employment of youth under 27, women and long-term unemployed persons,
2. Program for formalization of existing businesses,
3. Program for preparation for employment, which includes four different measures:
 - a. Training, prequalification and further qualification for known employer
 - b. Trainings in working clubs for gaining knowledge and skills (foreign languages and computers)
 - c. Trainings for certain occupations and skills which are lacking on the labor market
 - d. Education for starting a business
4. Program for subvention of employment of several vulnerable groups: children without parents, disabled persons, single parents and parents of children with special needs, elder person (55-54 aged) and young persons under 27,
5. Program for organization of public service,
6. Program for internships as a support of the first employment of young persons under 27 and young persons in the final phase of their studies,
7. Pilot survey for available working posts,
8. Economic strengthening of women-victims of family violence.

Active labor market programs are important employment policy tools that are aimed at increasing the quality of labor supply, increasing the labor demand and improving the matching of workers and jobs.

Many of the above mentioned programs are fully financed or co-financed by international development organizations like USAID and UNDP. The monitoring of the process of implementation is carried out by the Employment Services Agency of the Republic of Macedonia in coordination with UNDP Macedonia.

The National Employment Strategy 2006 – 2010 (NES) is a document which contains the medium employment strategies of the country. It comprises the main labor market challenges for the period up to 2010 from the aspect of macroeconomic and microeconomic policies, employment and labor market policies, social policies, as well as defining targets and specific employment policies, which will ensure achievement of the aims and the objectives of the employment strategy. The NES incorporates the employment policies of the revised Lisbon Strategy and the EU Integrated Guidelines.

The strategy is a base for drafting the National Action Plan for Employment (NAPE), National Employment Program and other operational documents, through which NES will be implemented.

The National Action Plan for Employment 2006 – 2008 (NAPE) is a document which contains the main labor market challenges as well as the planned and foreseen programs, projects and activities which will facilitate reaching the Employment Strategy targets.

The NAPE is a contribution to the country's preparations for future integration in the European Union by converging towards the Guidelines of the European Employment Strategy.

The NAPE aims at contributing to the implementation of the NES which addresses employment, and in particular, the Lisbon Agenda for the employment policy, which calls on the governments of all EU countries to formulate and implement, in close collaboration with the social partners, an active policy promoting full employment, quality and productivity at work and social cohesion.

It has been developed in accordance with the new **EU Integrated Guidelines for Growth and Jobs** which cover economic, social and employment policies, putting together the broad economic guidelines and the employment guidelines in 24 guidelines.

- Guidelines 1-6 - Macroeconomic guidelines
- Guidelines 7-16 - Microeconomic guidelines
- Guidelines 17-24 - Employment guidelines

Combating grey economy, decreasing youth unemployment and long-term unemployment are Government's strategic priorities in the employment sphere and this document will facilitate their implementation.

The National Strategy for Development of Education in the Republic of Macedonia 2005-2015 (NSDE) predicts the long-term needs of the state regarding education and shows a readiness which guarantees that the vision, concepts and values included in this strategy will be achieved. The strategy foresees future changes in the local field, changes in the Ministry of Education and Science, and changes in the society as well as in the international milieu, creating relevant aims that are to be achieved. The strategy is also focused on managing and directing the process of development.

NSDE attempts to realize its mission by a long-term orientation and efficient interventions in the following strategic/key areas:

- Education for all/providing equality in education,
- Promotion of the culture of living,
- Raising social participation,
- Raising the educational, cultural and economic competency of Macedonian society,
- Reinforcement and development of international cooperation,
- Change management.

NSDE is a framework for carrying out the activities of the Ministry of Education and Science by 2015. Constituent parts of this Strategy are the programs for: pre-school and primary education, secondary and post-secondary education, higher education, adult education, ICT in education, funding, legislation and professional development. The National Strategy will continuously be updated, regardless of political shifts in Government.

The Multi-Annual Operational Programme “Human Resources Development” (OP HRD) of the Republic of Macedonia is a document for implementation of the national and European strategic priorities prepared in line with the new Instrument for Pre-Accession (IPA) established by Council Regulation (EC) 1085/2006 of 17 July 2006. It acts as a funds delivery framework, co-financed jointly by the Instrument for Pre-Accession and the national budget during the programming period 2007 – 2013, with financial indications for the 2007-2009 period, covering the territory of the whole country.

The overall strategic objective of IPA Human resource development component is to foster the development of human resources, in particular by improving the quantity and quality of human capital, leading to more and better jobs, higher growth and development and the increased national competitiveness at international level.

IPA Human resource development component amounts to total of 19.176 million EUR. About 85 percent of this amount represents the Community contribution, complemented with funds from national public sources. IPA Human Resources Development component should support Republic of Macedonia in policy development, as well as preparation for the

implementation and management of the Community's cohesion policy, in particular the European Social Fund. Within the Human Resources Development component MIPD 2007-2010 specifies three priorities:

- Employment - Attracting and retaining more people in employment
- Education and training – Investing in human capital through better education and training
- Social inclusion – Promoting an inclusive labor market

OP HRD 2007-13 has been prepared by the Ministry of Labor and Social Policy (MLSP) and Ministry of Education and Science (MES) in close collaboration with all relevant agencies and institutions including the social partners and NGOs'. Active participation of all stakeholders ensures ownership of the program as it is an inevitable condition for successful implementation phase.

This Operational Program will be implemented through decentralized management and managed by the Operating structure set up within the Ministry of Finance. MLSP and MES will be responsible institutions for the programming and technical implementation of the program. Assistance under Human Resource Development component will be implemented only after completed accreditation of the National IPA structure, which is expected to be finalized in the second half of 2009. The first open calls for projects under the IPA Human resource development component are expected by the end of 2009.

III. GOVERNMENT AND INSTITUTIONAL ACTIVITIES

The State Statistical Office of the Republic of Macedonia (SSO) is authorized for collection, processing, analysis and dissemination of statistical information for large number of phenomena from the demographic, social and economic life of the country. The information about economic active population, employment and unemployment are the basic statistical data essential to follow the changes on the labor market. The State Statistical Office of the Republic of Macedonia conducts activities in building the information system about the labor market as a prerequisite for his systematic analysis and evaluation. In this direction, as of 1996, the SSO is conducting the Labor Force Survey, which is one of the most valuable sources of information regarding the events in the labor market. The objective of this research is to obtain data about the size, the structure and the characteristics of the active population according to the international standards. Since 2004, the Labor Force Survey is conducted as continuous quarterly survey throughout the year, based on a sample of 5.000 households form the entire territory of the country.

Ministry of Labor and Social Policy of the Republic of Macedonia (MoLSP) is responsible for employment policy making, labor and labor legislation, supervision of the work of the Employment Services Agency, establishing and development of institutional framework for social dialog. The MoLSP is the main bearer and coordinator of all activities related to the implementation and monitoring of the adequate realization of all operational documents determining the politics and strategy for employment of the Government of the Republic of Macedonia.

The State Labor Inspectorate is a body within the Ministry of Labor and Social Policy, whose job is to enforce labor regulations and carry out inspections to police compliance.

The Employment Services Agency of the Republic of Macedonia (ESA) is a public institution providing services in the labor market for the requirements of employers and unemployed persons. ESA is governed by the Managing Board comprising representatives of the government and social partners. The ESA's operations cover the entire territory of the Republic of Macedonia through a Central Direction and 30 Employment Centers.

The main tasks or functions of the Employment Services Agency include:

- Research, monitoring and analyzing occurrences and movements in the labor market
- Providing information to the employers and to the unemployed persons concerning labor market,
- Providing spacious and professional mobility of the labor force due to reconciliation of the balance between the offer and demand of the labor force in the Republic of Macedonia,
- Recording of the employers and their requirements for employment of workers,
- Recording of unemployed persons in proportion to their qualifications, knowledge and experience,
- Designation of unemployed persons to training, re-training and advanced training for employment,
- Professional orientation to unemployed and other persons for the purpose of vocation or employment selection through testing and interview.

Since 2007, ESA conducts as a regular activity the Skill Needs Analysis of the Labor market in the Republic of Macedonia. This Analysis ensures certain short-term indicators about the workforce fluctuation in the previous year and employers' expectations with respect to recruitments in the next twelve months.

The Ministry of Education and Science of the Republic of Macedonia (MES) as an integral part of the Government of the Republic of Macedonia is responsible for the development of education, science, sport and international cooperation in the above-

mentioned fields. The strategy of the Ministry is the concept of lifelong learning; it strives to realize this by promoting education, creating favorable conditions for gaining and transferring knowledge, strengthening the competencies of young people and adults for social inclusion and participation, supporting civic initiatives, establishing a balance between the formal and informal sectors and, finally, complete participation in the processes of realization of the idea of general wellbeing.

The main tasks and functions include:

- education and teaching of all types and levels;
- organization, financing, development, and improvement of teaching, education and science;
- verification of the occupations and profiles in education;
- pupils' and students' standard;
- technological development, information science and technical culture;
- information technology system;
- international scientific and technical cooperation;

The structure of the education system in the Republic of Macedonia is as follows:

- Primary compulsory education, extending over 9 years, consist of 1 year of pre-school education, 4 years of primary education and 4 years of lower secondary education.
- After completion of the primary education, students continue with the secondary education and enter either general secondary or vocational education and training (VET) programs. Approximately two thirds of these students enroll in VET schools. The duration of studies is 2-4 years in vocational or 4 years in (gymnasium level) technical schools. The secondary education is compulsory as well and it is free of charge in the public schools. There are 6 private secondary schools in the Republic of Macedonia.
- Post-secondary vocational training lasts from one to three years. Non-university level higher education is normally with 2-3 years duration, and is provided within the universities.
- Higher education is offered trough state and private higher education institutions that offer undergraduate, postgraduate and doctoral studies, continuous education and studies for increasing, deepening or broadening of certain areas of knowledge.

According to the Register on higher education institutions in the Republic of Macedonia, the status of higher educational institution, have the following faculties and higher education institutions:

State Higher Education Institutions

1. The University “St.Cyril and Methody”, Skopje,
2. The University “St. Kliment Ohridski”, Bitola
3. Tetovo State University
4. The University “Goce Delcev”, Stip
5. University of Information Technology, Skopje (*in the establishing phase, expected enrollment of the first generation in 2009/2010*)

Private Higher Education Institutions

1. South Eastern European University, Tetovo
2. First Private European University “Republic of Macedonia”, Skopje
3. First Private University - FON , Skopje
4. New York University, Skopje
5. University “American College”, Skopje
6. University for Audio Visual Arts – European Film Academy ECPA Paris – Skopje – New York in Skopje
7. Private Higher Education Institution: Faculty of Business and Economics, Skopje
8. Private Higher Education Institution: Faculty of Tourism
9. Private High Vocational School: Akademija Italiana, Skopje
10. New Balkan Faculty for Technology in Skopje
11. New Balkan Faculty in Skopje.
12. MIT, Skopje
13. High Professional Institution for Business Studies Euro College, Kumanovo.
14. Higher Vocational School “Business Academy Smileski – "BAS", Skopje.
15. Euro College, Struga
16. Higher School for Journalism and Public Relations.

Private Higher Education Institutions (accredited)

1. Private Faculty “Business School Skopje,” Krusevo.
2. First Private University FON Skopje, Faculty of Design and Multimedia.
3. International Balkan University, Skopje.
4. University of Tourism and Management, Skopje.
5. MIT (Alexander the Macedonian, Skopje)

IV. PROJECTS AND DONOR SUPPORT ACTIVITIES

USAID Business Environment Activity (BEA) is a five-year project with an overall objective to improve the effectiveness of Macedonian legal and institutional environment for investing and doing business. BEA's ultimate goal is to encourage business formation and growth, and address the issue of high unemployment. BEA is providing a balanced program for strengthening the institutional and legal basis for enabling stable development of both public and private sector.

The project activities cover five areas:

- Public-private dialogue and facilitation of trade in goods and services
- Legal and regulatory framework
- Public capital investment and decentralization
- Restructuring of the labor market and pension reform
- Capacity building and cross-cutting initiatives

BEA is supporting the labor market reform through introduction of active labor market measures, improvement of employment services and involvement of the private sector in human resource planning and development.

Government's Active Labor Market Measures Program has been widely supported by BEA, particularly in the area of job search assistance, labor market training and job creation in the public and private sector.

As part of its wide range of activities in this area, BEA has devoted significant efforts in 2008 to the challenge of developing entrepreneurial skills among unemployed people. Through a "training of trainers" program, BEA trained and certified 35 ESA's (Employment Service Agency) senior staff members in entrepreneurship and business start-up, who then delivered training to 450 unemployed persons in how to register their own companies and develop viable business plans.

To support entrepreneurial self-employment, BEA is providing 20 micro business start-up grants (USD 2,000 each) for 20 trained unemployed persons, who have developed the most feasible business plans.

BEA's activities in the area for 2009 include implementation of Pilot Survey for Available Jobs. The objective of the project that will be implemented jointly with the ESA is to provide frequent information about the demands of the labor market. Project activities include engagement of unemployed persons with completed higher education to conduct a survey among the employers about the needs of labor force through a "mini call-centre"

established in the working club of the ESA. The planned number of employers to be included in the survey is 1.000.

USAID Macedonia Competitiveness Project (MCP) was initiated in August 2007 to support Macedonia's economy and competitive position within the global markets. The project is market led and investment driven. The project started by assessing the needs of international buyers/investors and performing an assessment of the potential of Macedonia's domestic industry to identify the priority sectors with greatest potential for employment and higher value exports. Three sectors selected include:

- Information and Communication Technology (ICT);
- Fashion & Design (includes apparel, footwear and furniture);
- Light Manufacturing, (includes electromechanical, automotive parts, machine tooling, etc.)

However, the project is not limiting its activities to these sectors alone and will be taking advantage of other high-growth opportunities as they appear.

Project interventions are focused on alleviating constraints and building capacity related to:

- Workforce development
- Productivity, supply chain effectiveness and technology
- Access to markets and financing
- Infrastructural services, including industrial and logistical parks

The Workforce Development model of MCP consists of the following four components:

1. **INTERNSHIP AND JOB PLACEMENT**
 - Creating the internship and job creation platform (Monster.com)
 - Organization of E-career fair and forum
 - Development of the Internship methodology
 - Organization of Trainings (supply and demand)
 - Implementation of the pilot internship placements
2. **TRAINING AND CERTIFICATION PROGRAM**
 - Organization of demand driven trainings,
 - Change is created outside the formal education system
 - Developing the "Fundamental" or "core" skill (e-learning concept)
 - Customized or Tailored training and certification programs (by sector)
3. **INDUSTRY- EDUCATION PARTNERSHIPS PROGRAMS**
 - Industry driven programs,
 - Create the structural change inside the institutions
 - Dual Degrees. Interdisciplinary skills

- Special non-degree and degree programs initiated by the companies
4. WORKFORCE DEVELOPMENT TASK FORCE
- Start the dialogue among the stakeholders,
 - Forming a team (champions of change) to work on: Curricula revision, Development of Macedonian case studies, Guest speakers

The first activity of the project in this area was the launch of the National Internship and Job Placement Program and the Internship and Job Placement Portal in November 2008. In February 2009 the project signed a Memorandum of Understanding with the Ministry of Education and Science for cooperation on implementation of workforce development interventions, including the National Internship and Job Placement Program, training and certification programs, industry led education partnership programs and the workforce development task group.

The Job Placement Portal <http://www.mojakariera.com.mk> is a web based application available in three languages that provides registration of students and unemployed searching for internships and jobs, and for companies looking to engage interns and hire skilled employees. The Competitiveness Project developed partnerships with several Macedonian universities that will use the Portal to place their students into internships.

MCP expects that in the first year of the National Internship and Job Placement Program more than 3,000 students and job seekers will register and actively use the services of the Portal in searching for internships and /or jobs. The goal of the Program is to complete over 500 internships with at least half leading to permanent jobs. In addition over 250 companies are expected to register and use the Portal as a cost effective tool for recruiting skilled employees.

The MCP's Steering Committee is currently revising the project proposal for a Demand Driven Employment Revolving Model (ERM) that was developed by local private employment agency Vrabotuvanje.com based on their placement and recruitment experience.

Employment Revolving Model (ERM) is focused on quickly retraining unemployed people for the professions that are in the demand. The Model looks for a specific position in demand that one or several companies have (for example 50 job openings for java and C++), announces the job positions in media, receives the applications, selects more than 50 people (for example 75-100 people) to go through a training program (50-75 percent on the job training and 25-50 percent classroom training) that matches the job requirements and skills for the announced positions (this training may last from 2 days to 3 or even 6 months). After the training, 50 best trainees are selected by the employers and the other that are not

selected are going to be used as a reserve (in case there is a higher need or there is a staff fluctuation) or supply for other companies.

ERM is sustainable and a revolving one because although the training is heavily subsidized for the unemployed (they only provide 5-10 percent participation guarantee) they repay back the cost for the training once they get the job and start to receive a salary. The trainees will participate with 5-10 percent of the costs upfront; the company/ies with 20-25 percent of the costs upfront; the rest 65-75 percent are initially financed by the ERM. The trainees receive a “training loan” from the fund and return the loan after they are employed in 6 or 12 installments. The returned funds are used for another cycle of demand driven employment.

ERM offers a mechanism that will sustainably address the issue of retraining, professional training and apprenticeship for the youth unemployed seeking for job.

USAID Primary Education Project (PEP)

The USAID Primary Education Project (PEP) is a five-year project that started in 2006 with aim to improve the quality of primary education in Macedonia by increasing the level of teaching and learning, renovating schools to provide better learning environments, and increasing access to computer and internet technologies. The project works with the Ministry of Education and Science (MOES) to develop quality digital learning materials and revitalize math and science education. To stimulate and reinforce quality learning, the project also improves school-based assessment.

The USAID PEP Project includes the following five components:

1. School renovation
2. Increase and improve the use of ICTs in schools
3. Improve math and science education
4. Improve student assessment
5. Increasing workforce skills

Working on the supply side of the workforce, PEP’s workforce development component is focusing on increasing workforce skills in school students and help them meet the demands of the job market by:

- Promoting entrepreneurial skills and attitudes in students

Encouraging the enterprise spirit and empowering it with relevant skills is a key to reducing unemployment, creating jobs, improving competitiveness and increasing economic growth.

The educational system in Macedonia has not been geared towards developing entrepreneurship, self-employment and employability skills. PEP works to integrate entrepreneurial and business education into the classroom instruction as well as to promote entrepreneurial attitudes and employability skills in young people through active learning. PEP is planning to undertake two types of entrepreneurship and business-related activities:

- a) *School-Based Learning (SBL) Activities*
- b) *Work-Based Learning (WBL) Activities*

On-line and digital (CD based) based resources for all SBL and WBL activities. A select set of these resources will be printed for teachers and students to make it easier for employability and career education to be integrated into classroom teaching. Teachers from 5 geographically-spread school clusters, including primary, secondary and vocational schools, will be trained in the use of these resources through professional development workshops.

- Modernizing technology classes

Technical education at the primary schools level should help students learn basic skills through creative and productive experiences, understand modern technology and foster positive work attitudes. Providing students with opportunities to develop skills in computer control and computer-aided design will also increase their interest in technical education studies and careers. PEP will support modernization of the existing curriculum in technical subjects to include 21st Century entrepreneurial and employability skills in selected primary and technical vocational schools and provide training for their teachers. Additionally, PEP will establish Technology labs in selected primary schools and Student Support Technician Clubs in technical vocational schools.

- Providing career education to primary students

Career education can help students understand the relationships between school and employment and the relevance of their learning. PEP will assist school psychologists and pedagogues to develop career guidance activities and will train teachers to help students make relevant and appropriate career decisions. If a suitable host can be identified, the plan to develop a *career education portal* to help students and parents make relevant and appropriate career decisions and provide the teachers and career professionals with source of relevant resources.

United Nations Development Program

UNDP is part of the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life.

UNDP in the Republic of Macedonia provides support to the Government through its current program activities in the following flagship areas: Decentralization, Social Inclusion, Environment and Cross-Cutting and Joint Programs.

Better access and equal access to services, two objectives of social inclusion, are tackled in different UNDP programs. Gender equality is addressed through gender mainstreaming measures and specific gender-related issues such as electoral rights and ballot secrecy. Better access to the labor market is addressed through active labor market policies implemented in different employment programs for youth, women, low-skilled and long-term unemployed. UNDP also assists better access for children to quality education and for citizens to information through ICT.

Since 1997 UNDP is working in the area of employment in Macedonia by piloting Active Labor Market Measures (ALMMs) and then transferring them to the Government for further implementation. Since 2003 they have included the municipalities in several of the ALMMs such as job subsidies and internship. Since 2007 UNDP is co-designing and co-implementing the Self-employment ALMM. This ALMM includes 12 steps from application through training for generating business ideas and business plans through registration of a new entity, self-employment up to receiving a non-cash grant for start-up equipment, raw materials or other needs, except cattle.

In 2008 UNDP has continue and the amount of funds and people to be supported was expanded. Since 50 percent of the applicants for the self-employment ALMM were people that already have some business in the grey economy, a new measure with almost the same activities plus 3 month covered benefits was named “Formalization of unregistered businesses”. In 2008 UNDP piloted another measure “Training-retraining for unknown employers” which includes training based on the Skills Gap Analysis conducted by ESA. This ALMM includes selecting deficient profiles, preparing of curricula for the trainings (VET Center did this) and implementing the trainings through 3 Skopje-based Vocational Schools. Five profiles were included in 2008: plumbing, welders, electricians, gas home and industry installation and mechatronics.

EU Funded Project -Technical Assistance to Support Employment Policy (Phase III)

The third phase of the project Technical Assistance to Support Employment Policy funded by the European Union and managed by the European Agency for Reconstruction started in November 2007 and will end in April 2009.

The overall objective of the project is to prepare the country for embracing the employment policy orientations resulting from the European Employment Strategy (EES) and the

Integrated Guidelines for Growth and Jobs, and to considerably reduce unemployment, especially for young people, women and other vulnerable groups through the implementation of effective active labor market measures, among others.

The specific objective of the project is to continue to strengthen the capacity of all relevant institutions and actors to effectively implement, monitor and evaluate the objectives and targets laid down in the National Employment Strategy 2010 and the national Action Plan for Employment 2006-2008.

The Project builds on the results of the Employment Policy II Project and includes numerous activities related to designing, monitoring and evaluating of employment policies, developing service provision for job seekers and employers, developing active labor market programs as well as strengthening communicating strategies and publicity measures. The assistance by the project includes:

- Institutional support to the Ministry of Labor and Social Policy (MoLSP) by:
 - providing assistance in drafting of the monitoring report of the NAPE 2006-2008,
 - assisting in preparation of the new National Action Plan for Employment,
 - drafting recommendations for institutional development of the Ministry and job descriptions for new employments,
 - conducting training needs assessment, providing recommendations and organization of trainings of the employees in the Ministry.
- Institutional support to the Employment Services Agency (ESA) by:
 - capacity building,
 - drafting new improved and unified model of services, organization of ToT for 278 employees from the entire territory of RM and preparation of Manual for the employees of the ESA,
 - support in preparation of local employment action plans (initially planned to support preparation of 11 action plans, but so far realized only 4),
 - assisting ESA in developing methodology for conducting Skill Needs Analysis of the Labor market in the Republic of Macedonia and supporting the implementation of the pilot project in 2006.
 - Preparation of a Strategy for Public Relations and Media Relations of the Employment Services Agency.

In order to achieve set project objectives, international expertise is brought in and it is combined with the existing national expertise.

Macedonian Chamber of Commerce

Founded in 2004, the Macedonian Chambers of Commerce (MCC) is an independent, non-political and non-profit organization, and it serves as an umbrella organization of the six constitutive chambers of commerce: Industry Chamber, Trade Chamber, Services Chamber, Agro-business Chamber, Tourism and ITC Chamber. MCC's activities are supported by the Government of Great Britain through its embassy in Skopje. The Chamber counts more than 800 members, mostly small and medium organizations, which represent the main driving force of Macedonia's economy.

The mission of the MCC is to constantly increase the competitiveness of member companies, improve Macedonia's business environment and expanded sales of Macedonian products in the global market.

One of the strategic goals of the Chamber is improvement of managers' performances through education and organization of conferences and workshops. Through its Training Group the Chamber offers Training and seminars on crucial business topics.

MASIT

The Chamber of Commerce for Information and Communication Technology - MASIT aims to improve the legal and economic business environment in Macedonia, as well as promotion of the business ethic, creation of the cooperation between the domestic and the foreign institutions, representing and protecting the interest of the ICT companies in Macedonia.

The activities of MASIT are focused towards:

- Development of the market economy, free entrepreneurship and competitiveness in the ICT sector in Macedonia,
- Improvement of the work efficiency in the ICT business and providing qualified trainings for the ICT workers,
- Contribution in research work for development in all fields of information technology,
- Improving the cooperation between the association and the educational institutions, as well as other companies in the field of information technology.
- Contribution in increasing the quality of all types of services in this field and establishment of work standards.

In order to get inside view of the current and future situation in the domain of the ICT workforce demand and its structures, in January 2006 MASIT conducted the IT Workforce Demand Survey. The survey that was conducted over 82 organizations from different industries classified as: IT entities (41), non-IT entities (33) and other organizations (8, public enterprises, governmental institutions and associations), was financially supported by the PSP Project within the German Agency for Technical Co-operation (GTZ) and is based

on the WITSA (World Information Technology and Services Alliance) methodology. Some of the main findings of the survey were:

- the most frequently reported main activity (28 percent) of the surveyed companies is software development/service,
- 71 percent of the surveyed firms are concentrated on the domestic market,
- IT workers in terms of soft skills have highest average mark in personal skills and lowest in transcription and documentation skills, which were seen as not important by many of the surveyed firms,
- the most important rated soft skills in the future will be the interpersonal/team skills, personal skills and creative thinking.

V. WORKFORCE SUPPLY/DEMAND GAP

The analysis of the unemployment problem in the country based on available data from the Labor Force Survey 2007¹¹ shows:

- Long-term joblessness **is most dominant** –84.9 percent of the registered unemployed in Macedonia in 2007 had been without work for one year and more.
- Many of the unemployed are without education or with incomplete primary or secondary education – the registered unemployment rate in 2007 of workers without education and/or unqualified or semi qualified was 46.1 percent.
- The employment rate for young people is low – only 15.2 percent employment rate for workers aged 15-24.
- In 2007, activity and employment rates for females are very low compared to EU averages - 32.2 percent and 50.4 percent respectively, for females aged 15-64.

Since 2007, the Employment Services Agency conducts as a regular activity the Skill Needs Analysis of the Labor market in the Republic of Macedonia. This Analysis ensures certain short-term indicators about the workforce fluctuation in the previous year and employers' expectations with respect to recruitments in the next twelve months.

The key objective of the Skill Needs Analysis is to increase the knowledge about the situation and the expected changes on the labor market, by gaining information from employers about:

- Need for recruitments in the next 6 to 12 months;
- Need for occupations, regarding the planned recruitments;
- Need for skills that the candidates for the planned recruitments should possess;
- Workforce demands that employers cannot meet i.e. occupations shortage.

¹¹ Labor Force Survey 2007, State Statistical Office of the Republic of Macedonia, June 2008

The survey research is based on a sample of 1626 companies from eight economic activities: agriculture; hunting and forestry; processing industry; construction; trade; hotels and restaurants; transport, storage and communications; financial brokerage; and real estate and catering services.

The SNA for 2008 shows that in the past year, there was an increase in the number of employees in the following activities: hotels and restaurants 15.6 percent; financial brokerage (11percent); trade (9.5 percent); real estate and services (7.5); and in processing industry (5.1 percent). The processing industry had the highest absolute growth in the number of employed person. On the other hand, the decrease in the number of employees is particularly high in construction (7.3 percent), and in transport, storage and communications (1.4 percent).

According to economic activity, the survey showed that the processing industry is the leading one from the aspect of absorbing recruitments. In the next 12 months, it is expected that approximately 76 percent of the planned recruitments to be in this sector. Out of them, 65.1 percent should have completed primary education, while the rest 3.7 percent i.e. 3.2 percent should have completed secondary, higher and university level of education.

Taking into consideration the level of knowledge required (degree of education), in accordance with the applied National Classification of Occupations, hereunder are the deficient occupations revealed with the SNA:

- Shortage of persons with ***completed secondary education*** from within the following occupations: textile tailors, tailor, operator of sewing machines for textile, textile cutter, operator of special sewing machines for clothing, bricklayer, shoemaker, specialized welder, operator of a sewing machine for leather, specialized graphic technician for preparation of production, operator of sewing machines for textile etc.
- Regarding the workers with ***completed primary education***, there is a lack of workers, from within the following occupations: gardener, carpenter, bricklayer, worker for simple wood-processing works, person for ironing clothes, worker for house building etc.
- The shortage of ***staff with completed secondary education or junior college equivalent*** from within the following occupations: textile technician, agricultural technician, technician in the food industry, mechanical technician, technician for shoes, textile and chemical technician, graphical technician etc.
- Regarding the persons with ***completed higher education***, there is deficit from within the following occupations: electrical engineers for automatic control of technical systems, mechanical engineers, IT engineers, pharmacist in the wholesale

market, pharmaceutical technologist, pharmacist for testing and controlling of medicines, apparel engineer, engineer technologist etc.

Compared to the last year survey, the number of firms surveyed that stated to have experienced a lack of labor force upon filling of the vacant job positions, remains unchanged, i.e. is approximately 20 percent of the total of firms surveyed.

TABLE I. DESIRABLE KNOWLEDGE AND SKILLS OF PROSPECTIVE EMPLOYEES ACCORDING TO SURVEYED FIRMS (RANGED BY THE RECEIVED ANSWERS TO THE SURVEY)

1	Knowledge in languages	7	Languages and computers
2	Computer literacy	8	Team work
3	Good educational level	9	Skills in managing small businesses
4	Knowledge in software packages	10	Reliability
5	Communication skills	11	Flexibility
6	Organizational skills	12	Skills in selling and marketing

Regarding the overall deficit of workers, in the year 2008, the number has almost halved. It means that the employers, compared to the previous year, could more easily find the required labor force for filling of the vacant job positions.

The results from the skill needs analysis can be applied in the planning and preparation of the active employment programs and measures, as well as the preparation of the local action plans for employment, and in the creation of new education programs for occupations harmonized with the needs of the labor market.

VI. RECOMMENDATIONS

Based on our snap-shot findings we have organized the recommendations in the following four areas:

1. Capacity building/ALMMs (addressing strengthening the capacity of the state institutions to plan, design and implement ALMMs and analyses).
2. Formal education (addressing existing and future students and future workers)
3. Non-Formal Education (addressing existing unemployed and future workers)

4. Business growth support (addressing creating new jobs that are result of a business growth)

Key recommendation is that USAID Macedonia should undertake **Sector specific WfD studies** (IT is in progress, light manufacturing-electrical engineers, home repairs, food processing, hospitality, etc.) in 5-7 sectors to more precisely identify professions in demand and skills they exactly need to have. Outcomes should include specific job requirements and qualifications per each identified position in need. This activity needs to be conducted in partnership with ESA, Ministry of Labor and the Chambers of Commerce. Other recommendations include:

Capacity building and ALMMs

1. Strengthen the Skills Needs Analyses

The existing Skill Needs Analysis of the Labor market conducted by the Employment Service agency - ESA should be further developed by increasing the sample, solidifying the methodology, improving the questionnaire and improving the data collection. This should be done in very close partnership with the ESA and the Macedonian Chamber of Commerce. This analysis should be conducted on yearly bases in order to achieve consistency and trend analyses.

2. Develop long-term workforce forecasting, taking into account the EU WfD trends

In order to have the education system adapt to the needs of the economy a long-term workforce forecasting is needed. This forecasting will include movements in specific industries in the region and EU and will address some of the newly rising professions that should be taken into account in the next 5-10 years. This activity needs to be conducted in partnership with the ESA and the Macedonian Chambers of Commerce. Local or regional companies could be engaged to conduct the forecasting model and analyses.

3. Implement the Individual Employment Plans-IEPs

Improve the capacity of ESA to conduct and actually use IEPs for analyses and career guidance. IEPs collects data from the unemployed on their skills, capacities, talents, abilities, plans, previous formal or informal experience, preferred jobs, future actions for job search, etc. These plans are beneficial both for the unemployed as they receive a “real service” from ESA and for ESA for further analyses on local, regional and national level. This activity should further train ESA staff on conducting IEPs, develop action plans for completing the IEPs in one year period, should create mobile teams of staff or short term consultants that will assist to the areas where it is obvious that with existing capacities ESA could not reach the deadline. This activity will lead to better data collection and data base of existing skills, preferences and perceptions by the unemployed that can be used for future ALMMs planning.

4. Formalization of grey economy with stimulations such as grants and loans for registering the business

Based on the previous experiences in Macedonia (Government ALMM Operational Plan 2008) and other countries in the region, ALMM for formalizing grey economy could be designed to include stimulations such as grants and loans with subsidized interest rates for the entities that will formalize their business activity. With this measure there are multiple benefits such as legalizing employment, higher chances for financing and subsequently growth, increasing the tax base, etc.

5. Start a business/self-employment/family businesses with grants and loans

Self-employment or start-up programs offer assistance to unemployed workers to start their own companies and family businesses. A combination of training (how to start a business, generating a business idea, drafting a business plan, etc.), financing (grants or loans with subsidized interest rates) and business support (management training, technical advice, etc) should be considered.

6. Initiate paid internships for long-term unemployed that could lead to employment

Since both unemployed and graduates lack practical skills, it is recommendable to design and implement an ALMM that will motivate employers to take interns and consider employing them after the internship period. This should be done in partnership or in close cooperation with UNDP Macedonia (they have already implemented such a measure; this measure was later transferred to ESA and now it is implemented by ESA), in order to expand the measure to different target groups or different regions.

7. Conduct Local Employment Plans

In partnership with Local Economic Development (LED) Offices and regional and local ESA offices Local Employment Plans should be conducted. Eleven such plans are funded and will be completed with financial support by the EU Employment III Project. Having in mind that there are 75 more municipalities without Local Employment Plans, there is a need and space for USAID intervention in this area.

8. Partner with LED Offices on municipal and regional level

As a result of the decentralization process, strong LED Offices are a new reality in Macedonia. Most of the Municipalities have at least one or several municipal employees for LED. This is a resource that future USAID WfD activities should take into account and leverage as much as possible.

Formal education

1. Invite Visiting Professors for one semester

Support introducing seasoned and well experienced visiting professors at the University level to include more in-coming professors and to expand to vocational schools where the in-coming visiting professors could teach the teachers in latest trends in the technology and in the teaching techniques.

2. Initiate Career Centers that will facilitate the communication between the private sector and the education institutions and will help students to prepare for the job search

Work with the vocational schools and build Career corners that will include both equipment and personnel that will serve the students. A combination of trained teachers, psychologists and full/part time local advisors (trained by the USAID that will commit to pro-bono advising students on part-time bases) should be used. The Career center will include a Business Advisory group (explained below), will prepare the students for job search, writing CVs, cover letters, life-long learning concept, internships, etc.

3. Create University and Vocational School Business Advisory Groups

Initiate School Business Advisory Groups comprised of local business people that take the role of volunteer-educators and will open their businesses for the students for internships, practical work, seasonal (summer) work, will be guest speakers at the specific classes, will invite their employees to be guest speakers, etc. These local business people should be stimulated by the fact that the students can do some project related work that could benefit the business (market surveys, promotion, etc.) and by some other incentives for the first 30 local businesses that will join and actually DO something with the teachers and students.

4. Initiate internships for vocational school teachers

School teachers need to stay abreast with the latest technologies and private sector practices. This activity will stimulate companies and teachers to match for business-teacher internships by providing incentives for both sides (the business could get a training fee and the teacher could receive a life-long learning award or similar). This activity will create links and bonds between teachers and businesses and will be the bases for the changes that the teachers will introduce into their practical aspects of teaching.

5. Initiate real and virtual businesses in the vocational schools

Based on the experience and lessons learned of the USAID SEA project in Macedonia, this activity could stimulate students and teachers to design and initiate virtual companies as extra-curricular activity supported by several technical subjects teachers that relate to the “virtual business industry”. In some specific cases, the activity could help specific schools to start a real business by buying some of the equipment or materials necessary to start the business. Both activities will improve the entrepreneurial skills of the students through practical work.

Non-Formal Education

1. Initiate modern local re-training and re-tooling providers/centers that will design and implement courses based on the demand - Regional Retraining Centers

Based on the Skill Needs Analysis of the Labor market in Macedonia and in partnership or coordination with the existing donor community, targeted short or long-term courses should be developed, designed and implemented in order to match the existing identified demand. For example, specific programs delivered by local, regional and international experts could focus on merchandisers, marketing experts, welding, specialized chiefs, network technicians, electrical engineers, etc.

2. Initiate Regional Soft-skills Academies

Based on Skill Needs Analysis of the Labor market in Macedonia, it is obvious that specific soft-skills are needed both for the unemployed and existing employees. In order to sustainably address these needs, Regional Soft-skills Academies should be initiated. These Academies will design, test, pilot and implement modern soft-skills curricula and will use regional and international trainers to train local trainers. Internationally recognized (certified) programs will be introduced and the academies will have a license for Macedonia.

3. Improve managerial skills of the young entrepreneurs and the next generation of owners

Having in mind the level of openness for training of the seasoned Macedonia businessmen, it might be worth to develop a program that will improve the managerial skills of young entrepreneurs and sons and daughters of current owners. The owners themselves might be resistant to change to modern methods, but favor opportunities for their children – the future owners and operators of enterprises which show promise for growth and future job creation. Improving business skills will help improve internal business processes, could lead to higher openness for learning for all employees and will help the company to grow and eventually employ new people.

Business growth support

1. Provide equity investments

Private equity funds invest capital in operating companies poised to grow and take share in the ownership structure of the company. They act as co-owners and support the growth of the company. After certain time period they exit the company and return the capital to its institutional investors. Since this type of alternative financing does exist in Macedonia, USAID Macedonia should consider supporting entry of additional funds on the Macedonia market. Many of the interviewed people stated that in Macedonia jobs can be created only if several industries and sectors start to grow or if new industries arise. Equity capital can be directed towards industries that can prosper and grow in order to fasten the growth pace.

2. Create new and expand existing Business Incubators

Business Angels are investing in a wide range of commercial ventures, are seasoned or retired successful business people that invest their business skills as well as their capital into new and developing enterprises. Having in mind that there are very few or not enough incubators in Macedonia (one we learned about is supported by the Dutch SPARK non-profit organization), supporting incubators to start operating or expand to new areas/parts in Macedonia is recommended. There are several donor supported incubators that are already working in the region and have accumulated knowledge and experience that takes time to build.

3. Initiate a Business Angel Network

Business Angels are investing in a wide range of commercial ventures, are seasoned or retired successful business people that invest their business skills as well as their capital into new and developing enterprises. Business Angels support can leverage funds from the private sector by leveraging funds on par with the private sector successful business people that are willing to become business angels. US Angel Capital Association can serve as a basic pool for expertise since they have already been in the region assisting several newly established networks in Bulgaria and Slovenia.

4. Initiate Demand Driven Quick-fix model

One of the local private employment agencies in Macedonia (Vrabortuvanje.com) based on their placement and recruitment experience has developed and piloted a project for a Demand Driven Employment Revolving Model (ERM) that could serve as bases for a sustainable quick fix solution. This is a sustainable model that based on specific workforce needs by one or several companies: recruits potential job candidates, designs specific curricula that matches the job requirements, executes the training with the candidates as trainees, tests and selects the best trainees (together with employers) for employment and collects back the invested funds from the newly employed trainees (on 6 or 12 installments). This model can be the quick-fix solution for the mismatch problem between the supply and demand.

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