

GENDER STUDY

BARRIERS TO LABOUR MARKET PARTICIPATION OF WOMEN IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

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List of Abbreviations

ALMP(s) Active labour market policy(ies)

EUROSTAT Statistical Office of the European Communities

ETF European Training Foundation

ESE (Association for) Emancipation, Solidarity and Equality of Women

ESA Employment Service Agency of the Republic of Macedonia

EU European Union

GDP Gross Domestic Product

ILO International Labour Organisation

LFS Labour Force Survey

MICS Multiple Indicator Cluster Survey (statistical programme by UNICEF to monitor the situation of children and women)

MLSP Ministry of Labour and Social Policy

NGO Non-governmental organisation

NILF Not in labour force

OECD Organization for Economic Cooperation and Development

OFA Ohrid Framework Agreement

SSO State Statistical Office of the (former Yugoslav) Republic of Macedonia

SME(s) Small and medium-sized enterprise(s)

UNDP United Nations Development Programme

USAID United States Agency for International Development

VET Vocational education and training

EXECUTIVE SUMMARY

The total inactivity rate in the former Yugoslav Republic Macedonia is very high, at 37.2% (LFS, 2007, 15–64 age group). This rate is the highest of all the ex-Yugoslav countries (excluding Kosovo) and compares unfavourably with the EU-27 average of 29.5%. The former Yugoslav Republic of Macedonia's female inactivity rate of 49.6% (15-64) is also much above the EU-27 average of 36.7%.

The inactivity rate for women is roughly twice that of men, where in the 25–49 age group one in every three females but only one in every ten males is inactive.

Data illustrate that **slow school-to-work transition, full-time household activities, residence in rural areas and ethnic background go hand in hand with inactivity.**

Qualitative surveys additionally point to **irregular employment practices.** Furthermore, the paper identifies a number of legal and institutional barriers to labour market participation.

A lack of civil documents hampers an individual's access to public services and to work (in the formal economy). The fact that identity registration at birth has less than 100% coverage and the legal requirement to have a 'permanent source of income' in order to obtain citizenship hinder the exercising of civil rights; this can constrain their labour market participation later on. Denied citizenship presents a problem, in particular for members of the Roma community, even if they have long been settled in the country.

Low levels of education and skills are a major obstacle to labour market participation.

Inactivity is more widespread among workers with no education or primary education. The right to education is guaranteed by law. In reality, however, there is a low pre-school education coverage as kindergarten facilities are lacking. Financial barriers, substandard housing conditions that impede learning and studying, poor access to schools in certain regions, inappropriate teaching methods and the lack of extra support for pupils who experience language and learning difficulties are among the factors that lead to non-participation or non-completion of education. Cultural aspects also play a part: education for girls does not have the same value as it does for boys, for example, among the Albanian and Roma communities. Completed primary education is a precondition for many jobs. Low educational attainment and skills are difficult to remedy later on in life as a result of the lack of recuperative adult training courses.

The lack of care facilities for disabled or elderly people constrains the labour market participation of women. Patriarchal patterns of family roles are still dominant, which is why such care tasks fall primarily upon women's shoulders. During interviews, however, many women expressed their desire to engage in gainful employment, if they were given the chance to do so.

The lack of jobs and the use of discriminatory practices keep women inactive or lead them to inactivity. The grey economy developed as a buffer during transition in the context of weak law enforcement, and is now estimated at between 30-40% of GDP. The many small and micro sized businesses (98.8% of all registered business) have low potential for business and employment growth. However, after years of employment contraction, net job creation trends have once again turned positive. Further reforms to the business regulatory framework are needed to enhance investment and productivity. Limited access to financing and loans is a serious constraint to (would-be) entrepreneurs. There are issues of property

rights and insufficient opportunities for acquiring land or receiving it free of charge from the state.

Employers' disregard for existing labour regulations leave many women marginalized and prevent their participation in the labour market. Laws intended to prevent such practices are not enforced. Furthermore, people without completed primary education are discriminated against in public sector employment, which requires basic education.

Activation measures to assist inactive people and raise labour market participation are not in place. Among those who are registered as unemployed, many may actually be working in the grey economy. The Employment Service Agency (ESA) has insufficient resources to engage in more effective active labour market policies (ALMPs) over and above its many administrative duties. Emphasis is laid on those who are easy to place: more highly-skilled and work-experienced people, men and members of those ethnic communities who are, according to prevailing stereotypes, traditionally seen as 'more willing to work'. The current scale of ALMPs is low, and measures are focused on input (number of people per measure) rather than outcomes. No specific policies exist to activate people who do not currently participate in the labour force. Social welfare benefits are not linked to activation measures.

The capacity of municipalities to promote economic development and gender and ethnic equality at local level are currently limited. Decentralisation is progressing, but is hampered by many factors. The main obstacles include a lack of a number of elements, including human and financial resources, support from the centre, cooperation with the business sector, and commitment to and experience of working in partnership.

Fighting inactivity among women requires a complex response from many actors and policy areas. These span from legal changes and institutional support to make sure every citizen residing in the country is able to obtain identity papers. They also include specific education support measures, various means to promote business and job growth, targeted activation measures, and the strengthening of local institutions. Education support measures are needed to prevent or remedy disadvantages in the labour market. More simple business regulations, strengthened property rights, improved court efficiency and reduced tax burdens for low-wage earners would also be conducive to enhancing economic and employment growth. Small entrepreneurs need better access to credits. Multi-dimensional measures are required to help mobilise inactive people who are currently registered as unemployed or as social welfare recipients. The capacity of local governments needs to be strengthened considerably to enable them to play their part in the local delivery of economic, employment and social policies. Since they are closest to the inactive people and well aware of their problems, they are best suited to tackling problems, in partnership with a range of actors including business partners, government authorities and agencies, schools, ethnic community representatives and NGOs.

1. Introduction

1.1. Rationale and objective of the study

The government of the former Yugoslav Republic of Macedonia, with the help of foreign donors, has carried out a number of labour market analyses and designed employment measures that take as their starting point the needs of registered unemployed people (although the scale of such measures is still marginal). In contrast, the inactivity issue has so far not received sufficient policy attention. It is for this reason that the World Bank, jointly with the European Training Foundation (ETF), decided to undertake a study on barriers to labour market participation in the former Yugoslav Republic of Macedonia. The study highlights in particular the specific problems faced by inactive females from various ethnic backgrounds among whom inactivity is widespread.

The objective of the ETF contribution to this study is to analyse in particular the legal and institutional framework and related implementing mechanisms which form obstacles to labour market participation. It also puts forward the respective policy conclusions and recommendations.

As a country preparing for accession to the EU, the former Yugoslav Republic of Macedonia will have to adopt measures that bring the country closer to creating an inclusive labour market and society, which lie at the heart of EU policy. Focusing on inactive people of working age often means focusing on the least favourably placed and poorest people in society. This is why policy measures required to help people out of inactivity must form part of a comprehensive employment strategy. This study contributes to raising awareness about the importance of this issue and about the need for complex policy responses, which in turn require the cooperation of many stakeholders.

1.2. Methodology used

Various methods were used to compile this study. Labour market indicators were analysed using micro-data from the labour force survey undertaken by the State Statistical Office (SSO) as well as data from other sources. In addition, findings were used from a qualitative survey which was carried out by the World Bank through a series of structured focus group interviews involving inactive women from different parts of the country (World Bank, 2008b). Moreover, desk research (analysis of primary sources) was undertaken to review existing reports, as well as relevant policies, strategies and legal provisions. Finally, a series of semi-structured interviews (use of secondary sources) was carried out involving representatives from ministries and state offices, civil society organisations and trade unions.

2. The phenomenon of inactivity in the former Yugoslav Republic of Macedonia

2.1. Labour market status – definitions¹

The economically active population comprises employed and unemployed people. Employed people are those aged 15 and over who (during the reference week of a given labour force survey) performed work, even for just one hour a week, for pay, profit or family gain, or who were not at work but had a job or business from which they were temporarily absent because of, for example, illness, holidays, industrial dispute or education and training.

Unemployed people are those aged 15–74 who were without work during the reference week of the given labour force survey, who were currently available for work and had been actively seeking work in the past four weeks or had already found a job to start within the next three months.

Inactive people are those who can be classified as neither employed nor unemployed. In accordance with the research, the economically inactive population includes all people who did not work, even for one hour in the week of the report². These are: pupils and students, pensioners, housewives, and people who are supported by others or by the state, or who supported themselves with another type of income (such as rent or interest).

2.2. Characteristics of female inactivity in the country

Female inactivity rates are much higher than male and EU rates

The phenomenon of low activity rates already existed in pre-transition times. Between 1996, when the first labour force survey was undertaken, and 2007, inactivity rates of people of working age (15-64) were relatively stable at around 40% until 2004 from which point it dropped to 37.2% in 2007 (see Graph 1 below).

This compares unfavourably with the EU-27 average of 29.5%. However, Romania as an EU Member State and Croatia as a candidate country have inactivity rates comparable to the former Yugoslav Republic of Macedonia with 37% and 36.6%, respectively³.

Inactivity rates among women continue to remain considerably higher than among men: in the entire period 1996-2007 the inactivity rate varied between 25-28% for men and 49-55% for women. In 2007, the inactivity rate for women was roughly twice as high as the rate for men - 49.6 versus 25.2%. Here, differences are particularly marked in comparison with EU countries: the average female inactivity rate of the EU-27 was 36.7% in 2007 (Romania 44%; Croatia 43.6%)⁴.

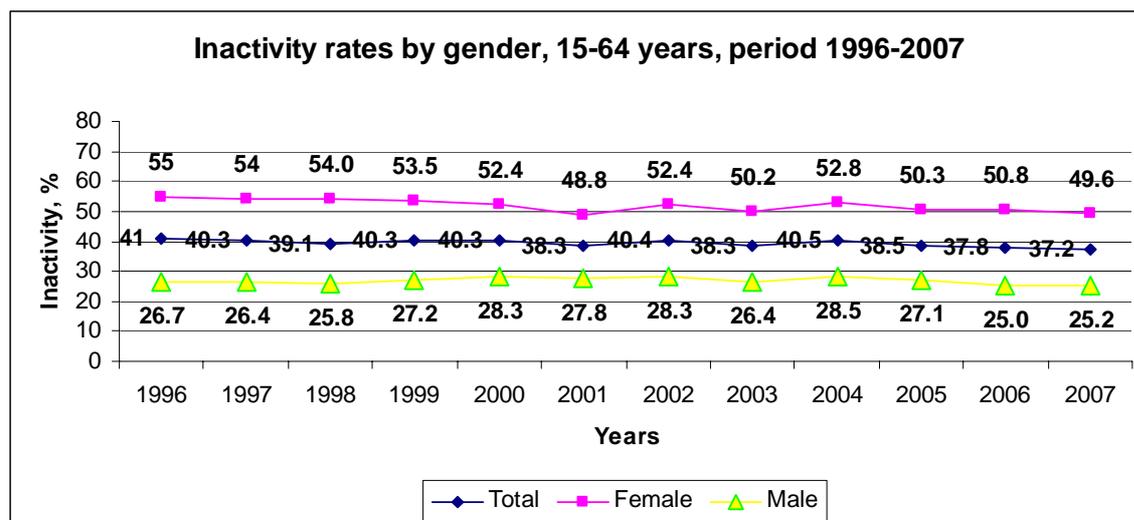
¹ These definitions are based on those contained in the Recommendation of the 13th International Conference of Labour Statisticians, convened in 1982 by the International Labour Organisation (ILO), and are those used by EUROSTAT.

² This, by definition, includes also discouraged workers – people who have moved from unemployment to inactivity.

³ Source: Eurostat, LFS 2007, 15–64 age group, annual averages.

⁴ Same source as above.

Graph 1: Inactivity rates by gender, 15-64 age group, 1996 – 2007, (%)



Source: SSO, LFS 1996–2007, calculations by the author.

The following table breaks data further down by age group and gender:

Table 1. Inactivity data for 2006 and 2007 by age group and gender

| Age | Working age population 2006 | Inactive population 2006 | Inactivity rate 2006 (%) | Working age population 2007 | Inactive population 2007 | Inactivity rate 2007 (%) |
|-------|-----------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|
| Total | | | | | | |
| Total | 1,421,181 | 537,214 | 37.8 | 1,432,851 | 533,596 | 37.2 |
| 15–64 | | | | | | |
| 15–24 | 325,699 | 209,209 | 64.2 | 326,372 | 209,325 | 64.1 |
| 25–49 | 753,509 | 159,659 | 21.2 | 754,724 | 158,431 | 21.0 |
| 50–64 | 341,973 | 168,346 | 49.2 | 351,755 | 165,840 | 47.1 |
| Men | | | | | | |
| Total | 718,722 | 180,111 | 25.0 | 725,549 | 182,562 | 25.2 |
| 15–64 | | | | | | |
| 15–24 | 167,012 | 96,938 | 58.0 | 167,788 | 94,303 | 56.2 |
| 25–49 | 384,145 | 30,351 | 7.9 | 348,508 | 33,653 | 9.7 |
| 50–64 | 167,565 | 52,822 | 31.5 | 173,253 | 54,606 | 31.5 |
| Women | | | | | | |
| Total | 702,458 | 357,103 | 50.8 | 707,302 | 351,033 | 49.6 |
| 15–64 | | | | | | |
| 15–24 | 158,687 | 112,271 | 70.7 | 158,584 | 115,021 | 72.5 |
| 25–49 | 369,363 | 129,309 | 35.0 | 370,216 | 124,778 | 33.7 |
| 50–64 | 174,408 | 115,523 | 66.2 | 178,502 | 111,234 | 62.3 |

Source: LFS 2006 and 2007, SSO, 2008.

The data reveal that:

- a) Inactivity rates are high in the 15–24 age group (64.2% in 2006 and 64.1% in 2007), which is not surprising, given that a high proportion of this age group are still in education. The higher percentage of girls (72.5% against 56.2% for boys) can, however, only partly be attributed to participation in education. In upper secondary education the gross enrolment rate of females in 2005⁵ was even lower than the one for males – 72% vs. 77%, while in tertiary education (ISCED levels 5 and 6) the gross enrolment rate of females was 35%, compared to 25% for males. Boys appear to be more interested in finding jobs after secondary education rather than in staying in education (SSO, 2006). One major cause for the higher inactivity rate among females in the 15-24 age group is the fact that girls are more affected than boys by slow school to work transitions, as discussed below.
- b) In the group of people aged 25–49 years, one in three women but only one in ten men were inactive in 2007. For women the situation had improved marginally compared to 2006, while for men it has deteriorated: in 2006 only one man in twelve was inactive. Altogether, in this age group, the female inactivity rate was 4.4 times higher than the male rate in 2006; in 2007 the female rate improved, but was still 3.5 times greater than the male rate. The EU-27 rates in this age group were 7.2% for males (one in fourteen) and 22% females (one in 4.5 women).
- c) In the 50–64 age group, every second person is inactive – again not an unusual phenomenon. However, here too, the gender distribution is not equal: roughly two-thirds of all women but only half of all men in this age group are inactive.

Many registered unemployed people may actually be inactive

When talking about inactivity, one needs to also look at the phenomenon of unemployment in the former Yugoslav Republic of Macedonia. Data from official unemployment registers tend to overstate the situation, as they include a number of people to whom the definition mentioned in section 2.1. does not apply. People register as unemployed with the employment service not only when they are without a job and actively looking for work, but traditionally also as a means of benefiting from free health insurance. Eligibility criteria are not enforced. This system which originates from Yugoslav times is still in existence today, which is why data relating to registered unemployment are important for the purposes of this study: among registered unemployed people there are many who are inactive.

Unemployment rates are high with 35.2% in 2007 (35.8% for females). Active job search is not taken as a stringent criterion for being registered as unemployed. On the contrary, people are encouraged to register, and then stay registered, because this way they benefit from free health insurance – a system which was common to all ex-Yugoslav countries and has not been changed in the country to date. The capacities of employment service staff to engage in job mediation activities are highly restricted. In addition, the extent of available active labour market measures is low: measures envisaged by the 2008 Operational Plan of the Ministry of Labour and Social Policy (MLSP, 2008) cover only slightly more than 7,000 people, which represents a coverage of 2.2% of all surveyed unemployed people in 2007⁶. Mobility among

⁵ Source: Unesco Institute for Statistics, latest data available.

⁶ No evaluation has been undertaken so far to assess the effectiveness of such measures in terms of participants finding a job.

people searching for jobs is generally low. As a consequence of this and the difficult labour market situation, many unemployed people stay on the register for a long time. The World Bank (2008a) refers to the fact that almost 60% of unemployed adults have been so for a period of longer than four years.

The World Bank estimates that, if active job search criteria were applied in a stricter sense, unemployment rates would decrease by around one third. But, on the other hand, labour force participation could also decrease or, in other words, inactivity rates could even be higher. The overall participation rate could drop by 10% (from 62% to 52%) (World Bank, 2008a).

However, it should also be noted that many people who state that they are inactive may actually be working in the grey economy. Weak law enforcement has led to a massive upsurge in illegal employment (see also section 3.4.), and temporary, short-term, non-official types of employment are often the only way for people to generate income.

Most inactive women engage in household activities

Table 2 below illustrates that most inactive women are so because they engage in **full-time household activities** (55%) or in **education** (25%). 14% are **pensioners**, while the remaining 6% account for other reasons, such as conscription, disability etc. (World Bank, 2008a).

Table 2. Main reasons why females in the working-age population are out of the labour force

| | % | % | % | % |
|--------------------|---------|-----------|-----------|-------|
| | Student | Housewife | Pensioner | Other |
| Strata | | | | |
| Rural | 16.4 | 74.2 | 5.0 | 4.4 |
| Urban | 33.8 | 36.4 | 21.9 | 8.0 |
| Educational level | | | | |
| Primary or less | 17.5 | 67.8 | 9.6 | 5.2 |
| Sec. Voc. | 14.0 | 32.9 | 40.9 | 12.2 |
| Sec. 4 years* | 53.9 | 20.8 | 17.9 | 7.4 |
| Higher/ university | 11.9 | 20.8 | 47.3 | 20.0 |
| Age group | | | | |
| 15-24 years | 75.8 | 18.9 | 0.1 | 5.3 |
| 25-34 years | 8.8 | 83.1 | 0.3 | 7.7 |
| 35-54 years | 0.3 | 83.5 | 9.4 | 6.8 |
| 55-64 years | 0.0 | 48.2 | 45.9 | 5.9 |
| Total | 25.3 | 54.8 | 13.6 | 6.3 |

Source: World Bank, 2008a. Authors' estimates using 2006 LFS data. * Secondary 4 years could be secondary general or secondary vocational 4-year programmes.

The table shows that the majority of women engaged in full-time household work live in rural areas and have a low education level.

Data point to slow school-to-work transitions, low education levels, residence in rural areas and ethnic background as factors that influence inactivity

As regards individuals between 15 and 34 years old, the World Bank (2008a) points to a **slow school to work transition**. After finishing school, the study claims, many young people cannot find a job, which affects females more than males. The school-to-work transition period, as measured by the time it takes to shift 50% of the population from being enrolled at school to being employed, takes six years for young males and nine years for young females in the former Yugoslav Republic of Macedonia (World Bank, 2008a) as compared to 1.4 years in OECD countries (OECD, 2007). This indicator in turn points to problems related to both an ill-adjusted education system and a non-absorptive labour market. In the context of a general lack of jobs and an excess of labour, employers tend to give preference to people with work experience and young males.

According to the same study, in 2006, 89% of females with higher or university education (15-64 years), 70% of those with secondary vocational education and 65% of those with secondary 4-year (general or vocational) education, but only 28% of those with **primary education or less** participated in the labour force (World Bank, 2008a)

Also in 2006, 56% of the female working-age population living in urban areas participated in the labour force, but only 39% of those living in **rural areas** (49% in total). The exceptions here are agricultural areas, such as Bitola and Strumica, where female participation in the labour force is higher than the national average. Tetovo – a region traditionally populated by **Albanians** – displays the lowest participation of women in the labour force (World Bank, 2008a), which is mainly due to their family traditions. Exact data concerning inactivity rates among the **Roma** population are not known. However, a survey undertaken by UNDP showed that 79% of Roma consider themselves unemployed⁷, with a much higher rate for women. Only 8.3% of Roma of working age (over 15 years) claimed to be employed or self-unemployed (UNDP, 2006).

Qualitative surveys additionally point to lacking jobs and irregular employment practices

Qualitative data were obtained through focus group interviews conducted with inactive women from various regions of the country (see detailed results in: World Bank 2008b). Reasons for inactivity, as emerged from these interviews, can be clustered as follows:

- Current **hiring practices that tend to discriminate against women** in job interviews on grounds of age, marital status, physical appearance or ethnic background; the latter being the case in particular for Roma people, but also Albanian and younger Turkish women;
- A general sense of discouragement or women's lack of belief in the possibility of finding a suitable job, which is linked to the **general shortage of jobs, irregularities in the allocation of jobs**, including widespread practices of giving jobs to relatives, friends or political protégées, as well as **employers' non-compliance with existing labour regulations**; the typical example of the latter being the practice of many private

⁷ Unemployment was taken in interviews as synonymous for not having a regular job.

employers of hiring someone to work for 1–2 months on a trial basis, and then firing the individual after paying the minimum wage or no pay at all;

- Women undertaking unpaid work at home, which is linked to the **traditional role of women in the family** and the **household and care tasks** assigned to them, which applies especially to Albanian women and a smaller number of those from other ethnic communities;
- **Low levels of education**, which was cited as a major problem in particular by non-Macedonian women⁸, also in view of the fact that there is no systematic provision of second-chance recuperative education or other appropriate training or re-training courses in the country; and
- Sources of household income other than from work.

Typically, these factors do not work in isolation, but in combination with others.

Many of the reasons for inactivity in the context of the former Yugoslav Republic of Macedonia are identical for both men and women from different ethnicities, such as nepotism and lack of personal connections. However, there are certain patterns that relate in particular to women and specific ethnic communities. For example, discouragement as a result of an inability to find employment for various reasons, including age and marital status, is more common among Macedonian and Serbian women, while for Albanian women the traditional norms relating to female employment are important. For the Roma community there is a combination of constraining factors, ranging from the lack of education, to the conservative values relating to female roles and discrimination on the basis of ethnic background (World Bank 2008b).

Except in the case of highly educated participants, employment was seen by most interviewed women simply as a source of income and better living rather than as a source of personal and professional development. Nevertheless, most had a relatively clear idea of the reference wage. Most Albanian and many Turkish women with higher education see public sector employment as more appropriate for them, and this means they are more selective regarding the type of job they would accept. Roma women in general appear to be the least selective as they would do any type of job (World Bank 2008b).

3. Legal and institutional provisions that form barriers to labour market participation

Many of the reasons for economic inactivity in the former Yugoslav Republic of Macedonia relate to gaps in legislation or failure to enforce existing legal regulations, and/or the lack of institutional support.

The following sections explore in greater detail the problems relating to:

⁸ According to the 2002 census, almost half the population aged 15 and over (49.39%) had completed only eight years of primary education or less: 3.85% had no education, 10.77% did not complete primary education and 34.77% had completed primary education. The government, in its 2005 report on the Millennium Development Goals, stated that 3.62% of the country's population aged over 15 years were illiterate. Of these, most were women (76.41%). Illiteracy rates among women from the Macedonian and Serb communities were not particularly high, while 7.54% of all female Albanians, 10.66% of female Turks and 28.55% of female Roma were illiterate (Government of the former Yugoslav Republic of Macedonia, 2005).

- identity registration and the attainment of citizenship documents and rights;
- access to and retention in education, including early childhood education and care;
- facilities for care of disabled or elderly persons;
- public and private sector jobs;
- insufficient activation mechanisms for both registered unemployed people and social welfare recipients;
- the limited capacities at municipal level to promote local economic development and to ensure gender and ethnic equality in education and employment.

Most of the above-mentioned reasons concern men and women equally. However, they shall be included in the present study, as women could benefit directly or indirectly if adequate policy measures were taken.

3.1. Lacking identity registration

Lacking identity registration is an issue especially for Roma people

Identity registration is important as it is a prerequisite for access to a number of public services, including education, the health system, the issuing of public documents needed for work (the workbook), registration as unemployed, and social welfare assistance. An inability to access these services is a factor that can lead to economic inactivity later in life.

The right of the child to have a name and citizenship, as well as the right of protection of the identity, is regulated by the constitution and the Law on Citizenship of the former Yugoslav Republic of Macedonia. They recognise and ensure equal rights for both women and men regarding the obtaining, changing and retaining of their citizenship. Children can obtain citizenship by origin, birth within the territory of the country or naturalisation.

According to the latest Multi-Indicator Cluster Survey (MICS) 2005-2006 – a survey that monitors the situation of children and women – only 94% of children under five years of age have had their birth registered. There are no significant disparities concerning the registration of children as regards their sex, age or socio-economic status. However, a lower level of registration of children was noted among mothers who have no or only primary education than among those with completed secondary education. More children of Macedonian background are registered than those from other ethnic backgrounds, including Albanian, Roma and others (SSO, 2007). Donevska et al. (2007) hold that some ethnic communities face problems obtaining citizenship. The study quotes Erduan Iseini, the mayor of the largest Roma settlement in the country, Shuto Orizari. He claimed that in 1997 there were 4,356 Roma people without citizenship and 7,407 Roma with unidentified citizenship.

Birth certificates are usually issued by health authorities or hospitals where children are born. They are not automatically issued to children born at home or abroad. People born outside the country can apply for citizenship, but only under certain conditions – one of them being the legal requirement to have a 'permanent source of income' (Donevska et al., 2007). Also, the registration procedure is not free of charge, which may be a barrier for some people to register. Without citizenship and identity documents, however, people are unable to exercise their social rights.

3.2. Insufficient education

Education is without doubt the area most highlighted by policymakers, governments, multilateral agencies and donors as being of utmost importance with a view to interrupting intergenerational cycles of deprivation and social exclusion. Disadvantages built up early on in life are difficult to remedy later on and impact on people's ability to find or retain a job.

The right to education is guaranteed by both the constitution and relevant education legislation. Primary education, including a preparatory year, is compulsory for all children between the ages of six and 15 years. The relevant law⁹ even envisages a fine for parents or guardians who do not enrol their children at school or whose children do not attend school regularly. With effect from September 2008, attending secondary education has also been made compulsory¹⁰.

Early childhood education and care

The lack of pre-school facilities prevents the levelling out of educational disadvantages and impedes the labour force participation of mothers

There is widespread recognition of the importance of the early childhood period in the cognitive, behavioural, and social development of children. The OECD, among others, have provided ample evidence that, on average, children are more likely to under-perform in compulsory education if they enter school poorly prepared to learn (see, for example, OECD, 1999).

In the former Yugoslav Republic of Macedonia, 14.9% of all children aged three were included in pre-school education (ISCED level 0) in 2006. This figure rises to 15.9% for children aged four and to 33% for children aged five¹¹. However, these figures are much below the respective EU-27 averages: 73.9% for three year-olds, 82.3% for four year-olds and 77% for five year olds for the same year^{12,13}.

The low pre-school inclusion rate is due to a number of factors, including the serious shortage of facilities in the former Yugoslav Republic of Macedonia, the costs involved, but also family traditions. Only 40 out of 84 municipalities have their own kindergartens (Nikolov, 2006). Facilities are particularly lacking in rural or mountainous areas. Another impeding factor is the cost of public kindergartens (approximately €24.50 per child per month), which compares to a social welfare benefit of €50 per month¹⁴ (Donevska et al., 2007) and an average net paid wage per employee of €276¹⁵. In addition, the Association for ESE and Akcija Združenska (2005) pointed to inadequate opening hours of kindergartens, the lack of properly trained staff, and the lack of adequate food provision for children in kindergartens. On the other hand, low pre-school attendance among Roma people and some Albanians and

⁹ Law on amending and addenda to the Law on Elementary Education, Official Gazette no. 51/07.

¹⁰ Law on Secondary Education, Official Gazette no. 49/07.

¹¹ The TRANSMONEE database of UNICEF's Innocenti Research Centre established a net pre-primary enrolment rate (percentage of population aged 3-5) of 36.2 percent for 2005 and 39.6 percent for 2006, see: http://www.unicef-irc.org/databases/transmonee/2008/Country_profiles.xls.

¹² Source for all data: Eurostat.

¹³ The reason for the lower percentage for five year-olds in comparison to four year-olds can be explained by the fact that, for example, in Italy, five year-old children can already be enrolled in ISCED level 1 education.

¹⁴ Amount paid to persons who receive permanent financial assistance.

¹⁵ The average net paid wage per employee in June 2008 was MKD 15,759 – source: SSO at http://www.stat.gov.mk/english/glavna_eng.asp, accessed in September 2008.

Turks can also be attributed to their culture and tradition, which favours informal and home-based child care.

However, children who do not have the chance to be educated outside their homes, especially when they come from ethnic non-Macedonian-speaking, low-educated family backgrounds, are often ill-prepared when they enrol at school, and face both language and learning difficulties. In addition, the lack of pre-school facilities impedes the possibility for mothers to participate in the labour market.

Initial education

Enrolment rates are lower among the poor who leave school ill-prepared for the labour market

According to 2005 data¹⁶ from the Unesco Institute for Statistics, 2% of all pupils do not enrol at school at all, while another 4% do not make the transition from primary to lower secondary education and drop out after only four years of education or earlier¹⁷. According to UNICEF (2008), using data from the MICS 2005/06, the lowest proportion of children attending primary school is observed in the poorest wealth quintile (86.3%), and among the Roma (61.1%). The percentages of children aged 14 attending the last grade of primary education were also lower in the poorest wealth quintile, among children whose mothers have no education and among Roma children (45%, compared to 87% of Macedonian children) (UNICEF, 2008)¹⁸.

The biggest “loss” of pupils occurs at the stage of transition to upper secondary education (ISCED level 3). In other words, the current system cannot ensure inclusion in upper secondary education of a quarter of all pupils and leaves them ill-prepared to meet work and life challenges with only eight (or now nine) years of schooling or less. As Table 2 above shows, girls are affected by this phenomenon to a higher degree than boys. Among the poorest wealth quintile the secondary school net attendance ratio among 14 year-olds is only 33.7%, while the worst indicator is once again observed among the Roma with 17.4% (UNICEF, 2008). In total, UNICEF (2008) estimates that as many as 40% of the country’s young people currently do not finish secondary education, which generally leaves them with bleak labour market prospects.

Reasons for non-completion include costs and problems with the quality of provision

As shown above, one of the main reasons for not attending school and low performance is poverty. Children from poor families are more likely not to attend or drop out early from school for a variety of reasons. These include “financial and opportunity costs, insufficient information about the benefits of education, substandard housing conditions that impede learning and studying, and children’s health status”, which particularly affects children from Roma families (Pecakovska and Lazarevska, 2008).

Other impeding factors include poor access to schools in some regions where children must walk a long way to get to school, a certain lack of willingness and competence among teachers to deal with underachievers, no extra tuition support, as well as a lack of facilities,

¹⁶ Latest data available.

¹⁷ In the system, the first cycle of primary education ends after four grades, while the second cycle used to end after eight grades – since September 2008 extended to nine years.

¹⁸ Data are net attendance ratios.

teaching staff and scholarship provisions for secondary education, combined with quality and relevance deficits, in particular of three year VET programmes¹⁹. However, cultural factors also play a role.

Although the law states that education is 'free of charge', in reality a number of expenses for schooling have to be borne by parents. These include the cost of textbooks, insurance, school outings, meals and tuition fees (although low) for secondary education - in some schools even transport to school and contributions to the purchase of basic school furniture. Tuition fees for secondary education were announced to be abandoned for all and textbooks made free of charge for social welfare recipients from the 2008/09 academic year onwards²⁰. The amounts to be co-financed by parents depend very much on the financial capacity of the given municipality and the transfers made by the ministry. The Commission for Education and Sports of the Association of Units of Local Government (ZELS) has warned the Ministry of Education and Science that, for the introduction of compulsory secondary education, facilities, teachers and funds are lacking. The Association doubts that the 12-15% increase in the state education budget can compensate even for the rise in energy prices (heating and electricity)²¹.

Girls from Roma and Albanian families often leave school earlier than boys...

Anecdotal evidence indicates that, if family budgets are insufficient to cover the school education of all their children, the decision is usually taken in favour of boys. This holds particularly true for Roma and Albanian families.

The Association for ESE, in their 2005 report on the implementation of the Convention for Elimination of All Forms of Discrimination against Women, indicated that there are a number of obstacles preventing girls from attending or completing schooling. The report claims that prejudices, traditions and stereotypes that exist within society are reasons behind lower school attendance of specific ethnic communities. Once these children leave school, they are often kept at home; they have to work in agriculture or take care of the household (Association for ESE, 2005).

The national government states in its 2005 report:

'Girls living in rural areas or those coming from lower social layers and/or belonging to certain ethnic groups such as Roma and ethnic Albanians are faced with the highest risk of dropping out of the education system at the initial stage. The overall rate of those leaving school early is below 2%, but in the case of the Roma population, it is 10%.'

'Regarding secondary education, there are differences in the level of inclusion of girls from various ethnic groups. The trend over the past four years indicates an increase in their number, except in the case of Roma and Serbs.'

(Government of the Republic of Macedonia, 2005)

¹⁹ Pupils are "steered" into upper secondary education programmes on the basis of their marks from primary education. Pupils with worse marks are often left with no choice at all and would have to go on the most unpopular courses, frequently with bleak labour market prospects upon completion. This forms a major disincentive for both parents and children to continue on with education.

²⁰ See www.mofk.gov.mk, accessed on 12 September 2008.

²¹ Interview by the author on 10 September 2008.

According to Amnesty International (2007), the legacy of discrimination against girls has left 'perhaps over 50% of Roma women without a basic education'. Without such basic education, and no possibility to obtain it later on, the people concerned are deprived of other rights and chances in life, including the opportunity to work.

... but access to higher education by ethnic Albanians including girls has improved

At the level of tertiary education, the inclusion rate of Albanian students has much improved in recent years, not least thanks to the establishment of the South Eastern Europe University in Tetovo. The government believes that this satisfies the needs for higher education of Albanian students (Government of the (former Yugoslav) Republic of Macedonia, 2005). It has resulted in significantly improved access also for Albanian girls. However, Roma students are still considerably under-represented.

Education and training for adults

There is insufficient provision for adults to compensate for the lack of education

As regards education and training provision for adults, the network of Workers' Universities that previously existed provided courses catering for a variety of needs of the adult population. However, the network has been deprived of state funding and partially dismantled.

Adults now face a number of obstacles, including:

- the limited number, and uneven distribution across the country, of institutions and courses;
- the lack of information about what is on offer;
- the fact that costs of vast majority of the courses have to be borne by the participants;
- the fact that informally acquired knowledge and skills are not recognised;
- inadequate timing and methods of delivery;
- the lack of child care facilities to allow women to attend courses; as well as
- cultural barriers within certain ethnic communities.

The solution currently comes only through a number of mostly short-term training courses funded by donors and often provided through NGOs. However, these cannot be considered as a systematic intervention to address the problem of low education and skills levels of a considerable proportion of the population.

The 2008 Adult Education law²² is expected to give a boost to the development of the adult learning area by creating the legal basis for state financing to the sector, by allowing public schools to offer adult education and training, by regulating the establishment and operation of providers and by referring to the importance of recognising knowledge and skills, including those acquired outside the formal education system. However, to date little has happened to

²² Official Gazette of the Republic of Macedonia no. 7/2008

ensure funding for both adult basic and advanced skills training, except from people's private purses. A system by which the (non-formally or informally acquired) knowledge and skills of adults would be recognised and certificates issued as a proof of their (partial) qualifications does not exist, yet. Even if more (short-term) basic education and/or training courses were offered for adults, one major problem remains – the fact that being hired and making progress within a career is closely linked to the qualifications obtained in the formal education system.

People without completed primary or secondary education or with outdated qualifications have poor chances of being legally employed

The practice of making positions (and related remunerations) dependent on the attainment of certain levels of formal qualifications originates from Yugoslav times, but is still widely used in both the public and private sectors. Its legal basis is provided through the Act on the Systematisation of Working Positions. Apart from restricting employers' freedom to pay people primarily on the basis of their work experience, it forms a major impediment to the legal employment of people without basic education. But also people who were trained for profiles which are no longer in demand by the labour market today are trapped in the highly inflexible 'one qualification-one career' system, unless they learn a completely new trade for which state funding is however unavailable. The latter has particularly hit women laid off from the traditionally female dominated textile sector, but also from other industries.

3.3. The lack of care institutions for disabled and elderly people

The lack of facilities for the institutional care of disabled and elderly people restricts women's labour force participation

The majority of citizens, particularly those from the Albanian and Roma communities, still accept the traditional roles in the family, whereby men are responsible for income generation, while women take care of the home. Traditionally, it is the women on whose shoulders the care of children and disabled or elderly members of the family falls.

Facilities for the care of adults, including disabled or elderly people, are also limited, a situation that restricts women's ability to transfer this task to qualified care institutions, if they wish to do so. In 2006 there were only three public institutions in the entire country for people with mental and physical disabilities, providing accommodation and care for a total of 550 people. In addition, there were four public institutions for elderly people, again providing accommodation and care for 550 people in total, as well as four private institutions catering for the needs of 124 elderly people (Donevska et al., 2007).

Barriers to the free and full enjoyment of the right to care for elderly people include the insufficient geographical spread of institutions across the country and the long and cumbersome procedures for acquiring this right. Services provided by private homes are expensive and scarcely affordable by elderly people, most of whom are not well off and depend financially on members of their families.

3.4. Irregular employment, high taxes on low-wage jobs and limited access to credit as obstacles to job creation in the formal economy

Inactivity is, of course, caused by a general shortage of jobs, but also by irregularities in employment. The latter manifests itself through the existence of an extensive informal economy, as well as through illegal practices in the allocation of formal private or public

sector jobs. People, and in particular women, are discriminated against on grounds of ethnicity, party affiliation and other factors, which is why they may eventually give up trying to apply for jobs and resort to inactivity.

The informal economy undermines economic and employment growth

The grey economy developed as a buffer during transition, absorbing labour shed from industries that closed down or underwent restructuring and downsizing. Among the impediments to formal employment have been the high tax imposed on labour (changed in January 2008). This discouraged employers from hiring more workers with legal contracts and stimulated, in the context of weak law enforcement, the growth of the grey economy. It is now estimated at between 30 and 40% of GDP.

Jobs in the informal economy include seasonal, temporary and part-time work. Employers hire people directly without an employment contract, which in some cases helps businesses to survive since it reduces the formal costs of labour. For many people it is essential to accept this type of job to make ends meet. Wages are generally low, and people often register with the employment service to benefit from health insurance.

However, the grey economy distorts competition and prevents the further development of a functioning market economy. As a result of reduced revenues, the government is also less able to meet its social obligations. Moreover, where the grey economy has become a normal way of doing business, tolerated by the local authorities and in some cases even by the state authorities, there is a risk of both entrepreneurs and young people developing a lifelong 'evasion attitude'. The government has recognised the problem but is not doing enough to fight it in an effective manner. USAID is running a national campaign to fight the grey economy. Additional measures are needed to tackle inefficient policies in particular with regard to the low level of law enforcement and inefficient tax collection.

Further adjustments to the regulatory framework could lead to more jobs

The method of privatisation used in the former Yugoslav Republic of Macedonia during the 1990s – mainly through management or employee buy-out – has not brought in much-needed new management know-how and fresh capital. The economy is characterised today by many small and micro-sized businesses that offer little potential for business and employment growth. Businesses of that size accounted for 43,877 businesses, or 98.8%, of the 44,424 business entities registered with the Central Registry. The remaining number (547) were medium or large sized enterprises²³ (Stojanova, 2007).

However, after years of considerable employment contraction, the economy has started to recover and more jobs are now being created, especially in the private sector. According to the World Bank (2008a), the fraction of private sector employment to total employment has increased relative to non-private employment from 56% in 2004 to 66% in 2006. In addition, recent net job creation trends have been positive with 47,000 jobs gained between 2004 and 2006. However, most of them were in agriculture and benefited primarily young people below 35 years of age (World Bank, 2008a).

²³ With the 2004 Law on Trade companies, company sizes have been adjusted to EU definitions in terms of the number of employees. However, turnover thresholds in the former Yugoslav Republic of Macedonia are still much lower than those in the EU.

The World Bank, through its Doing business 2008 database²⁴, ranked the former Yugoslav Republic of Macedonia among the global top-10 reformers in 2006/07, in terms of the revision of the regulatory framework. The country was praised, among others, for the introduction of one-stop shops for business registration. However, the Doing Business in South East Europe report (World Bank, 2008c) suggested further reforms to this framework to enhance business investment and productivity (see section 4).

The high tax burden presents a disincentive for more low-wage jobs

In terms of employing workers, the World Bank claims a certain “rigidity”, among others, due to existing restrictions or disincentives with regard to the hiring of workers²⁵. There is a strong disincentive against the use of low-wage workers, including part-time contracts, which may be attractive for some women. This is so because of the relatively high tax wedge at low wage levels. Leibfritz (2008) argues that ‘with the transformation of the personal income tax into a flat tax of only 10%, the former Yugoslav Republic of Macedonia now belongs to the group of countries with the lowest personal income tax in the world. However, the overall tax burden remains relatively high, in particular for low-skilled labour, which is the most vulnerable to unemployment and informality. The high labour tax burden on low-wage labour is caused by the minimum social insurance contributions which are based on certain percentages of the national average wage rather than on the individual wage.’

Access to credit is constrained especially for the poor

Limited access to finance and credits are a serious constraint to (would-be) entrepreneurs. Prospective borrowers, also from among the currently inactive population, are often hampered by their lack of credit history and collateral, which is a major problem especially for the poor. There are issues of non-recognised property rights due to the ill-functioning of the land registration system, and insufficient opportunities for acquiring, for example, affordable arable land, or receiving it free of charge from the state.

The right to work and non-discrimination in employment are guaranteed by law...

There are several pieces of legislation which guarantee the right to work, and rights within employment. Art. 32 of the constitution stipulates that ‘everyone has the right to work, to free choice of employment, protection at work and material assistance during temporary unemployment. Every job is open to all under equal conditions. Every employee has the right to appropriate remuneration.’ In addition, the principle of equitable representation of the members of ethnic communities in the civil administration bodies and in the other public institutions at all levels has been enshrined into the constitution and is further elaborated in the Law on Civil Servants.

According to the Law on Labour Relations²⁶, employers decide freely how many workers and whom they will employ, and how they fill their vacancies. The same law, Art. 6 on the Prohibition of Discrimination, stipulates²⁷:

(1) The employer shall not put the employment seeker (hereinafter: employment candidate) or employee in a position of inequality on grounds of race, skin, colour, sex, age, health

²⁴ see <http://www.doingbusiness.org/ExploreEconomies/?economyid=116>, accessed on 15.09.2008.

²⁵ <http://www.doingbusiness.org/ExploreTopics/EmployingWorkers/Details.aspx?economyid=116>, accessed on 15.09.2008.

²⁶ Consolidated text, Official Gazette of the RM N). 80/03.

²⁷ Official Gazette No.62, July 28, 2005.

condition or disability, religious, political or other affiliation, trade union membership, national or social origin, family status, property, sexual preferences, or other personal circumstances.

(2) Women and men shall have equal opportunities and equal treatment in employment, occupational advancement, training, education, retraining, pay, additional payments, leave from work, working conditions, working hours and termination of the work contract.

Issues relating to non-discrimination on grounds of gender are also addressed in the 2006 Law on Employment.

However, if discrimination can be presumed, it is not employers who have to prove that they did not discriminate, as is the case in many EU member states. The burden of proof lies with the person who initiated the legal proceedings. There are neither any legal provisions concerning damages to be awarded nor a system of court administrative sanctions in case of discrimination on grounds of sex.

Finally, pursuant to the Law on Labour Relations, female employees are entitled to a nine-month continuous leave during pregnancy, birth and maternity. The law regulates that maternity leave is compulsory and should begin at least 28 days before the delivery. Female employees may, however, return to work before the end of their leave period.

... but the law is barely enforced which affects women and the Roma in particular

Legal provisions concerning the right to work and rights within employment remain largely ineffective, as mechanisms to enforce them have not been fully implemented.

Until recently, each new government has dragged its feet over fulfilling the Ohrid Framework Agreement provisions concerning equal representation of members of ethnic communities in public sector jobs, and has brought a wave of staff changes not only in government and other public offices, hospitals, schools, etc., but also in companies, using party affiliation and nepotism as criteria rather than merit for the allocation of jobs.

Discrimination starts as soon as a job is advertised: Friscik and Dimova (2006) stated that job advertisements discriminate not only on grounds of sex, but also on grounds of age – typically against older women. The Broadcasting Council, whose task it is to control the media, has limited capacity and, hence, does little to remedy this situation.

The Association for ESE (2005) points to high levels of discrimination in employment, in particular against married women and women with children. Employers do not usually dismiss pregnant women. However, the Association for ESE holds that they may do so after the end of the maternity leave. The employment is simply terminated, or the temporary contract not renewed.

Roma people were particularly disadvantaged by the privatisation of the former state or socially owned sector during the transition period, during which both unskilled and skilled Roma employees were reportedly the first to be dismissed from labour-intensive public companies (Amnesty International, 2007). The majority of Roma people – unskilled and with only basic education – are unable to compete in an increasingly competitive labour market. They are not given the necessary institutional support to help them back into work.

‘They say I don’t have enough qualifications or education. Here in Shtip, there are many employment opportunities for non-Roma. If they find a factory that needs people, but the

people need skills, then the employment office should provide training for those skills. They (the employment office) should find us work – that is their job’ – Roma woman from Shtip.

(cited from: Amnesty International, 2007)

Labour inspection would be an important means of ensuring that legal provisions are adhered to and such practices abandoned. According to the law, workers, the labour union and employers have a right to request an inspection when laws, collective agreements or other regulations are violated. Inspectors in turn can require an employer to take certain actions before a given deadline, and can initiate court proceedings if the employer fails to do so. In reality, however, such cases rarely occur in the context of a highly under-resourced inspectorate, high levels of corruption and an inefficient legal system that lacks alternative dispute mechanisms and has overloaded courts.

People without completed primary education cannot work in the public sector

A specific problem is the fact that people without completed primary education are discriminated against in public sector employment, which requires this as basic education.

3.5. Insufficient measures to mobilise inactive people

Public policies to combat unemployment and inactivity largely depend on the capacity of relevant institutions, as well as funding. Primary responsibility for the delivery of both active and passive labour market policies in the former Yugoslav Republic of Macedonia lies with the ESA. As argued before, registered unemployed people matter for the purposes of our study as many of them may be inactive according to the strict terms of the definition.

Women from rural areas and ethnic groups are frequently not registered as unemployed.

Table 3 below shows the total number of registered unemployed people from 2004 until 2007 and the respective share of females among them.

Table 3: Share of women among registered unemployed people in the former Yugoslav Republic of Macedonia, 2004-2007

| Year | Registered unemployed people | | |
|------|------------------------------|---------|------|
| | Total | Women | % |
| 2004 | 391,072 | 166,464 | 42.6 |
| 2005 | 359,989 | 151,635 | 42.1 |
| 2006 | 366,551 | 152,610 | 41.6 |

| | | | |
|------|---------|---------|------|
| 2007 | 357,166 | 148,070 | 41.5 |
|------|---------|---------|------|

Source: ESA, 2008. Data for December of each year

The table illustrates that since 2004 the total number of all registered unemployed people and also that of women has decreased. The share of women among all registered unemployed people is lower in comparison with men. Reasons include that women from rural areas and those belonging to specific ethnic groups are more frequently not registered, which in turn is due to cultural issues in the case of Albanian, Roma and Turkish women. The lack of identity documents and unfinished primary education, as mentioned earlier, also play a part. In 2006 the total number of registered unemployed people increased by 1.8% compared to 2005 but this did not affect women to the same extent. One reason for this is the fact that the industries that traditionally employ women, including textiles and services, were not as affected by bankruptcies and dismissals in that year.

ESA's capacities and the extent of active measures are highly limited

The ESA is responsible for all aspects of employment service provision:

- registering those who are unemployed;
- paying unemployment benefits to those who are entitled to it;
- providing advice, guidance and counselling to jobseekers;
- delivering active labour market programmes.

The agency is in charge of organising job clubs, training, counselling, professional orientation and other active measures. There are 30 local employment centres in total.

The agency is understaffed. According to ESA's Annual Report 2007 (ESA, 2008), 525 people were employed at the end of 2007, of whom 276 staff members, or 52.6%, were in direct contact with clients. They have to deal with 357,000 registered unemployed people, a ratio of approx. 1:1,300. With caseloads of this size and a lot of paperwork to fill in, counsellors are not in a position to implement an individualised, tailor-made approach to counselling and provide effective assistance for labour market integration. In addition to ESA's responsibilities in dealing with registered unemployed people, staff are also engaged in the registration of newly opened employment contracts and the termination of existing contracts, as well as the registration of new businesses. USAID is currently working on introducing a system of electronic online registration for newly employed people.

The government has lately increased the extent and funding of ALMPs, which is however still small. Only 0.06% of GDP was spent on ALMPs, or 4% of the total ESA budget (Kuddo, 2008), which compares to an EU-25 average of 0.7% (2006). The 2008 Operational Plan of the Ministry of Labour and Social Protection (2008) includes programmes to support:

- self-employment;
- the 'formalisation' (legalisation) of existing businesses;
- training, retraining or skills upgrading of unemployed people when the employer is known;

- some foreign language and IT training (when the employer is not known);
- pilot training for occupations and skills in short supply;
- entrepreneurship training;
- subsidised employment for orphans, disabled people, single parents and people between 55 and 64 years of age; and
- the first work experience of young people up to 27 years of age.

(Ministry of Labour and Social Protection, 2008)

Only slightly more than 7,000 people will benefit from these schemes, which presents a coverage of less than 2% of people who were registered as unemployed at the end of 2007. A total of MKD294 million (€4.8 million) have been made available for this, including donor funds from UNDP and USAID in the range of MKD8.7 million (ca. €142,000).

The current focus in planning, monitoring and evaluation of ALMPs is on outputs (i.e. the number of individuals served) rather than on outcomes (i.e. the number of individuals employed, self-employed or retained on jobs). According to ESA staff interviewed, emphasis is usually laid on those who are easy to place, such as young people, more highly skilled people, men and members of those ethnic communities who are, according to prevailing stereotypes, traditionally seen as 'more willing to work'.

ESA registers contain many non-active jobseekers and increase administrative burdens

Non-active jobseekers registered as unemployed constitute a significant administrative burden for ESA, as argued also by Kuddo (2008), and this prevents staff from better targeting and engaging in activation measures. Entitlement to free health insurance has already been mentioned as one reason behind the high proportion of non-active jobseekers among those who are registered as unemployed. Eligibility for unemployment benefits is limited, while almost no conditions apply for the receipt of free health insurance. The only requirement is to re-register as unemployed every six months. Koettl (2008) estimates that, of the people who are registered as unemployed (357,000 at the end of 2007 or 17.6% of the total population – the author), only two-thirds are active jobseekers. The rest are non-active jobseekers, because they are informally employed or inactive.

People without completed primary education barely benefit from employment services

People without a certificate of completion of elementary education do not benefit much from the services of public employment offices, as preferential treatment is given to people who can be more easily trained or placed.

As mentioned before, the government does not, by and large, provide recuperative basic education courses. Where such courses are provided, it is mainly with the help of donor funds and through NGOs. This situation mainly affects the groups with the highest dropout rates in education, particularly the Roma, and explains why there is a high percentage of low-skilled people among the economically inactive population.

There are no activation measures for social assistance recipients

Social assistance is subject to a means test. Registered unemployed people comprised the largest share of these beneficiaries – 96.3%, while according to educational attainment those with no qualification represented the greatest share - 35.6%, followed by those with lower education – 24.9%²⁸. However, the receipt of social welfare benefits is not linked in any way to activation measures, such as, for example, those that are known in western countries as ‘workfare’ schemes. Centres for Social Work currently have very limited capacities to engage in activities other than administering benefits.

3.6. Limited capacities at municipal level to promote local economic development and gender equality in education and employment

The delivery of economic, employment and social policies depends to a large extent on the authority assigned to local government and their capacities and resources to implement such policies in an effective manner.

The decentralisation effort undertaken in the former Yugoslav Republic of Macedonia since the signing of the Ohrid Framework Agreement in 2001 has been a dramatic and complete reversal of policies since independence, when the country abandoned the Yugoslav tradition of local self-government and centralised all sectors. The former 34 municipalities, which had enjoyed far-reaching autonomy and financial independence, were broken up in 1996 into 124 much smaller units and much weaker jurisdictions, with highly restricted authority and budgets. In August 2004 these were re-organised into 84 municipalities.

Ill-defined revenues of municipalities, especially the very complex and irrational equalisation system, together with inadequate budgetary control, quickly landed the municipalities in ever-growing debt (Vidanovska, Lacka and Herczynski, 2005). The unresolved question of who owes what to whom and where the funds should come from to pay all these debts, as well as the large number of small government units, still looms over the decentralisation process today and is an impediment to its progress. Furthermore, making decentralisation work is not easy when the state has no control over some mainly Albanian-populated areas. Decentralisation is only possible when the state is strong and can provide a binding framework for all municipalities; this is currently not the case across the board.

According to the Law on Local Self Government²⁹, municipalities are to take over responsibilities for both education and local economic development. Approximately 60% of municipalities have stated that they face problems with inadequate school facilities (OSCE, 2007). As regards local economic development, OSCE (2007) suggests that municipalities are at an early stage in terms of undertaking relevant initiatives, as the only measures implemented so far include the development of municipalities’ profiles, strategies and action plans. Experience has shown that there is a need for strategic planning capacities to be enhanced considerably. A small number of municipalities have started to engage in infrastructure development, agriculture, tourism promotion and cross-border cooperation projects; some have done so through public–private partnerships.

Working in partnerships involving all relevant stakeholders to seek local solutions to local economic and employment problems is not yet common practice. The main obstacles include

²⁸ Data from the Unit for Analysis, Planning, Coordination and Evaluation of Policies of the MLSP (2005), quoted from: Donevska et al, 2007.

²⁹ Article 22, Official Gazette, no. 05/02.

a lack of a number of elements, including human and financial resources, support from the centre, cooperation with the business sector, and commitment to and experience of partnership working.

Following relevant legal provisions, municipalities are required to set up commissions for both inter-ethnic relations and gender equality. The process of forming these commissions, which is a requirement of the Law on Equal Opportunities and which is supported by donors, is underway. Commissions have been established in 76 municipalities, while they are in the process of being set up in seven other municipalities³⁰. The law stipulates that all ethnic groups should have equal representation; however, for example, Roma people are not represented. While such commissions are intended to raise awareness of the specific problems of women and ethnic communities, the country is still a long way from putting equality principles in practice, as has been discussed previously.

4. Policy conclusions

Problems related to inactivity among women are complex and multidimensional and thus require, comprehensive responses from many actors and policy areas.

These span from legal changes and institutional support to make sure every citizen residing in the country is able to obtain identity papers and specific education support measures. Also necessary are various means to further enhance business investment and productivity, as well as support for small businesses, targeted activation measures, and the strengthening of local institutions to engage in economic regeneration and employment support measures.

Education support measures are needed to prevent or remedy labour market disadvantages

Better access and a higher quality of education from pre-school onwards are goals to which the government has subscribed in their Education Sector Development strategy 2005-2015.

To comply with its own targets, the former Yugoslav Republic of Macedonia requires more and better kindergarten facilities. These can help improve children's language, basic maths, social and cognitive skills and reduce educational disadvantages – as well as allowing mothers to engage in the labour market, if they so wish.

Support during primary education could include school-based mentorship activities, as well as extracurricular support with homework and subject-based tutoring, special language or other courses of interest. Further support for organisational and teacher development would help improve the use of interactive, child-centred teaching methods and the ability to deal with heterogeneous groups. Closer institutional links between schools and families and the work with parents are desirable as means of ensuring early problem identification and the search for common solutions. Extra financial support for needy families would be required to cover the costs of textbooks, additional teaching materials, transportation, food, clothing, etc. All these measures could help to reduce the high dropout rate in education.

For the Ministry of Education and Science to better target policies and monitor their implementation, there is an issue of gathering and monitoring not only enrolment, but also completion and dropout data disaggregated by gender and ethnicity.

³⁰ <http://mtsp.gov.mk> (visited on 24 May 2008).

Furthermore, efforts are needed to improve the position of the many low-educated people who have left school (some of them a long time ago), and who are now seeking jobs in the labour market. Provision needs to be made for the training of adults with basic language, literacy and vocational skill needs at lower or more specialist levels. Educated outreach officers could be recruited from the Albanian or Roma populations to act as role models for their communities. The EU, through the Instrument for Pre-Accession Assistance (IPA), has already agreed to make considerable amounts of funding available for adult training, including basic skills training for women without or with a low levels of education. Skills need to be recognised through certificates that have a certain 'currency' in the labour market.

More and better institution-based care facilities seem to be desirable but are currently out of reach

An extension and improvement of facilities for the care of disabled and elderly people would help women who are willing to work to become economically active. However, this appears to be constrained by the highly limited funding possibilities currently available.

A regulatory framework that enhances business investment and productivity will help create more jobs

More growth, more jobs and a smaller share of the economy in the informal sector are closely associated with a regulatory framework that enhances business investment and productivity³¹. The *Doing Business in South East Europe* report (World Bank, 2008b) suggests further efforts with a view to:

- d) simplifying business regulations: by allowing online registration; providing local registries with the same functionality as the central one in Skopje; eliminating antiquated requirements, such as company seals or stamps; standardising incorporation documents and making them accessible to the public both online and in paper format;
- e) strengthening property rights: by eliminating the requirement for special tax and non-encumbrance certificates (property tax and public utility receipts should be sufficient to prove that the property has no such debts); reducing property transfer costs; transferring records, or individual procedures and initial payments, from paper to electronic forms, and introducing fast-track procedures; as well as
- f) enforcing contracts (improving court efficiency): by computerising all court data to allow for case tracking, document management, deadline reminders and scheduling of hearings, and further shortening the time to enforce judgements.

Other suggested measures concern the easing of tax burdens and increased access to credit (World Bank, 2008b)

According to Leibfritz (2008), a reform package that reduces labour costs in the formal sector, in particular for lower-skilled workers, would increase employment in the longer term and lead to additional tax revenues. Respective reductions could lead to increased part-time arrangements which may suit women who may otherwise be put off by the long working hours of full-time employment.

³¹ On this linkage see, for example, Djankov, S., McLiesh, C. and Ramalho, R., 2006.

However, improvements in the business environment may have mixed consequences for currently inactive or unemployed people, particularly if job creation rates lag behind overall economic growth and if the benefits of employment growth are reaped by younger and better skilled people and by people with work experience. In order to ensure that respective benefits do reach vulnerable households, measures to improve access to credit and capital for small business start-ups are important, among others. Micro-lending would play a key role in this respect.

Enforcing labour regulations is a major issue

Labour regulations need to be enforced to prevent irregular and discriminatory hiring practices. This requires the strengthening of resources and capacities of the labour inspectorate, effective measures to fight corruption, and the availability of alternative dispute resolution mechanisms to speed up court procedures.

Multi-dimensional activation measures are needed to mobilise unemployed and inactive people

First of all, the legal requirement to have completed primary education in order to register as unemployed should be removed. It is very often these individuals who are the most marginalised in society and who need public support the most. Hence, they should be able to benefit from the counselling, active measures and job search support provided through ESA and possibly also the Centres for Social Work.

'Activation' measures need to be expanded considerably and integrated with the administration of both unemployment and social assistance. Activation measures would include:

- an identification of inactive people and their specific needs through local offices and specifically designated outreach officers;
- the provision of adult learning courses focusing on the development of basic language, literacy and vocational skills of people with no or low educational attainment and low skill levels;
- new measures to combat employers' negative perceptions of those who have never worked or who have been out of work for a long time; this could include public campaigns, and increased incentives for employment in less developed regions and for the employment of disadvantaged people, including women and people from ethnic minority groups;
- the possible introduction of a new welfare-to-work programme for both long-term unemployed (inactive) people and recipients of welfare so that they can gain work experience and be reconnected with the world of work.

Also in the area of active labour market measures, the EU will make considerable funds available through the IPA over the next years. Arrangements should be introduced to strengthen the joint work between the ESA offices and the Centres for Social Work: they need to share information about common clients and begin planning (public or private) work opportunities for long-term unemployed and inactive people.

Local partnerships and capacities will be key to advancing the economic, employment and social agendas

The capacities of local governments need to be strengthened considerably to enable them to play their part in the local delivery of economic, employment and social policies. Since they are closest to inactive people and well aware of their problems, they are best suited to tackling such problems in partnership with a range of actors including business partners, government authorities and agencies, schools, ethnic community representatives and NGOs. There is a need for gender and ethnic perspectives to be mainstreamed in all programmes and policies developed at local level, in line with the way that all government departments rather than just the above-mentioned commissions deal with equality aspects.

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