



REPUBLIC OF MACEDONIA
MINISTRY OF LABOR AND SOCIAL POLICY

Skopje

08-1523/1
24.02-2012

Skopje, February 2012

LETTER OF ACCEPTANCE

With reference to the United Nations Development Programme (UNDP) Project Document titled "**Promoting Sustainable Employments and Supporting the Government in implementation of the Operational Plan for Active Labour Market Measures 2012-2013**" I hereby confirm, on behalf of the Government of the Republic of Macedonia, that the Government of Macedonia agrees to be bound by the aforementioned Project Document and accepts the rights and duties stipulated in the Project Document.

This acceptance of the Ministry of Labour and Social Policy, on behalf of the Government of the Republic of Macedonia, that the Project Document is concluded by the Letter of Acceptance does not prejudice that the Government of the Republic of Macedonia accepts to refer to itself otherwise than its constitutional name of our country - Republic of Macedonia.

Hereby the Government of the Republic of Macedonia understands that the aforementioned Project Document as attached to this Letter of Acceptance constitute an agreement to be obligatory for the both parties to this Project.

Minister of Labour and Social Policy



Mr. Sasho Ristovski

Ms. Deirdre Boyd
Resident Representative
United Nations Development Programme

08-15231
 29-02-2012 год.
 СКОПЈЕ

"Promoting Sustainable Employments and Supporting the Government in implementation of the Operational Plan for Active Labour Market Measures 2012-2013"

Project Document

Country: The former Yugoslav Republic of Macedonia

UNDAF Outcome(s): Capacities of national institutions to develop and implement human resource development policies and programmes that address the needs of the socially excluded improved

Expected CP Output (s): Active labor market measures targeting the socially excluded developed and implemented

Expected Output(s): Capacities of partner institutions strengthened to better plan, implement and monitor ALMMs; Models of Self-employment Programme improved and applied to attain targets set with the OP 2012-2013; Financial Support to legal entities (SME and craftsmen shops) for opening new jobs model further improved in line with the set priorities in OP 2012-2013; Business model for pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment and c) community work introduced and implemented; Capacities of partner institutions strengthened to better plan, implement and monitor ALMMs and to coordinate non-formal training activities to include private training providers.

Specifically: Creation of 980 small businesses; Creation of up to 90 new employments in SMEs and craftsmen shops; Up to 40 unemployed candidates supported in the pilot programmes for creation of sustainable employments, small businesses and supporting new forms of employment through community work; 216 unemployed candidates trained in occupations demanded on the labor market;

Implementing partner: UNDP

Other Partners: Ministry of Labor and Social Policy, Employment Service Agency, Ministry of Education and Science, Centre for Vocational Education and Training, Adult Education Centre, Agency for Promotion of Entrepreneurship, Roma Information Centers, Centers for Social Work, public and private educational institutions as training providers.

Narrative Description

The programme will contribute to the implementation of the 2012-2013 Operational Plan on ALMMs and its components focusing on: Self-employment; Additional employment in SMEs and craftsmen shops; Pilot Programmes for supporting creation of sustainable employments for the vulnerable groups.

The project shall further deepen the partnership with national institutions responsible for development and implementation of ALMMs. In particular, it will closely collaborate with the Ministry of Labor and Social Policy (MLSP), Employment Service Agency (ESA), Agency for Promotion of Entrepreneurship (APE), and Central Register (CR). As part of the implementation arrangement, the programme will actively collaborate with the Ministry of Education and Science (MOES), Adult Education Centre (AEC) and Centre for Vocational Education and Training (VETC) in the efforts to improve the institutional arrangements for delivering (organizing) short-term training programmes. In addition, the project will assist the Adult Education Centre (AEC) to build capacities to discharge its mandate in line with the Law on Adult Education.

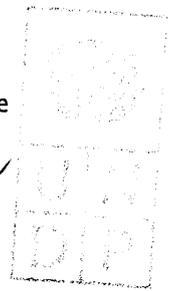
Programme Period: March 2012 – February 2013
 Programme Component: Social Inclusion
 Project Title: **"Promoting Sustainable Employments and Supporting the Government in implementation of the Operational Plan for Active Labour Market Measures 2012-2013"**
 Project Duration: 12 months
 Management Arrangement: DIM (under NEX modality)

Budget	USD 4,952,299.24	236,076,104.80 MKD
GMS Fee	USD 133,219.10	6,350,554.50 MKD
Allocated Resources:		
Government	USD 4,440,636.67	211,685,150.00 MKD
UNDP	USD 170,000.00	8,103,900.00 MKD
UNDP in-kind		
Contribution	USD 96,875.00	4,618,055.56 MKD
* Official UN exchange rate for February 2012, 1USD= 47.67 MKD		

Agreed by Ministry of Labor and Social Policy (MLSP): Mr. Spiro Ristovski, Minister

Agreed by United Nations Development Programme (UNDP): Ms. Deirdre Boyd, Resident Representative

Deirdre Boyd 2 March 2012



I. SITUATION ANALYSIS

Introduction

This Project Document outlines the technical and advisory support to be provided by the United Nations Development Programme (UNDP) to the Ministry of Labor and Social Policy (MLSP) and Employment Service Agency (ESA) in implementing components of the Operational Plan on ALMMs for 2012-2013. The Operational Plan articulates the Government's commitment to implement a comprehensive programme on Active Labour Market Measures (ALMMs) that will contribute to accelerating smart, sustainable and inclusive growth. It also reflects priority actions for tackling the unemployment stated under the National Multiannual Operational Programme for Human Resources Development 2007-2013, prepared in line with the Component 4 of the EU's Instrument for Pre-Accession Assistance (IPA) and other sources of funds.

The status of employment and unemployment in country

Despite the global economic crises, Macedonia has continued to grow, although at more modest rates compared to the pre-crisis period (estimated at approx 3% GDP growth in 2011). This positive performance of the Macedonian economy has improved the labour outcomes. The share of population aged 15-64 that is employed has increased from 40.1% in 2007 to 43.5% in 2010, mostly driven by a fall in unemployment.

Even though informal employment considerably overestimates the actual unemployment rate, the unemployment remains one of the most serious issues to be addressed in Macedonia's economy. This is turning even more critical, if the country intends to pursue inclusive growth and sustain the competition of the EU labour market. With an unemployment rate of 31.2% (Q3 of 2011), the country ranks at the bottom of the EU countries.

The employment/unemployment is concentrated in particular demographic and socio-economic groups, generating inequalities in labour market outcomes. Youth aged 15 - 24 and low skilled face the highest unemployment rate i.e. (around 55%), which constitutes about 20% of the total unemployed in the country. Those with no education face twice as high probability to be unemployed (52.43%) than those with completed secondary education. Long-term employment is of particular concern.

Macedonian economy is characterized by a large number of small companies (on average employing around 3 workers) and the low number of medium-sized enterprises, which could be an indication of difficulties for firms to expand and thus hire more workers. Although, there is no in-depth analysis on the factors for the companies' low growth, some evidences suggest that the quality of education and the relevance of skills available in the labour force could be an important constraint to job creation. Potentials and competitiveness of local economies directly depend on the competencies of the available labor force. Therefore, a successful anticipation of future education and training needs is central for keeping up the pace with the global market competition. In that context, support will be needed to strengthen the arrangements for provision of competitive short-term non-formal training opportunities, central to improve the labor market efficiency and to correct the skills mismatch.

Government strategy and policies for promoting employment

Having in mind that employment generation is one of the highest priorities for the Government, policies and strategies for employment promotion are laid down in a number of documents, aiming to help the economy to create more and better jobs and equip the unemployed to improve their skills and employability.

Program of the Government of the Republic of Macedonia 2011-2015 stipulates the country's overarching macroeconomic, microeconomic and employment policies. It also defines the country's

overall targets for accelerated employment, in particular of women and youth. It also outlines programmes and measures that will boost the employment.

National Employment Strategy of the Republic of Macedonia 2015 elaborates the pressing challenges of the labour market and outlines the key priorities of the labour market and employment generation policies. The strategy particularly highlights national priorities related to the youth employment, prevention of long-term unemployment and promotion of women's employment. In that respect, in addition to elaborating the measures for accelerating employment generation, it also illustrates the complementary national priorities in the area of education, social inclusion and fighting poverty.

National Action Plan for Employment of the Republic of Macedonia 2011-2013 (NAPE) specifies a number of actions for improving the demand and supply side of the labour market, which shall contribute to attainment of the objectives set in the National Employment Strategy 2015 and Government's programme 2011-2015. The Action plan emphasizes the importance of undertaking coordinated training and lifelong learning; a better childcare to enable parents' re-entry labor force; actions aimed at older workers; ways of addressing female unemployment and improving female participation rates; as well as better job matching.

Government Operational Plan on ALMMs - 2012-2013 defines the types of programs and active employment measures, the target groups, the necessary funding and funding sources, as well as specific activities and deadlines for the entities responsible for implementation. The 2012-2013 Operational Plan is comprised of set of 9 active labour market programmes that are aimed to promote smart, sustainable and inclusive growth.

The Multiannual Operational Programme for Human Resources Development 2007-2013 -IPA 4 Operational Programme provides a basis for programming the assistance under Component 4 of the EU Instrument for Pre-Accession Assistance (IPA). It is a multi-annual indicative programme arranged under 4 priority axes, with the principal focus on employment 1. The programme defines the target groups and sets out the objectives as: integrating young people in the labor market, reducing and preventing long-term unemployment, and increasing women's employment rate.

In addition, employment issues have been analyzed and policy measures suggested in various national strategic documents such as the National Strategy on Combating Poverty and Social Exclusion in the Republic of Macedonia 2010-2015; National Strategy on Protection against Domestic Violence 2008-2012; Strategy on Demographic Growth of the Republic of Macedonia 2008-2015; National Action Plan on Gender Equality 2007-2012 etc.

UNDP Relevance

Jobs creation has been a centrepiece of UNDP programme framework since 2000, implemented through a sequence of projects. During 11 years, nearly US\$ 23,68 million has been disbursed for implementation of various employment generation programmes, app. 17 million funded by the Government.

- The first generation of employment programmes were aimed to avoid deskilling in the context of rising long-term unemployment (through participants retaining linkages to the labour market) and to promote reskilling (through vocational and on-the-job training for public works participants). These programmes also aimed to support municipalities to execute their emerging role on local economic development delegated with than new Law on Local Self-Government.
- The second generation of UNDP implemented employment programmes was the salary subsidies scheme. The objective of this programme was to provide beneficiaries with work experience and on-the-job training aimed at equipping them to take up permanent jobs after a spell of subsidized

employment. The subsidy was paid direct to the employer, with the subsidy amounted to a maximum of 60% of gross salary costs, which was judged to be sufficient to induce employers to recruit and retain workers for the minimum period required, but low enough to avoid significant substitution effects.

- The third phase of UNDP employment programmes encompass a series of projects that aim to promote sustainable employments through self-employment, formalization of informal businesses, supporting the growth of small companies etc.
- Since 2009, UNDP actively participates in the Joint UN Program on Strengthening National Capacities to Prevent Domestic Violence, which also supports activities for the economic empowerment of women victims of domestic violence. Part of these actions has been incorporated in the OPs for 2010 and 2011, targeting some 70 women victims of domestic violence to open their own business, improve their skills in line with the labor market demands or got employed through a salary subsidies programme.
- A continuing feature of UNDP-implemented support has been orientation to disadvantaged geographic areas and groups. In the early stages of support, this involved targeting municipalities with particularly high unemployment rates and, progressively throughout the programmes, focus has been shifted on groups felt to suffer particularly severe labour market disadvantage e.g. Roma community, women, youth. This approach is now being further strengthened by the design of explicit programmes that will be tailored to meet the needs of the most vulnerable among the unemployed. These targeted programmes will be tested in 2012, for eventual scaling up at national level.
- A capacity building approach runs throughout all employment generation related programmes, with a focus not just on training of individuals and experience sharing, but also on organizational and institutional design, structures and processes. Capacity development support has been extended to all phases of the policy-making cycle, from the design of the annual national Operational Plan on ALMMs, to the development of operational procedures and the actual implementation of some of the most complex employment generation measures. In view of the country's EU accession path, the envisaged programmes have been increasingly aligned to promote European values and targets for promoting smart, inclusive and sustainable growth set in the EU Agenda 2020.
- In addition to strengthening the implementation capacities of the staff in the employment centres, significant progress has been made in the set objective for the establishment of a comprehensive system for monitoring of employment measures, thus improving the transparency of processes and cost-effectiveness and sustainability of the measures. For that purpose, the capacities of the relevant national institutions were enhanced and with their full involvement a suit of monitoring tools were developed for use by employment officers in their day-to-day operations, which together with the methodologies for conducting regular impact assessment of ALMMs, also provided by UNDP, have been helping national partners to build a nation-wide system for monitoring and evaluation.
- To address structural gaps on the labour supply, the country has commenced reforms of its adult education system. With UNDP support, national standards and procedures for verification of the training programmes and the licensing of the private sector providers were developed, which helps to regulate and improve the competitiveness and quality of adult training programmes. Some 58 training programmes improved the diversity and gender sensitivity of the adult education programmes, resulting in a higher number of successful female applicants. Furthermore, UNDP has facilitated a closer collaboration between the training providers and the private sector, in the curricula development and practical aspects of the training, which later on helped the successful candidates to more easily find job.

II. STRATEGY

The project has a countrywide scope. It aims at strengthening capacities, operational practices and sustainability of institutional mechanisms in order to integrate ALMMs at central and at local level of governance.

It is thus essential that mechanisms created, are further improved to establish vivid cooperation and clear division of responsibilities and activities between central government and the local government structures.

In order to achieve project objectives, programme will pay particular attention to increase capacities of the MLSP and ESA staff, including the employment centres for implementation of the ALMMs, currently supported by UNDP.

In close collaboration with the governmental agencies and institutions, project objectives are to be achieved through 4 main outputs:

Output 1 - Self-employment Programme model further improved to effectively attain targets set in OP 2012 – 2013

Output 2 - Financial Support to legal entities (SME and craftsmen shops) for opening new jobs. Model further improved in line with the set priorities in OP 2012-2013

Output 3 - Business model for pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment and c) community work introduced and implemented

Output 4 - Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs and to coordinate training in demanded skills

Project Activities under Output 1 - Self-employment Programme model further improved to effectively attain targets set in OP 2012 – 2013:

Self-employment Programme will be implemented through a set of steps and activities defined with the Operational Guidelines 2012-2013. To ensure transparency of the process and quality of applicants and developed business plans, the programme shall pursue a public call for applications; provision of public information concerning the opportunities under the programmes; provision of training in developing business ideas or entrepreneurship skills to the initially selected candidates; support in development of business plan; development of criteria and evaluation and selection of developed business plans; assistance in registration of firms and provision of small capital grants to the registered firms through delivery of necessary equipment and/or materials. The target groups are defined with the OP 2012-2013.

All applicants will be registered by the ESA. The ESA's software applications for Self-employment will be modified to accommodate the changes and to ensure confidential and impartial application process. Once the selection/pre-screening will be undertaken, the successful candidates will receive training on business planning and management or access to financial markets, marketing and promotion. Subsequently, the successful candidates will receive support in developing their business ideas into business plans through a voucher scheme, provided by the business consultants of APE. EC staff together with UNDP Project Team will be actively involved in this stage of the process, as well as throughout entire project cycle to provide technical assistance, guide the process, but also monitor the timeliness and the quality of inputs provided by the external consultants.

Developed business plans will then be ranked, with the best plans qualifying for start-up grants (in a total amount of 185,000.00 MKD i.e. equivalent to US\$ 3,880.85).

Along with the active role that APE has in the course of the development of business plans and provision of training in entrepreneurship skills, APE as per OP 2012-2013 will provide advisory and consultation services to all firms that will be registered in 2012, in a period of 12 months, following the completion of project activities.

Project activities under Output 2 - Financial Support to legal entities (SME and craftsmen shops) for opening new jobs Model further improved in line with the set priorities in OP 2012-2013:

This output foresees activities that will help to identify small companies that have shown the positive financial performance for the previous year 2011, and have developed viable business plans for business growth. The programme entails a number of steps described in the Operational Guidelines, involving ESA, Employment Centres, APE, Central Registry, Public Revenue Office etc.

The main activities include: launching a Call for applications; Submission of applications by interested SMEs and craftsmen shops, selection of the most prospective firms and business plans, mediation between interested firms and unemployed candidates, signing of contracts and provision of equipment and/or materials. Documents of the companies' performance will be obtained from the Central Register and the Public Revenue Office that will be reviewed by the Selection Commission to be established for this purpose. Based on the criteria established within Project Operational Guidelines, the Commission will develop a list of the most successful companies and business plans, which shall be awarded a grant of 92,000.00 MKD equivalents to \$1,929.94 per employment in a form of equipment and/or materials. The size of the grant will be limited to no more than 5 employments in same firm, including employments supported through previous programmes on additional employments. Following the successful mediation and matching among the companies and interested unemployed candidates, three contracts will be signed: the first one between ESA and the employer, the second one between the employer and the employee, and the third one among ESA, UNDP and the employer.

Project activities under Output 3 - Business model for pilot programmes introduced and implemented:

In 2012, the programme will pilot three new models of active labour market measures: a) through training to sustainable self-employment; b) through training to subsidized employment and c) community work, with a purpose to create better enabling environment for employment of people at risk of exclusion. The pilot programmes envisage a combined support for candidates that face difficulties to enter the labour market.

Following a public call for applications/expression of interest, interested candidates will receive training in 12 pre-defined occupations demanded on the labor market. Successful candidates that are interested to open their own business will also receive training in entrepreneurial skills and support in developing business plans. Once the business plans are finalized, 10 most successful will be supported with a grant in the amount of 150,000.00 MKD i.e. equivalent to \$3,146.63 (through provision of materials and equipment) to establish and register their own small business.

Those candidates that do not feel confident to open their own business will be offered opportunity to get employment in the interested companies. Based on previously agreed criteria in cooperation with employers, the Employment Centres will organize matching process to identify the appropriate candidates among those that have applied. Potential candidates will be trained in demanded skills requested by employers, over a period of 3 months. Following the completion of training, candidates will carry out practical work for a period of 1 month. Selected employers will be obliged to hire at least 70% of those involved in the training, and will be supported with subsidies for each of the employees in the amount of 13,000.00 MKD per month, for a period of 6 months.

The goal of the community work pilot program is to enable social inclusion through employment on a part-time basis of those unemployed who face difficulties to enter into the labor market but are willing to acquire specific skills and integrate gradually into the regular labor market. Interested candidates will be offered with opportunity to be engaged in various social services according to the needs of the citizens from the local communities. The program shall be carried out by hiring on a part-time basis, for a definite period of time (up to 5 months). Beneficiaries will receive 6,000.00 MKD per person per month for 20 working hours per week. Information sharing meetings with local level stakeholders will be organized, ensuring broad information sharing and participation of local (business) community.

Project activities under Output 4 - Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs and to coordinate training in demanded skills:

UNDP shall continue to support the MLSP, ESA and the Employment Centres in the implementation of the ALMMs and development of their institutional capacities for monitoring these programmes and measures. Therefore, the software solution for the application process will be improved, and a number of IT based tools and surveys will be introduced throughout different stages of programmes' implementation.

Capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs will be further strengthened concerning the programming and planning of the ALMMs. Responsible staff of ESA will receive on- the- job training in implementing ALMMs. Operational Guidelines will be developed jointly with representatives of the relevant national partners and Employment Centres, while the joint teams comprised of UNDP Project Team and representatives of ECs will regularly carry out monitoring field visits. Representatives of MLSP, ESA and other national institutions relevant in the field of ALMMs will have opportunity to get know-how and practical experience through workshops and exposure to international experiences in the area of ALMMs.

Capacities of national institutions in measuring the impact of employment programmes will be supported through a twofold set of actions i.e. a) supporting the Technical Working Group to apply developed methodology for evaluations of the impact of the Trainings in skills demanded at the labour market; b) providing technical expertise to conduct an evaluation of the efficiency and impact of the three pilot programmes. This combined with the evaluation methodologies delivered in the previous phases of the programme shall provide national partners with the suite of tools and skills that in the future can be applied for regular and rigorous assessment of the cost-effectiveness, survival rates of the firms, financial and budget return and impact of different ALMMs. In that regard, it is envisaged that staff of the MLSP, ESA, MES, AEC and VETC, will be actively involved in discussions for development and application of above-mentioned methodologies.

Ensuring quality non-formal education will remain one of the priority areas, critical for improving the labour supply. For this purpose, UNDP with other involved implementation partners will continue supporting the Adult Education Centre to competently discharge its mandate in the area of education and labor market development. This will include Technical assistance in developing required procedures, criteria and tools needed for the monitoring of the training process that will allow for its efficient scale up, including the customized training for different target groups.

Support will be also provided in regards to development of a database concerning trainings, which will be shared with all involved implementing partners. This database will allow to monitor the quality of the delivery of the training programmes by the training providers, as well as to establish close links with the training participants and providers. With regards to the Measure on Training for satisfaction of skills demanded at the labour market, the Project will contribute to capacity development of education institutions to provide timely and adequate information regarding the attendance of training participants, which is a precondition for transfer of funds by the ESA. A hand on support throughout the entire implementation cycle will be provided to all involved partners in organizing trainings in demanded skills in

the stage of preparation of the training programmes e.g. defining priority skills for short-term training, verification of the training providers, criteria for training candidates, training modules endorsement, selection of training providers, programmes and candidates, as well as evaluation process of the training providers performance.

Capacities of RICs, as well as Centers for Social Works (CSW) will be enhanced to effectively engage Roma men and women and ensure efficient application process. Moreover, RICs and CSW will ensure constant consultation and coaching of the candidates that have shown interest or have attended the training in some measures/ programmes. For that purpose, prior the commencement of the application process related to the set of Programmes of the OP 2012 implemented by UNDP, activities will be undertaken to provide needed information and training for the RICs' and CSW's staff according to the articulated needs;

III. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:

Capacities of national institutions to develop and implement human resource development policies and programmes that address the needs of the socially excluded improved

Output 1.1.1: Active labor market measures targeting the socially excluded developed and implemented;

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

Indicators: a) Cumulative number of unemployed women and men, who went through professional training and b) Cumulative number of new jobs created as per OP 2012-2013 programmes

Baseline: Number of unemployed 293 778 (or 31.2 %¹ in the Quarter III of 2011)

Target: a) *Target [2015]: 750 and b) Target [2015]: 5100*

Partnership Strategy: The project shall further deepen the partnership with national institutions responsible for development and implementation of ALMMs. In particular, it will closely collaborate with the Ministry of Labor and Social Policy (MLSP), Employment Service Agency (ESA), Agency for Promotion of Entrepreneurship (APE), and Central Register (CR). The programme will contribute to implementation of the 2012-2013 Operational Plan on ALMMs, and its components focusing on: Self-employment; Financial support to SMEs and craftsmen shops for creating new sustainable jobs; piloting new programmes for creating sustainable employments etc. As part of the implementation arrangement, the programme will actively collaborate with the Ministry of Education and Science (MOES), Adult Education Centre (AEC) and Centre for Vocational Education and Training (VETC) in the efforts to improve institutional arrangements for delivering (organizing) non-formal training programmes. In addition, the project will assist the Adult Education Centre (AEC) to build capacities to discharge its mandate in line with the Law on Adult Education.

Project title and ID (ATLAS Award ID): **"Promoting Sustainable Employments and Supporting the Government in implementation of the Operational Plan for Active Labour Market Measures 2012-2013"**

INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
------------------	----------------------------	-----------------------	---------------------	--------

¹Source: State Statistical Office

<p>Output 1 - Self-employment Programme model further improved to effectively attain targets set in OP 2012 – 2013</p> <p>Baseline: Unemployment 31.2%² (Q III 2011)</p> <p>SME sector unable to expand and absorb new employments</p> <p>National Employment Strategy 2011-2015 considers informal economy as one of key factors of the high unemployment rate</p> <p>The Government is expanding the scope of ALMMs in OP 2012 - 2013 to meet objectives set in the <i>Programme of the Government 2011-2015</i></p> <p>Indicators: Number of supported self-employments</p> <p>Number of participants completing the training on development of business plans;</p> <p>Increased role of the ESA' staff in the monitoring activities</p>	<p>(2012)</p> <p>980 self-employments /small businesses established</p>	<p>Activity 1- Self employment programme</p> <p>1.1 Call for applications and promotion of opportunities for self-employment</p> <p>1.2 Training in developing business ideas</p> <p>1.3 Training in entrepreneurship skills</p> <p>1.4 Support to development of business plans</p> <p>1.5 Evaluation and selection of business plans</p> <p>1.6 Registration of established firms</p> <p>1.7 Small capital grants provided by supplying the necessary equipment and/or materials to established firms</p>	<p>Ministry of Labor and Social Policy Employment Service Agency/Employment Centres</p> <p>Agency for Promotion of Entrepreneurships</p> <p>UNDP</p>	<p>Training in business ideas development and entrepreneurship skills</p> <p>Technical assistance in developing business plans</p> <p>Provision of startup equipment and/or materials for the most successful business plans</p> <p>Technical assistance for development of and provision of tools and standardized forms and templates for monitoring the transparency and efficiency of the Self-Employment Programme</p>
<p>Output 2- Financial Support to legal entities (SME and craftsmen shops) for opening new jobs Model further improved in line with the set priorities in OP 2012-2013</p> <p>Baseline: Large number of small companies, on average</p>	<p>(2012)</p> <p>Up to 90 additional employments supported</p>	<p>Activity 2- Financial support for opening new jobs in the SMEs and craftsmen shops</p> <p>Main actions:</p> <p>2.1 Call for applications and submission of applications by interested firms</p>	<p>Ministry of Labor and Social Policy Employment Service Agency- Employment Centers</p>	<p>Provision of startup equipment and/or materials for the most successful business plans</p> <p>Technical assistance for development of and</p>

²Source: State Statistical Office

<p>employing around 3 workers, and the low number of medium-sized enterprises</p> <p>Small and medium enterprises (SMEs) constrained in their ability to grow and, therefore, hire more workers.</p> <p>Indicators</p> <p>Number of additional employments created in successful small companies</p> <p>Number of companies submitting viable plans for expansion of their businesses</p> <p>Timely and efficient provision of small-grants allocated for procurement of necessary equipment/materials</p>		<p>2.2 Selection of candidates</p> <p>2.3 Mediation between the firms and unemployed people for their employment</p> <p>2.4 Signing contract between the ESA and the employers; Signing contract with the beneficiary/firm for procurement of equipment and materials</p> <p>2.5 Provision of small capital grants to the firms, through delivery of necessary equipment/materials</p>	<p>UNDP</p>	<p>provision of tools and standardized forms and templates for monitoring the transparency and efficiency of the Financial Support to Legal Entities Programme</p>
<p>Output 3- Business model for pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment and c) community work introduced and implemented</p> <p>Baseline:</p> <p>Unemployed vulnerable groups are facing difficulties and barriers in seeking jobs and employment.</p> <p>Local institutions show limited pro-activeness in promoting and implementing employment programmes, which meet the needs of this group.</p>	<p>(2012)</p> <p>Pilot programme introduced providing employment for 40 unemployed candidates from the vulnerable groups</p> <p>Coordination between local stakeholders on social responsibility issues. established</p>	<p>Activity 3- Business model for pilot programmes</p> <p>Main actions:</p> <p>3-1 Information sharing meetings with local level stakeholders</p> <p>3-2 Expression of interest by potential employers for Subsidized employments and Community services</p> <p>3-3 Expression of interest by unemployed candidates for Subsidized employments and Community services (mediation)</p> <p>3-4 Call for applications and submission of applications by interested candidates for Trainings</p>	<p>Ministry of Labor and Social Policy</p> <p>Employment Service Agency- Employment Centres</p> <p>Agency for Promotion of Entrepreneurships</p> <p>Centres for Social Work</p> <p>Local Self Governments</p> <p>RICS</p> <p>UNDP</p>	<p>Technical assistance for development of business models for the new pilot programmes</p> <p>Training for unemployed candidates in skills demanded on the labour market</p> <p>Training in business ideas development and entrepreneurship skills</p> <p>Technical assistance in developing business plans</p>

<p>There is a need for a customized and more specialized employment programmes for targeting vulnerable groups.</p> <p>Indicators: Number of employments created for candidates from the vulnerable groups</p>		<p>in Demanded Skills</p> <p>3-5 Training of candidates in Sustainable self-employment (financed by ESA) and Subsidized employment programmes to improve their qualifications</p> <p>3-6 Training in entrepreneurial skills and support in developing business plans for candidates in the Sustainable self-employment programme</p> <p>3-7 Evaluation and selection of business plans and registration of established firms</p> <p>3-8 Signing of employment contracts with candidates in the three pilot programmes</p> <p>3-9 Provision of subsidized salaries for beneficiaries in the Subsidized employments and Community services programmes</p> <p>3-10 Provision of small capital grants for registered companies under Sustainable self-employment programme</p>		<p>Provision of startup equipment / materials for the most successful business plans</p>
<p>Output 4 - Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs and to coordinate training in demanded skills</p> <p>Baseline: National partners need to enhance capacities for programming and planning of new ALMMs, as well as for monitoring and evaluation of previously established programmes</p>	<p>(2012)</p> <p>M&E instruments and procedures in place, for effective implementation of the employment programmes</p> <p>Partner institutions have the necessary</p>	<p>Activity 4- Capacities strengthening and coordination of the trainings in demanded skills</p> <p>Main actions:</p> <p>4-1 Workshops with national partners to improve their skills in designing and implementing the ongoing and pilot programmes (Employment Centers, Local Self-Government administration, Centers for Social Work, Roma Information Centers, Roma NGOs, Gender Equality</p>	<p>Ministry of Labor and Social Policy</p> <p>Employment Service Agency</p> <p>Ministry of Education and Science</p> <p>Centre for Vocational Education and Training</p>	<p>Technical assistance for the capacity development activities</p> <p>International expert to perform evaluation of the design of the 3 pilot programmes</p> <p>Consultant employed according to the Adult</p>

<p>Limited possibilities for inclusion of private training providers in the area of adult education. There is evident need to open the market of training providers and increase the scope of training programmes.</p> <p>Lack of programmes to link the needs of the local labour market and qualified labour force.</p> <p>Lack of capacities in RICs to mobilize, promote and assist application process as per ALMMs in the OP</p> <p>Adult Education Centre still not functioning in its full scope; The responsibilities of institutions still not clearly defined; Lack of coordination among different institutions.</p> <p>Indicators: Number of local institutions (EC, RIC, CSW etc) trained to provide adequate assistance to the interested unemployed;</p> <p>Number of workshops, trainings, retreats organized for joint review and improvement of employment policy and operational programme documents;</p> <p>Number of coordination and preparatory meetings with the training institutions held so to be well prepared for conducting trainings;</p> <p>Cumulative number of unemployed that went through the training programme;</p>	<p>capacities for monitoring, to effectively implement employment programmes.</p> <p>12 new standardized training programmes available</p> <p>3 private training providers certified</p> <p>Evaluation of the design of the 3 pilot programmes available</p>	<p>Commissions)</p> <p>4.2 Development of instruments to improve the transparency and efficiency of the application process and provision of standardized templates and forms for monitoring programmes' implementation</p> <p>4.3 Knowledge sharing and exposure to international experience on inclusive and sustainable employment policies</p> <p>4.4 Improving information sharing and networking among beneficiaries by using IT tools (design of brochures, CD, video clip, press releases and webpage)</p> <p>4.5 Capacities of MLSP and ESA enhanced to apply the Methodology for performance of training impact assessment.</p> <p>4.6 Technical support to AEC for strengthening training programmes verification system</p> <p>4.7 Technical assistance for evaluation and fine-tuning of pilot programmes</p> <p>4.8 Coordination and technical advice in the training preparatory activities for demanded skills (defining priority skills for short-term training, licensing of the private training providers, criteria for training candidates, training modules endorsement, selection of training providers, programmes and candidates)</p>	<p>Adult Education Centre</p> <p>Roma Information Centers</p> <p>Commerce chambers</p> <p>UNDP</p>	<p>Education Centre needs for provision of guidance in testing adult education programme cycles</p> <p>Provision of IT tools for networking among beneficiaries</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------

Number of new training programmes verified		<p>4.9 Technical assistance in development of required procedures, criteria and tools needed for the operationalization of monitoring of the training process</p> <p>4.10 Coordination of the evaluation process of the training providers performance</p>		
--------------------------------------------	--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

IV. ANNUAL WORK PLAN BUDGET SHEET

Year: 2012

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	Funding Source	Budget Description	PLANNED BUDGET	
		Q1	Q2	Q3	Q4				MKD	USD
Output 1 - Self-employment Programme model further improved to effectively attain targets set in OP 2012 – 2013	1.1 Call for applications and promotion of opportunities for self-employment	X	X			ESA				
	1.2 Training in developing business ideas	X	X	X		UNDP	30071	72100 Contractual Services-Companies	2,297,000.00	48,185.44
	1.3 Training in entrepreneurship skills	X	X	X		UNDP	30071	72100 Contractual Services- Companies	560,000.00	11,747.43
	1.4 Support to development of business plans		X	X		UNDP	30071	72100 Contractual Services- Companies	8,700,000.00	182,504.72
	1.5 Evaluation and selection of business plans		X	X		UNDP	30071	72100 Contractual Services- Companies	90,000.00	1,887.98
	1.6 Registration of established firms		X	X	X	UNDP	30071	72100 Contractual Services- Companies	2,940,000.00	61,674.01
	1.7 Small capital grants provided by supplying the necessary equipment and/or materials to established firms			X	X	UNDP	30071	72100 Contractual Services- Companies	181,300,000.00	3,803,230.54
	1.8 Project management	X	X	X	X	UNDP	04000	71400 Ind. Contr. Service	6,292,440.00	132,000.00
						UNDP	30071	71400 Ind. Contr. Service	2,409,278.00	50,540.76
						UNDP	30071	72500 Supplies	190,680.00	4,000.00
						UNDP	30071	73100 Rent and maintenance	556,312.20	11,670.07
						UNDP	30071 (VAT return)	73100 Rent and maintenance	465,968.00	9,774.87
						UNDP	30071	71600 local travel	924,299.85	19,389.55
	SUBTOTAL 1								207,536,368.00	4,353,605.37
Output 2- Financial Support to legal entities (SME and craftsmen shops) for opening	2.1 Call for applications and submission of applications by interested firms		X			ESA				
	2.2 Selection of candidates		X			UNDP				

new jobs Model further improved in line with the set priorities in OP 2012-2013	2.3 Mediation between the firms and unemployed people for their employment	X				UNDP				
	2.4 Signing contract between the ESA and the employers; Signing contract with the beneficiary/ firm for procurement of equipment and materials	X	X			UNDP				
	2.5 Provision of small capital grants to the firms, through delivery of necessary equipment/ materials		X	X		UNDP	30071 ³	72100 Contractual Services- Companies	8,280,000.00	173,694.15
	SUBTOTAL 2									
Output 3 - Business model for pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment and c) community work introduced and implemented	3.1 Information sharing meetings with local level stakeholders	X				UNDP				
	3.2 Expression of interest by potential employers for Subsidized employments and Community services	X				UNDP				
	3.3 Expression of interest by unemployed candidates for Subsidized employments and Community services (mediation)	X	X			UNDP				
	3.4 Call for applications and submission of applications by interested candidates for Trainings in Demanded Skills	X				ESA				
	3.5 Training of candidates in Sustainable self-employment (financed by ESA) and Subsidized employment programmes to improve their qualifications		X	X		UNDP	30071	72100 Contractual Services- Companies	762,000.00	15,984.90
	3.6 Training in entrepreneurial skills and support in developing business plans for candidates in the Sustainable self-employment programme		X	X		UNDP	30071	72100 Contractual Services- Companies	24,000.00	503.46
	3.7 Evaluation and selection of business plans and registration of established firms			X		UNDP				
	3.8 Signing of employment contracts with candidates in the three pilot programmes		X	X		UNDP				
	3.9 Provision of subsidized salaries for beneficiaries in the Subsidized employments and Community services programmes		X	X	X	UNDP	30071	71400 Ind. Contr. Service	880,000.00	18,460.25

³ Funding source- Government (ESA)

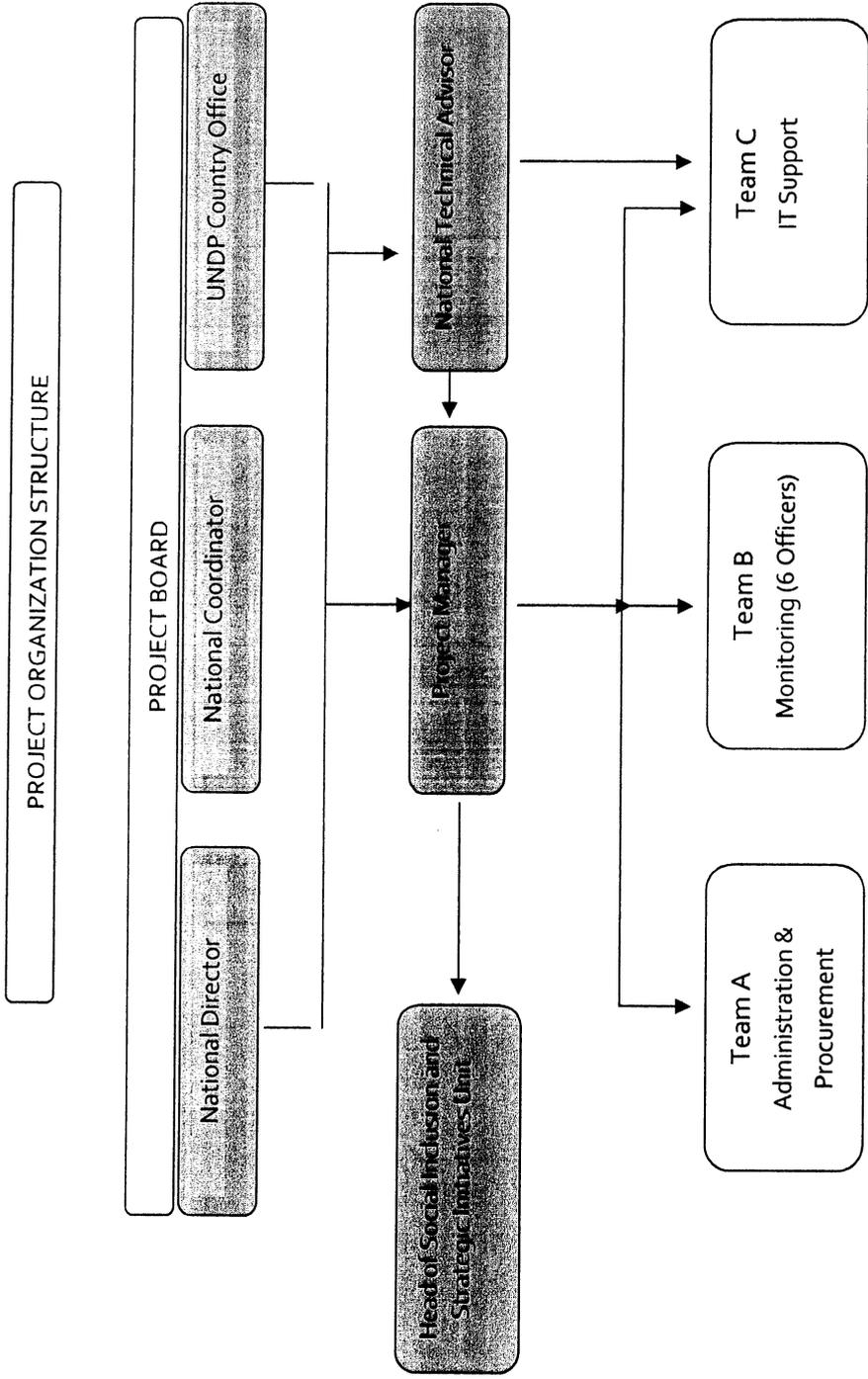
	3-10 Provision of small capital grants for registered companies under Sustainable self-employment programme									UNDP	30071	71400 Ind. Contr. Service	1,500,000.00	31,466.33	
	SUBTOTAL 3														
Output 4 - Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs and to coordinate training in demanded skills	X	4.1 Workshops with national partners to improve their skills in designing and implementing the ongoing and pilot programmes (Employment Centers, Local Self-Government administration, Centers for Social Work, Roma Information Centers, Roma NGOs, Gender Equality Commissions)	X	X	X	X	X	X	X	UNDP	04000	72705- Special events	143,010.00	3,000.00	
	X	4.2 Development of instruments to improve the transparency and efficiency of the application process and provision of standardized templates and forms for monitoring programmes' implementation	X	X	X	X	X	X	X	UNDP	04000	72705- Special events	214,515.00	4,500.00	
		4.3 Knowledge sharing and exposure to international experience on inclusive and sustainable employment policies		X							UNDP	04000	72705- Special events	953,400.00	20,000.00
	X	4.4 Improving information sharing and networking among beneficiaries by using IT tools (design of brochures, CD, video clip, press releases and web-page)	X	X	X	X	X	X	X	UNDP	30071	72800 Computer software 74200 Audio Visual	1,763,790.00	37,000.00	
	X	4.5 Capacities of MLSP and ESA enhanced to apply the Methodology for performance of training impact assessment.	X	X	X	X	X	X	X						
	X	4.6 Technical support to AEC for strengthening training programmes verification system	X	X	X	X	X	X	X	UNDP	04000	71300- Local Consultant 71200- International Consultant	476,700.00	10,000.00	
		4.7 Technical assistance for evaluation and fine-tuning of pilot programmes													
	X	4.8 Coordination and technical advice in the training preparatory activities for demanded skills (defining priority skills for short-term training, licensing of the private training providers, criteria for training candidates, training modules endorsement, selection of	X												

Year: 2013

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				RESPONSIBLE PARTY	Funding Source	PLANNED BUDGET		
		Q1	Q2	Q3	Q4			Budget Description	MKD	USD
Output 1 - Self-employment Programme model further improved to effectively attain targets set in OP 2012 – 2013	1.8 Project management	X				UNDP	30071	71400 Ind. Contr. Service	1,906,800.00	40,000.00
					UNDP	30071	72500 Supplies	47,670.00		1,000.00
					UNDP	30071	73100 Rent and maintenance	286,020.00		6,000.00
					UNDP	30071	71600 local travel	476,700.00		10,000.00
					UNDP	30071	72100 Contractual Services- Companies	286,020.00		6,000.00
	SUBTOTAL 1							3,003,210.00		63,000.00
Output 3 - Business model for pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment and c) community work introduced and implemented	3.9 Provision of subsidized salaries for beneficiaries in the Subsidized employments and Community services programmes	X				UNDP	30071	71400 Ind. Contr. Service	500,000.00	10,488.78
	SUBTOTAL 3							500,000.00		10,488.78
Output 4 - Capacities of partner institutions strengthened to better plan, implement and monitor ALMMs and to coordinate training in demanded skills	4.7 Technical assistance for evaluation and fine-tuning of pilot programmes	X				UNDP	04000	71200- International Consultant 71600- Travel	238,350.00	5,000.00
	SUBTOTAL 4							238,350.00		5,000.00
	Programmable budget							3,741,560.00		78,488.78
	Direct costs						VAT return	238,350.00		5,000.00

Note: UN official exchange rate as of February 2012, 1 USD = 47.67 MKD

V. MANAGEMENT ARRANGEMENTS



Implementation arrangements

Overall Management

The Project will use Direct Implementation Modality (DIM) under National Execution (NEX). UNDP shall provide support services to the implementation of the project both in terms of management and provision of technical assistance. Ministry of Labor and Social Policy will be the principle partner in the implementation of project activities. The Government shall entrust UNDP to provide services related to procurement, recruitment and contracting as well as to make direct payments to vendors in line with the terms and conditions regulated with the Letter of Agreement between the Government and UNDP for Provision of Support Services. UNDP will carry the primary responsibility for the reporting, accounting, monitoring and evaluation as well as supervision of the contracting parties.

The specific roles of project partners include:

a) The **Minister of Labor and Social Policy** is a **National Programme Director (NPD)** and **Chair of the Project Board**. He will act as a principal focal point from the Ministry of Labor and Social Policy for the overall coordination with the relevant line ministries and other Project partners on the employment programme related issues.

b) The **Director of ESA** shall **carry the role of a National Project Coordinator (NPC)**. Under the overall guidance of the National Programme Director, he/she shall serve as a focal point and where necessary provide inputs in the day-to-day project implementation.

c) The **Project Manager (PM)** shall be responsible for the management and oversight of the Component 1. Support in improving the business model and implementation of the Self-employment Programme, to effectively respond to set targets in OP 2012-2013; 2. Support in implementing the Programme for financial support of legal entities (small and medium sized enterprises and craftsmen) for creating new jobs; 3. Support in introducing the business models and in the implementation of pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment programme and c) community work. He/she shall work under guidance of the NPC and UNDP Head of Social Inclusion Unit and report to the **Project Board (PB)**.

The Project Manager shall be responsible for:

- Preparation and implementation of the project work plan;
- Appropriate use of the project funds and delivery of results in line with the approved work plan;
- Detecting and within the approved level of tolerance resolving the practical problems and obstacles that emerge during the implementation, as well as to report and recommend solutions for issues that exceed the delegated authority;
- Preparing project reports;
- Consistency and integrity of the methodology applied.

The management of project funds shall be carried out according to UNDP financial rules and regulations, based on the approved annual work plan and detailed project budget. The Project team shall be responsible for a timely and transparent reporting on the use of allocated resources and Project's results. No Project funds shall be used for VAT payment. The Government will bear all costs related to the VAT return to suppliers that will be involved in the project activities.

d) **National Technical Advisor (NTA)** shall be responsible for providing technical assistance and coordination of Project activities under Component 4 - Capacities of partner institutions strengthened to better plan,

implement and monitor ALMMs and to coordinate non-formal training activities. He/she shall work under guidance of the NPC and UNDP Head of Social Inclusion Unit.

The NTA will prepare project reports concerning assigned activities, which shall be included by the **PM** in the set of Official Reports for the **Project Board (PB) members**.

d) **Project Board (PB)** shall be the main coordinating body and steer the Project implementation.

The specific duties and responsibilities of the **Project Board** include:

- Facilitates and supports the institutional arrangements that are necessary for effective project implementation;
- Provides policy guidance and recommendation regarding project strategy and project objectives;
- Approves Operational Guidelines;
- Promotes projects and mobilize resources to expand project activities;
- Approves work plans and ensures they adhere to projects' priorities;
- Periodically reviews and oversees the financial and programme achievements;
- Reviews monthly brief reports and quarterly financial and progress reports and provides comments.

The **Project Board** shall be comprised of NPD, NPC, UNDP Deputy Resident Representative, Director of APE, and State Secretary of MES. Meetings shall be held on periodic basis, but no later than 6 months.

The other partners involved in implementation of this Project include: the Employment Service Agency (ESA), the Agency for Promotion of Entrepreneurship (APE), Ministry of Education and Science (MES), Centre for Vocational Education and Training (VETC), and Adult Education Centre (AEC).

Implementation Procedures

UNDP in close cooperation with ESA, APE, VETC and AEC will develop the operational guidelines containing procedures and the necessary forms and templates for implementation of employment programme measures

- 1) Support in improving the business model and implementation of the Self-employment Programme, to effectively respond to the targets set in OP 2012-2013;
- 2) Support in implementing the Programme for financial support of legal entities (small and medium sized enterprises and craftsmen) for creating new jobs;
- 3) Support in the introduction of a business model and in the implementation of pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment programme and c) community work;
- 4) Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs and to coordinate training in demanded skills.

The **Operational Guidelines** will be a key document to describe the methodology and the process of implementation of the project activities. This document describes the procedure for application, participation and awarding the self-employment grants by the interested unemployed candidates. In addition, it will provide procedure for application, participation and award of grants in case of additional employments and pilot programme, as well as provision of subsidized salaries for the beneficiaries under the pilot programme. The Operational Guidelines also elaborates methods of provision of training in demanded skills on the labor market. Moreover, it provides an overview of monitoring and communication activities.

Daily Management

The **Project Office** located in Skopje will be responsible for the day-to-day implementation and monitoring of the project activities. Project office will be also responsible for training and on the job capacity building of the staff in the Employment Centres as well as for management of consultants engaged by the project. The project team will include a Project Manager, 1 National Technical Advisor, 1 Administrative Assistant, 1 Procurement Assistant, 6 Monitoring Officers and 1 IT Officer.

In addition, there will be **Project Coordination Team** consisting of:

1. Representatives of MLSP, Sector of Labor

2. Representatives of ESA, Sector on Active Labor Market Measures
3. Representatives of APE, Sector for Support and Promotion of Entrepreneurship
4. Representatives of UNDP, Country Office

UNDP Country Office will be responsible for the overall management oversight, guidance and directions to the Project execution, including the administration and disbursement of project funds. It will be also responsible for ensuring regular collaboration and timely reporting to the Government.

VI. Monitoring Framework and Evaluation

Project monitoring and evaluation will aim to ensure:

- Transparency of the processes;
- Timely information whether employment programmes and measures are implemented in line with the envisaged goals, targets and timeframe;
- Evidence base assessment of the success and effects of implemented programmes and measures.

To ensure **transparency of the processes**, in the critical points of implementation of employment programmes and measures, UNDP Monitoring Officers and representatives from the Employment Centres will be checking the accuracy of obtained data and information by the applicants, including through carrying out joint validation field visits.

More specifically:

- a) Employment Centres shall validate the data provided by the unemployed candidates during the application phase;
- b) UNDP and Employment Centres will assess the accuracy of information provided in the business plans that will be developed with assistance of APE's consultants. For this purpose, UNDP Monitoring Officers and the responsible officials in the Employment Centres will pay visits to a selected sample of candidates, no bigger than 5% of the total number. The sample will ensure an adequate distribution of candidates according age, gender, ethnic affiliation, region and urban rural place of residence;
- c) Employment centres and UNDP shall monitor the process of supporting the candidates in the various stages of the process of preparing business plans, including matching candidates with APE consultants, preparation and submission of business plans. During the matching process, all candidates will be provided with leaflets that will contain information on their rights and responsibilities. To assess the quality and efficiency of services provided by the consultants, Monitoring Officers will conduct a telephone survey to a randomly selected sample of candidates. Responsible personnel in the Employment Centres will organize focus group discussions with the candidates to obtain information about the satisfaction or lack thereof with the consultants from the APE's catalogue.
- d) Employment Centres and UNDP shall monitor the process of procurement of equipment and materials through organizing joint field visits. For this purpose, standardized forms will be developed for documenting the registration of the business and status of the procured equipment and/or materials.

To obtain **timely information whether the employment programmes and measures are implemented according the envisaged project objectives and timeframe**, the Project will set up a clear benchmarks for monitoring of the progress in a form of targets, indicators and related time-frame for implementation of the specific activities. This will enable preparation of timely and systematized reports on all important aspects and steps in the implementation of the programmes, and also provide information about the distribution of candidates according their age, gender, ethnic affiliation, education level etc.

Project benchmarks will be established at the mid and endpoint of different stages of the project implementation i.e. application for participation in the self-employment programme; preparation of the business plan; registration of the companies etc. These critical points will be used to assess the progress/achievement of the set targets as well as the level of participation of different target groups in the employment programmes and measures such as the women, youth, Roma, other vulnerable groups. For this purpose, in addition to the collected information from the field, UNDP Monitoring Officers and Employment Centres will systematize the information collected through the Statement for termination of the participation in the programme, which shall allow obtaining information on the reasons for leaving the programme and undertaking timely corrective measures.

To **assess the impact and economic and financial return** of the employment programmes and measures, project partners will jointly determine a set of indicators as well as periodicity for collecting and analysis of the data. The set of carefully selected indicators will be also used to establish a system for monitoring of the companies that have been registered in the previous years.

Project monitoring will be carried out at two levels:

Day-to-day monitoring will be carried out by the Employment Centres and UNDP Project Team, aiming to ensure transparency in all processes, information sharing among involved institutions and obtaining feedback from the candidates on the procedures.

Periodic reporting

- a) **Monthly and Quarterly** reports will be prepared by UNDP's Project Team and Employment Service Agency and submitted to the MLSP, the National Director and National Coordinator and the Project Board members. They will provide brief summaries on the progress in implementing the Project Work Plan, pinpoint identified obstacles, if any, and applied solutions. Information and data for Monthly and Quarterly reports will be provided by the Employment Centers and Regional Centers to the ESA, APE and UNDP Monitoring Officers respectively. Project Manager will consolidate and submit summarized reports to the Project Coordination Team, National Project Coordinator and UNDP Programme Officer. Quarterly reports will be submitted to the National Project Director and UNDP Resident Representative.
- b) **Annual Project Report** shall be prepared by the Project Manager and shared with the Project Board, covering the progress achieved against set targets in the course of the calendar year.
- c) **Final Project Report** shall be prepared at the very end of the project activities (operational closure) for each programme and measure, with the aim to assess the overall project performance and to provide analysis and suggestions for possible improvements in the course of the next year. This will serve as a basis for Project Board discussions on the project achievements, project's contribution to the achievement of the outcome. The final review may also involve other stakeholders as required.

Quality Management for Project Activity Results

Output 1- Self-employment Programme model further improved to effectively attain targets set in OP 2012 – 2013		
Activity Result 1 (Atlas Activity ID)	<i>Self-employment programme Activity 1</i>	Start Date: 01 Mar 2012 End Date: 28 Feb 2013
Purpose	980 self-employments /small businesses established	
Description	Self-employment programme will be implemented in line with the specifics outlined in the OP 2012-2013. Interested unemployed candidates will undergo a transparent selection process. Candidates with the best business ideas will be trained in entrepreneurship, business development, access to financing etc. Subsequently, the best 980 business plans shall be registered. Newly formed firms will be further supported with small capital grants, providing necessary equipment and/or materials for start-up.	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Timely and broad promotion of the opportunities offered by the Self-employment Programme; No. of applications received; Percentage of drop outs;	ESA –Employment Centers registries; Filed visits; Developed surveys	May 2012
The business plans produced and best ones selected for further support; No. of registered firms.	Random surveys; Filed visits; Telephone interviews with the applicants	December 2012
Training "From idea to business" delivered; Training in entrepreneurship skills delivered; No. of candidates that have attended the trainings; No. of Business ideas/ plans developed	Field visits; Consulting company reports; APE reports; Questionnaires.	September 2012
Timely and efficient provision of small-grants allocated for procurement of necessary equipment and/or materials to the registered firms.	Joint filed visits of staff in the Employment Centres and UNDP Project team; Standard forms and templates for validation of data; Data from the Central Registry Monthly and Quarterly reports prepared and shared with national institutions.	January 2013

OUTPUT 2: Financial Support to legal entities (SMEs and craftsmen) for opening new jobs model further improved in line with the set priorities in OP 2012-2013		
Activity Result 2 (Atlas Activity ID)	Supporting additional employments <i>Activity 2</i>	Start Date: 01 Mar 2012 End Date: 28 Feb 2013
Purpose	Up to 90 new employments generated in successful SMEs and craftsmen shops registered at least 1 year ago.	
Description	Support for additional employments programme aims to encourage the growth of successful SMEs and craftsmen shops. The financial support will be provided through a transparent and competitive selection process. Companies and craftsmen shops that will present the best business plans and financial performance from previous year will be supported with small capital grant for opening new jobs. This programme will contribute to generation of 90 new employments by the end of 2012.	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Timely and broad promotion of the opportunities offered by the programme for supporting additional employments in SMEs and craftsmen shops; No. of business plans for growth of SMEs received.	Filed visits; Developed surveys	May 2012
No. of additional employments created	ESA– Employment Centers registries;	August 2012
Timely and efficient provision of small-grants allocated for procurement of necessary equipment and/or materials to the selected firms per each new employment made.	Joint filed visits of staff in the employment centers and UNDP Project team; Standard forms and templates for validation of data; Monthly and Quarterly reports prepared and shared with national institutions.	December 2012

OUTPUT3: Business model for pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment and c) community work introduced and implemented		
Activity Result 3 (Atlas Activity ID)	Pilot Programmes introduced <i>Activity 3</i>	Start Date: 01 Mar 2012 End Date: 28 Feb 2013
Purpose	Up to 40 new employments created for registered unemployed that belong to vulnerable groups	
Description	40 new employments registered in 2012 from the implementation of the 3 pilot programmes. Registered unemployed that belong to one of the vulnerable groups will be provided with opportunity to acquire and/or complement their knowledge and skills and get financial support in a form of subsidized employment or start-up equipment and/or materials. Hard to employ categories of unemployed will be provided with part-time employment opportunities for a period of 5 months that will help them to get encouraged and better integrate into the labour market and local community	

Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Timely and broad promotion of the opportunities offered by pilot programmes a) through training to sustainable self-employment; b) through training to subsidized employment and c) community work; No. of applications received.	ESA –Employment Centers registries; Filed visits; Developed surveys	May 2012
No. of employments created	Random surveys; Filed visits; Telephone interviews with the applicants	November 2012
Timely and efficient provision of the financial support as part of the pilot programmes (small capital grants, subsidized salaries or compensations as part of the part-time employment opportunities)	Joint filed visits of staff in the employment centers and UNDP Project team; Standard forms and templates for validation of data; Data from the Central Registry; Monthly and Quarterly reports prepared and shared with national institutions.	February 2013

OUTPUT 4: - Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs and to coordinate training in demanded skills		
Activity Result 4 (Atlas Activity ID)	Strengthen institutional capacities <i>Activity 4</i>	Start Date: 01 Mar 2012 End Date: 28 Feb 2013
Purpose	Strengthening capacities of involved partners in monitoring and implementation of the ALMMs, according to their priority needs; Supporting the Adult Education Centre, MES and VETC to coordinate delivery of a high quality and efficient training in demanded skills on the labour market. Technical support to AEC for strengthening training verification system provided; Establishment of electronic platforms for better monitoring and support of companies established through the employment programmes	
Description	Capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs will be strengthened to better plan and program ALMMs, leading to development of more efficient employment policies. Methods and tools for monitoring and impact assessment of ALMMs previously developed shall be applied. Capacities of national partners will be enhanced to coordinate non-formal training activities. Non-formal training programme shall enable 216 candidates to obtain certificates in occupations demanded on the labor market. Technical support to AEC for strengthening training verification system shall be provided in order to ensure quality. Partnership and coordination among the key partners will be enhanced and	

	knowledge on implementing the ALM programmes and measures will be transferred through training-workshops and day-to-day on the job training. Capacities of MLSP, ESA, MES, VETC and AEC will be built to apply the methodology for impact assessment of training programme.	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Timely and broad promotion of training opportunities; No. of applications by training providers received; No. of training programmes verified by relevant national institutions	Reports from VETC, AEC and MES	April 2012
No. of successful candidates that undergo training No. of candidates that have obtained certificates No. of employed trainees	Training providers reports ESA –Employment Centers registries;	December 2012
M&E instruments and procedures in place, for effective implementation of the employment programmes Procedures for foreign training programmes verification developed No. of workshops aimed at raising capacities of national counterparts organized	Monthly and Quarterly reports prepared and shared with national institutions Evaluation report of the pilot programmes Report from the performed training impact assessment Web page for networking developed Procedures for foreign training programmes verification adopted	February 2013

VII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Former Yugoslav Republic of Macedonia and the United Nations Development Programme, signed by the parties on 30 October 1995.

The following type of revisions may be made to this project document with the signature of the UN/UNDP Resident Representative only; provided that he/she is assured that the signatories of the project document have no objections to the proposed changes:

1. Revisions in or additions specified in the annexes of the project document.
2. Revisions, which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to or by cost increase due to inflation.
3. Mandatory annual revisions, which re-phase the delivery of agreed project inputs or increased expert or other costs.

Procurement contracts shall be signed and executed only upon full transfer of Governmental funds to UNDP, in line with the presented payment plan as specified below.

SPECIAL CLAUSES

All financial accounts and statements shall be expressed in United States dollars and Macedonian Denars.

If an unforeseen increase in expenditures or commitments are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall inform and submit on a timely basis a supplementary estimate of the additional funds that will be necessary.

In accordance with the decisions and directives of UNDP's Executive Board:

The Government's contribution shall be charged with:

- a) 3% cost recovery for the provision of General Management Support (GMS) by UNDP Headquarters and the Country Office;
- b) Direct cost for Implementation Support Services (ISS) provided by UNDP Country Office and/or an executing entity/implementing partner.

The ownership of the equipment purchased through UNDP for the beneficiaries of the programme, under the grant scheme, will be directly transferred to the beneficiaries.

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules

Annual Budget 2012

	DESCRIPTION	No. of Benef.	Amount	Total (MKD)	Total Government (MKD)	VAT return (MKD)	Total UNDP (MKD)	Total (USD)
I. SELF EMPLOYMENT PROGRAMME								
1	Training for 1350 participants							
	1.1 Training "From idea to business"	1,000	2,297.00	2,297,000.00	2,297,000	0	0	48,185.44
	1.2 Training in entrepreneurship skills	350	1,600.00	560,000.00	560,000	0	0	11,747.43
2	Business plans - Voucher system	750	11,600.00	8,700,000.00	8,700,000	0	0	182,504.72
3	Registration of firms	980	3,000.00	2,940,000.00	2,940,000	0	0	61,674.01
4	Self-employment grants	980	185,000.00	181,300,000.00	181,300,000	0	0	3,803,230.54
	Subtotal			195,797,000.00	195,797,000	0	0	4,107,342.14
II. FINANCIAL SUPPORT TO SMES FOR OPENING NEW JOBS								
1	Grants for SME	90	92,000.00	8,280,000.00 ⁴	8,280,000	0	0	173,694.15
	Subtotal			8,280,000.00	8,280,000	0	0	173,694.15
III. PILOT PROGRAMME THROUGH TRAINING TO SUSTAINABLE SELF-EMPLOYMENT								
1	Training in demanded skills	15	0.00	0.00	0	0	0	0.00
2	Training for business plan development	15	1,600.00	24,000.00	0	24,000	0	503.46
3	Support to self-employment	10	150,000.00	1,500,000.00	0	1,500,000	0	31,466.33
	Subtotal			1,524,000.00	0	1,524,000	0	31,969.79
IV. PILOT PROGRAMME THROUGH TRAINING TO SUBSIDIZED EMPLOYMENT								
1	Training in demanded skills	15	50,800.00	762,000.00	0	762,000	0	15,984.90
2	Employment subsidy (6 months)	10	13,000.00	780,000.00	0	780,000	0	16,362.49
	Subtotal			1,542,000.00	0	1,542,000	0	32,347.39
V. PILOT PROGRAMME COMMUNITY SERVICES								
1	Employment subsidy (5 months)	20	6,000.00	600,000.00	0	600,000	0	12,586.53
	Subtotal			600,000.00	0	600,000	0	12,586.53

⁴ Funding source - Government (ESA)

VI. CAPACITY BUILDING OF NATIONAL COUNTERPARTS									
1	Bank experts	2	45,000.00	90,000.00	0	90,000	0	0	1,887.98
2	Regional Workshops with ESA	3	71,505.00	214,515.00	0	214,515	0	0	4,500.00
3	Creation of Webpage (network)	1	715,050.00	715,050.00	0	715,050	0	0	15,000.00
4	Promotion materials & Communications (design, CD, video clip, press releases)		1,048,740.00	1,048,740.00	0	1,048,740	0	0	22,000.00
5	Workshop (MLSP, ESA, UNDP)	1	143,010.00	143,010.00	0	143,010	0	143,010	3,000.00
6	International Consultant (Evaluation)	1	238,350.00	238,350.00	0	238,350	0	238,350	5,000.00
7	Knowledge sharing and exposure to international experience		953,400.00	953,400.00	0	953,400	0	953,400	20,000.00
8	Technical support to AEC for strengthening training verification system		476,700.00	476,700.00	0	476,700	0	476,700	10,000.00
	Subtotal			3,879,765.00	0	2,068,305	1,811,460		81,387.98
VII. ADMINISTRATIVE COSTS									
1	Project personnel	12	73,670.26	10,608,518.00	4,316,078	0	6,292,440		222,540.76
2	Office rent and maintenance and administrative costs	1	313,170.00	3,758,040.00	3,292,072	465,968	0		78,834.49
3	Audit		286,020.00	286,020.00	0	286,020	0		6,000.00
	Subtotal			14,652,578.00	7,608,150	751,988	6,292,440		307,375.25
VIII. DIRECT AND INDIRECT PROJECT COSTS									
1	UNDP General Management Support (GMS 3%)		6,350,554.50	6,350,554.50	0	6,350,555	0		133,219.10
2	UNDP Implementation Support Services (ISS)		3,450,207.30	3,450,207.30	0	3,450,207	0		72,376.91
3	UNDP in-kind contribution		4,618,055.56	4,618,055.56			4,618,056		96,875.51
	Subtotal			9,800,761.80	0	9,800,762	0		205,596.01
TOTAL				236,076,104.80	211,685,150	16,287,955	8,103,900		4,952,299.24

Sources and distribution of funds for the project
"Promoting Sustainable Employments and Supporting the Government in implementation of the
Operational Plan for Active Labour Market Measures 2012-2013"

Table 1- Distribution of Governmental funds per project activity

	Activities	Unemployed	Source of funds	Total MKD	Exchange rate ⁵	Total USD
1	Training in developing business ideas "From idea to business"	1000	Government (MLSP)	2,297,000.00	47,67	48,185.44
2	Training in entrepreneurship (individual preparation of business plans)	350	Government (MLSP)	560,000.00	47,67	11,747.43
3	Development of business plans - Voucher system (self-employment)	750	Government (MLSP)	8,700,000.00	47,67	182,504.72
4	Registration of firms (self-employment)	980	Government (MLSP)	2,940,000.00	47,67	61,674.01
5	Small capital grants (self-employment)	980	Government (MLSP)	181,300,000.00	47,67	3,803,230.54
6	Support to legal entities – micro grants for opening new jobs	90	Government (ESA)	8,280,000.00	47,67	173,694.15
7	Support to the implementation of the Employment Programme		Government (MLSP)	7,608,150.00	47,67	159,600.38
	TOTAL funds from the Government (MLSP and ESA)			211,685,150.00		4,440,636.67

Table 2 - Distribution of UNDP funds per project activity

	Activities	Source of funds	Total MKD	Exchange rate	Total USD
1	Capacity building of national partners ⁶	UNDP	1,811,460.00	47,67	38,000.00
2	Project implementation support ⁷	UNDP	6,292,440.00	47,67	132,000.00
	TOTAL funds from UNDP		8,103,900.00		170,000.00

Table 3 - Total project funds

		Total MKD	Exchange rate	Total USD
1	Total funded by the Government (MLSP)	203,405,150.00	47,67	4,266,942.52
2	Total funded by the Government (ESA)	8,280,000.00	47,67	173,694.15
3	Total funded by UNDP	8,103,900.00	47,67	170,000.00
	TOTAL	219,789,050.00		4,610,636.67

⁵ UN exchange rate as of February 2012, 1\$= 47,67 MKD

⁶ Budget lines 5-8 from the VI Capacity Building of National Counterparts in total amount of 1,811,460.00 MKD (\$38,000.00)

⁷ Budget line 1 (Source: UNDP) from VII. Administrative costs in total amount of 6,292,440.00 MKD (\$132,000.00)

1. The contribution will be transferred to UNDP in four tranches as described in the Table 4:

Table 4- Dynamics of transfer of installments toward UNDP

Installments	Source of funds	Date	Amount in MKD
First installment	MLSP	Upon signing of the Agreement	30,000,000.00
Second installment	MLSP	01.05.2012	70,000,000.00
Third installment	MLSP	01.08.2012	67,720,000.00
	ESA	01.08.2012	8,280,000.00
Fourth installment	MLSP	01.10.2012	35,685,150.00
TOTAL funds from MLSP			203,405,150.00
TOTAL funds from ESA			8,280,000.00

Total: 211,685,150.00

2. The Government and UNDP agreed that the Project implementation costs will be shared in the manner described in Table 5.

Table 5 - Project implementation costs

	Description	Donor	Source of funds	Funds (in MKD)	Funds (in USD)
1	PROJECT OFFICE COSTS – Administrative costs (project personnel, office rent and maintenance, communications, travel and car maintenance, office supplies) – Table 6			14,652,578.00	307,375.25
1.1	Activities supporting project implementation	Government	Funds allocated from the State Budget for implementation of project activities	7,608,150.00	159,600.38
1.2	Activities supporting project implementation	Government	Funds from VAT return of 2011 project	752,988.00	15,775.87
1.3	Activities supporting project implementation	UNDP	UNDP financial contribution	6,292,440.00	132,000.00
2	COSTS RELATED TO THE MANAGEMENT AND IMPLEMENTATION SERVICES			9,800,761.80	205,596.01
2.1	INDIRECT COSTS - GMS (3% of the total amount received by the Government, for UNDP New York)	Government	Funds from VAT return of 2011 project	6,350,555.50	133,219.10
2.2	DIRECT COSTS for implementation – Table 7	Government	Funds from VAT return of 2011 project	3,450,207.30	72,376.91
	TOTAL PROJECT COSTS (1 + 2)			24,453,339.80	512,971.26
	Total Government (1.1 + 1.2 + 2.1 + 2.2)	Government		18,160,899.80	380,971.26
	Total UNDP (1.3)	UNDP		6,292,440.00	132,000.00

The total costs for supporting project implementation will be covered by the Government at the amount of 18,160,899.80 Macedonian Denars (MKD) (380,971.26 USD) whereas UNDP will contribute 6,292,440.00 MKD (132,000.00 USD). Additionally UNDP will provide 1,811,460.00 MKD (38,000.00 USD) for capacity development of national partners and 4,618,055.56 MKD (96,875.00 USD) as in kind contribution.

Project Office Costs (Administrative costs) will be distributed as shown in table 6:

Table 6- project office Costs-Administrative costs

Description	Unit	Months	Total per unit per month	Amount in MKD	Amount in USD
Project Personnel	12	12	73,670.26	10,608,518.00	222,540.76
Office rent and maintenance		12	109,025.00	1,308,300.00	27,444.94
Communications		12	67,533.50	810,390.00	17,000.00
Travel		12	116,750.00	1,401,000.00	29,389.55
Office supplies		12	19,863.50	238,350.00	5,000.00
Audit	1			286,020.00	6,000.00
TOTAL:				14,652,578.00	307,375.25

The costs related to management and implementation services (Indirect and Direct costs), described in Article 2 of the Cost-sharing Agreement are presented in tables 5 and 7. As agreed between UNDP and the MLSP these costs will be covered from VAT return.

Table 7: DIRECT COSTS – Implementation Service Support (ISS)

Description	Amount in MKD	Amount in USD
Human Resources Management (154.73\$ x 15 contracts) ⁸	125,391.64	2,630.41
Procurement of Goods/ Services related to this project (163\$ x 3 procurement procedures) ⁹	23,310.63	489.00
Financial Management (18.18 \$ x 3500 payments) ¹⁰	3,033,242.10	63,630.00
Maintenance of e-mail accounts and firewall security (HQ New York; at annual bases: e-mail accounts: 60\$ opening + 165 maintenance +120 firewall security = 345\$ annually x 12 e-mail accounts =4,140\$)	197,353.80	4,140.00
Provision of services (security, international travel, bank charges) (International travels 25 x 25,9\$ =648 \$; Security ¹¹ 12 x 70\$=840 \$)	70,909.13	1,487.50
TOTAL:		3,450,207.30
		72,376.91

3. The balances from the VAT return will be used for Project activities and returned to the Government budget upon completion of all commitments and liabilities, as per the agreement with the Government.

4. The balance of Government contribution that is not expended by the project closure shall be returned to the Government.

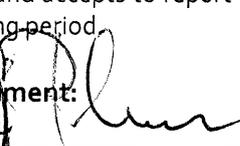
⁸ Calculated amount includes contacts of 12 project personnel, as well as 3 consultants (2 bank experts for selection of business plans and 1 consultants for the pilot programmes evaluation)

⁹ Amount for the complete procurement procedure (3 procedures for: consulting company for training "From idea to business", company for provision the official stamps for the newly registered firms, as well as company for production of video clips and etc. Within the promotional services)

¹⁰ Financial services made through the CO

¹¹ According to UNDP's standard security procedures

5. UNDP shall make every effort to buffer any incurred losses due to the exchange rate fluctuations within the period of project implementation.
6. Per the agreement between UNDP and the Government, all funds shall be received in MKD and deposited to the UNDP's local bank account, which is not an interest generating account.
7. UNDP agrees and accepts to report in Macedonian Denars according to the UN official exchange rate valid for the reporting period.

For the Government:


 (Signature)

Name: Spiro Ristovski

Title: Minister for Labour and Social Policy

Date: _____

Place: Skopje

For the Employment Service Agency:

 (Signature)

Name: Vlatko Popovski

Title: Director

Date: _____

Place: Skopje

For the United Nations Development Programme – UNDP:

 (Signature)

Name: Deidre Boyd

Title: Resident Representative

Date: 2 March 2012

Place: Skopje