

United Nations Development Programme

"Self-employment IV and Technical Assistance to Support the Government Operational Plan for ALMMs for 2010"

Project Document

РЕПУБЛИКА МАКЕДОНИЈА
Министерство за труд и социјална политика
Бр. 02-1602/3

26²⁰ год.
септември 2010

Country: 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 labour market measures targeting the socially excluded developed and implemented

Expected Output(s): Capacity development as cross cutting activity for all involve institutions; Models of Self-employment and Formalization Programme further improved, in line with new target groups and activities set in OP 2010; Support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008 piloted; Model for implementation of the ALMM – Training in skills and occupations deficient on the labour market further developed and regionally up scaled. In addition, this model will be used for provision of training under the Roma Support Programme.

Specifically: Creation of sustainable 700 family businesses; Formalisation of 250 informal businesses; Up to 50 new employments in firms already established under the Self-employment Programmes implemented in 2007 and 2008; 111 unemployed candidates trained in skills and occupations deficient on the labour market, as well as 50 Roma trained as per Roma Support Programme.

Implementing partner: UNDP

Other Partners: Ministry of Labour 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, public educational institutions as training providers.

Narrative Description

The project shall contribute to development of the partnership with state/governmental bodies and agencies. In particular, it will closely collaborate with Ministry of Labour and Social Policy (MLSP), Employment Service Agency (ESA), Agency for Promotion of Entrepreneurship (APE), and Central Register (CR) in development and implementation of ALMMs (Self-employment and Formalization of existing business), and Ministry of Education and Science (MES) and Vocational Education and Training Centre (VETC) in improving the arrangements for short-term training programmes. In addition, the project will assist in building capacities of the Adult Education Centre (AEC) in accordance to the Law on Adult Education and priority area of interventions in that context. At the same time, the project will strengthen capacities of MLSP and ESA, further to develop their capacities for performing impact assessments of already implemented activities. Moreover, UNDP will provide assistance in piloting supporting for increasing the scope of business activities of the firms established as per 2007 and 2008 Programme, as well as implementation of the Roma Support Programme, part of the Roma Decade actions.

Programme Period: March 2010-December 2010
 Programme Component: Promoting an enabling environment for poverty reduction
 Project Title: **"SELF-EMPLOYMENT IV TECHNICAL ASSISTANCE TO SUPPORT THE GOVERNMENT OPERATIONAL PLAN FOR ALMMs FOR 2010"**
 Project Duration: 10 months
 Management Arrangement: NIM

Budget	USD 4,667,109.83	201,852,500.00 MKD
GMS Fee	USD 134,913.29	5,835,000.00 MKD
Allocated Resources:		
Government	USD 4,497,109.83	194,500,000.00 MKD
UNDP	USD 170,000.00	7,352,500.00 MKD
UNDP in-kind		
Contribution	USD 96,875.51	4,189,865.78 MKD
* Official UNDP exchange rate for February 2010, 1USD= 43.25 MKD		

Agreed by Ministry of Labour and Social Policy (MLSP): Mr. Xhelal Bajrami, Minister

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



I. SITUATION ANALYSIS

Introduction

This Project Document outlines the Technical support to the Ministry of Labour and Social Policy (MLSP) and Employment Service Agency (ESA) by the United Nations Development Programme (UNDP), in implementation of actions, part of the Operation Plan for ALMMs in 2010. The Operational Plan is determined by Government's commitment of funding of ALMMs (Budget for 2010) and unemployment-related actions stated under 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), as well as other sources of funds.

Employment and unemployment in country

Unemployment in the country is still very high, although, in average it follows the tendency of reduction from 33.7% in 2008 or 31.7 %¹ in the III Quarter of 2009. Labour Force Survey and national statistical data shows insignificant reduction of the unemployment rate when this rate is compared with the previous year. In that context the unemployment rate was reduced from 34.8% in the I quarter of 2008 to 32.8 % in the I quarter of 2009, as well as the fact that until May 2009 the number of registered active job seekers is below the previous years' levels. The activity rate in this period is 57.3%; the employment rate is 39.2, whereas the unemployment rate is 31.7%. However, data from June and July 2009 shows increase of the unemployment rate, most probably due to the world crises. First² signs of the financial crises were noticed at the end of 2008, when the tendency of smaller reduction of the unemployment rate started. Programmes and measures, undertaken by the Government, to combat the unemployment were directed mostly to the youth unemployment and this might contributed in insignificant reduction of the unemployment rate among this age group, but not to the others. Efficient implementation of the all governmental actions is key element in the context of the financial and social crises, as stated in the National Action Plan for Employment 2009-2010 "Improvement of the entire economic environment, especially the increased economic activity of the small and middle-size enterprises, will contribute to the growth of the employment of approximately 4% annually within the analyzed period, with simultaneous decrease of the unemployment rate, improvement of the living standard and in that context decreasing of poverty. The high economic growth will also provide further fiscal and structural reforms in the context of improvement of the business environment, improvement of the infrastructure and the capacity of the public institutions". Regarding the age groups from 15- 27, the unemployment reduces more rapidly in comparison to the other age groups, such as 58.4% in the I quarter of 2008 to 54.4% in the I quarter of 2009. It seems that existence of gray economy sector leads to overestimating the unemployment over the actual unemployment. Nevertheless, having in mind all this elements, the huge rate of unemployment remains one of the most important issues, especially among the young and less educated people.

Comparisons between educational attainment and unemployment show that workers without or with basic education account for a disproportionate share of unemployment. Thus, workers with primary education or less have very high unemployment rates (52.64%)³. This suggests excess supply of low skilled labour and obviously means that young people entering the labour force with low qualifications and/or limited educational achievement face great difficulties in getting a job.

¹Source: State Statistical Office (most recent available)

²Source: EC 2009 Report (see at <http://www.sep.gov.mk/Default.aspx?ContentID=36&ControlID=lzvestaiEU.aspx>)

³Source: ESA- Review of unemployment in regard to the education levels as per 31.12.2009

Arrangements for adult training have yet to be finalized in accordance with the adopted Law on Adult Education. Arrangements for short term training are, however, a central element of improved labour market efficiency and are key to correcting skills mismatches. As the portion of the young population decreases in the total number of population, importance and the share of the adult population in relation to the country's development and growth will increase. Productivity and efficiency will also increase in the knowledge based job posts. Modern labour market demands will require knowledge and ability to adapt and adjust to the changes. More over, modern labour market demands will lead to decrease of the total labour force needed, promoting the importance of education and training available to all age groups. Adult Education development can greatly contribute to the creation of significant possibilities for inclusion, participation and influence, especially of marginalized groups.

Some of the pronounced weaknesses of adult education in the country are the absence of a good and flexible adult education programmes in line with the changing labour market conditions, the lack of coordination of activities and the lack of a partnership approach in their realization. In the new situation, the local economies will directly depend on the competencies of the available labour force. It is of interests to the local self – governments to continuously monitor the needs and opportunities offered by the local labour market and adapt the educational offer to those needs. At the same time successful anticipation of the future education and training needs will become a prerequisite for development of businesses and the local economy. In that context support will be needed in strengthening of arrangements for short-term training, including the enlarged scope of participants and programs offered for training.

Ministry of Education and Science (MoES) though the educational institution, Centre for Vocational Education and Training (VET Centre) is responsible for vocational education and training (VET) in the country, till Adult Education Centre (AEC) is not completely enabled to undertake this task. Having that in mind, under this project, efforts will be made to develop capacities of this Centre so that it will capable of undertaking it legitimate role in the education and labour sector. At the same time, the Employment Services Agency has a strong interest in the availability of training services in order to ensure that the unemployed people can get the skills needed to get back into work.

There are currently weak arrangements for the provision of short-term trainings. Partly in recognition of this, the Law on Adult Education, which entered into force on 01.01.2008, and institutions to enact the provisions of this Law are still not functional in their full scope, mostly as a result of the weak attention by the institutions for this issue.

In this respect there are several Project Activities supported by different donors in almost all involved institutions from the educational sector, with no coordination among them., such as: EU funded project "Life Long Learning"; ETF's Project on "Structural reform in the vocational education sector" with special focus on adult education; USAID project and etc. Therefore support from UNDP was requested in coordination of institutions that will be involved in activities related to the provision of trainings, situation analysis, as well as capacity building of relevant institutions, public training centres involved and trainers trained.

This will help in setting up the institutional arrangements and defining the future activities for this ALMM and will strengthen capacities within ESA for implementation of this measure as a regular one, every year.

In overall terms, labour market is stagnant with limited opportunities for new entrants. This is indicative of low job creation and, indeed, rates of job creation, destruction and turnover are low in absolute terms and compared to other transitional countries. And while, as expected, the private sector does better than the public sector, the highest job creation rates⁴ (more than 50%) are envisaged in medium size enterprises employing 50 up to 249

⁴ Source: ESA Report on 2008 (most recent available)

people. This means that job creation is still concentrated in the emerging private sector, and there has yet to be substantial successful grow-up into larger firms.

In order to demonstrate that active labour market measures have positive net impacts or, in the case, of support to self-employment, that new entrepreneurs emerge as a result of the assistance, essential in showing that expenditure from domestic sources and by donors is justified, impact assessment on Self-employment Programme implemented in 2007 was performed. Findings show that in overall, the Self-employment Programme has proved to have immediately positive effects on the economy and within five years, on State finances. Thus, additional efforts were made to strengthen above-mentioned measures and programmes of the Government in combating unemployment.

The last with special attention that in the course of 2010 will be given to the Roma, as part of the governmental actions undertaken as per the Roma Decade 2005-2015. In addition to the activities incorporated under this Decade, in OP 2010 Roma are defined as one of the target groups that will be eligible to apply under the Self-employment Programme. In order to ensure efficient participation of this target group, activities related to the capacity building of Roma Information Centres (RIC) will be part of the implementation procedure of the mentioned measure.

Also, having in mind the fact that Roma usually have low education level and that have no specific skills that will enable them successful entrance on the labour market, under the Roma Support Program, part of OP 2010, training will be performed for skills pre-defined by the joint actions between MLSP and RICs. These trainings will be conducted following the model of the trainings in skills and occupations defined as deficient on the labour market. At that end, successful candidates will obtain certificates verified by MES, for some the only certificate that confirms their skills.

Government policy and strategy for employment and unemployment

The Government's policy and strategy for, and planned actions in, employment and unemployment mitigation are set out in a series of linked papers:

Programme of the Government 2008-2012

In respect of employment and unemployment, this Program encompasses macroeconomic, microeconomic and employment policies. It also emphasises and determines objectives and different types of measures for achieving objectives set in the National Employment Strategy 2010 related to increase of the employment rates, increase of the female employment rates, as well as employment rates of the elderly people. Moreover, the Programme determines active programmes and measures for employment of various target groups, that will be in the scope of the implementation of the annual operational programmes and measures.

National Employment Strategy 2010

This document also has a demand-side emphasis, but additionally addresses the informal economy and safety social nets. It includes measures for tackling youth unemployment (through training and internship), long term unemployment (training and work practice), female unemployment (education, entrepreneurship, and childcare facilities), vulnerable groups (older workers, ethnic groups, disabled). There is also coverage of education and training.

National Action Plan for Employment 2009-2010

The NAPE continues the demand-side focus, but also specifies supply-side actions derived from the *Programme of the Government and National Employment Strategy*, including training and lifelong learning; better childcare to enable parents' re-entry labour 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 for Employment for 2010

This is the action plan for allocation of 2010 budgetary funding for active labour market programmes. It defines types of programmes and active employment measures, target groups, funds and sources of funds, as well as concrete activities and timeframes of the responsible implementing institutions. In 2010 Operational Plan following programmes and actions are comprised: *Self-employment* (for 700 unemployed); *Formalization of existing business* (250); *Pilot-Support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008* (up to 50); *Promotion of Entrepreneurship through the existing business incubators and training in certain skills and occupations defined as deficient on the labour market* (30); *Employment preparation programme* (training for 'known' employer, in job clubs, pilot training for catering sector, for 'unknown' employer, training in advanced IT software programmes, and start-up business training (4291 unemployed people)); *Wages subsidies* (for single parents, disabled, orphans, young, elderly people (1241)); *Internship as support to the first employment of the young people* (150); *Free vacancies' survey* (60); *Economic empowerment of women- victims of domestic violence* (125) and *Roma Support Program* (50).

Multiannual Operational Programme for Human Resources Development 2007-2013 -IPA 4 Operational Programme

It provides the basis for accessing and programming 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 in axis 1 which defines target groups and sets out the objectives as: integrating young people in the labour market, reducing and preventing long-term unemployment, and increasing women's employment rate.

UNDP Relevance

UNDP support to employment and unemployment mitigation

The UNDP in the country has long term experience in technical assistance for implementation of wide range employment - and unemployment-related programmes. A central element of UNDP support has been in piloting measures with a view to subsequent replication and up-scaling, at the same time building capacities in the MLSP and the ESA, as well as other relevant institutions. The scope and target of support is described in a table below.

Title	Start date	Finish date	Budget (US\$)	Target groups	Implementing Partners
Municipal support programme, Phase 1 & 2	August 2004	December 2006	\$2.7 million	Very long term unemployed, youth unemployed and those with few educational qualifications, with focus on women and minorities	Local authorities and municipal administration, private and civil sector entities
Employment mediation for highly educated young	September 2005	September 2007	\$1 million	Highly educated unemployed youth without previous employment, and	Local authorities, since they are responsible for local economic development, but also

unemployed people				officially registered young unemployed people with secondary school diploma	the local businesses since they are the generators of the longer term job opportunities.
Job creation programme (Public works and Wage subsidies)	September 2005	December 2007	\$1.95 million	Long-term unemployed (more than 2 years) with secondary education or less; young unemployed people (aged 30 and below), disabled and minorities with secondary or higher education, who have been actively searching job for more than 12 months	Municipalities; Ministry of Labour and Social Policy, the Employment Service Agency and its regional network of Employment Centres
Partnerships for employment generation (Self-employment)	2005	2007	\$0.8 million	Unemployed social benefit recipients	Municipalities; Employment Service Agency and its regional network of Employment Centres
Self Employment	March 2007	December 2007	\$1.19 million	500 people – long term unemployed (more than 5 years), unemployment assistance beneficiaries, young with less than 28 years.	Employment Services Agency and its regional network of Employment Centres. Agency for Promotion of Entrepreneurship
Self Employment II	March 2008	December 2009	\$2.9 million	607 people – long term unemployed (more than 2 years), women, young up to 27 years' old.	Employment Services Agency and its regional network of Employment Centres. Agency for Promotion of Entrepreneurship
Self Employment III	April 2009	March 2010	\$3.96 million	654 people – long term unemployed (more than 1 year), women, young up to 27 years' old.	Employment Services Agency and its regional network of Employment Centres. Agency for Promotion of Entrepreneurship

In addition, UNDP since 2009 actively participate in the Joint UN Program on Strengthening National Capacities to Prevent Domestic Violence. Under one of the components of this Program, there actions related to the economic empowerment of women victims of domestic violence. Part of these actions has been incorporated in the OP 2010, more specifically under the Self-employment Programme (50), Employment Preparation Programme –Training in skills and occupations deficient on the labour market (25) and Wages Subsidies Programme (50).

UNDP support to implementation of Operational Plan for ALMMs for 2010

UNDP has participated in preparation of the Government Operational Plan for 2007, 2008 and 2009 providing inputs, as well as in preparation of the Government Operational Plan 2010. Therefore the MLSP requested Technical Support from UNDP for the implementation of the following actions from the OP 2010:

As for the ALMMs:

1. Support in improving and fine tuning of the business model for implementation of Self-employment Programme, including enlarged scope of target groups and capacity building of RICs,
2. Support in improving and fine tuning of the business model for implementation of Formalization of existing businesses Programme,
3. Piloting programme of support for additional employments in firms registered through the Self-employment Programmes implemented in 2007 and 2008,
4. Support in regional up scaling and fine tuning of the mechanisms and procedures for provision of training in skills and occupation deficient on the labour market, including enlarged scope of the training programs, participants and training program providers, and
5. Support in implementing Roma Support Programme, part of the activities related to the Roma Decade, in relation to training provision in skills pre-defined by MTSP and RICs.

As for the additional activities covered with the OP 2010:

Following the practise in the previous years (2007, 2008 and 2009), UNDP will continue with its support provided to the MLSP and the ESA in regard to the activities related to the monitoring of the ALMMs, especially those in which implementation UNDP is directly involved. In that regard, software applications developed in the course of the implementation of ALMMs in 2007, 2008 and 2009, such as Self-employment, Formalization and Training in deficient skills and occupations, as one of the active labour market measures also set in the Operational Plan 2010, will be improved, and new software applications will be developed for the new programmes where UNDP will have also role as of 2010, having in mind Government's funding for active labour market measures in both the Operational Plan 2010 and the IPA 4 Operational Programme.

This support will be encompassing two main elements:

- Monitoring, where software applications aimed at tracking participants' employment history (before and during the implementation of active labour market measures) will serve as additional support to the Management Information System (MIS) at ESA, till it is not fully and adequately incorporated. The inclusion in this tracking system would be condition by the candidates' participation in active labour market programmes or measure; and
- Evaluations of the impacts of the Formalization of existing businesses Programme, implemented in 2008. By this, governmental representatives will be knowledgeable in modifying, improving and implementing evaluations of the impacts of the other OP programmes and measures as well.

II. STRATEGY

The suggested project has a countrywide scope as per Self-employment Programme, Formalization of existing business Programme and Pilot-Support for additional employments in firms registered through the Self-employment programmes implemented in 2007 and 2008, and regional scope in regard of the Training in skills and occupation deficient on the labour market ALMM and Roma Support Programme. It will aim at strengthening capacities, operations and sustainability of institutional mechanisms in order to integrate principles of ALMMs at central and at local level of governance.

It is thus essential that mechanisms created are further improved to establish dynamic cooperation and division of responsibilities and activities between central government and the local government structures in accordance with the priorities of the country.

In order to achieve project objectives, efforts will be made to increase quality of already carried out activities as per Operational Plans 2007, 2008 and 2009, investigating possibilities and undertaking preparatory activities that will lead to increased capacities of the MLSP and ESA staff for future independent execution of the ALMMs, currently implemented by UNDP.

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

1. Capacity development as cross cutting activity for all below mentioned components,
2. Self-employment Programme model further improved, in line with new target groups set in OP 2010, as well as capacity building activities concerning RICs,
3. Formalization of existing business Programme model further improved in line with new target groups set in OP2010,
4. Support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008 that will be piloted,
5. Model with mechanisms and procedures for implementation of the Active Labour Market Measures – Training in skills and occupations deficient on the labour market further developed and regionally up scaled in line with the efforts for strengthening institutional capacities to effectively develop and implement initiatives for trainings according to the labour demands. In addition, this model will be used for provision of training under the Roma Support Programme.

The main activities to the 1st output:

Capacity development as cross cutting activity for all below mentioned components encompasses activities such as:

- Two (2) two-days workshop organized with national partners involved in the implementation of the activities, under UNDP responsibility. The first one, at the very beginning of the project, in order to discuss implementation steps, bottle-necks, findings. This provides a feeling of ownership to all involved implementing partners and increases the awareness for the undertaken responsibilities by all, as well as provides general picture of all implementation phases and activities. The second workshop will be organized at the end of the project to discuss undergone implementation process, to provide recommendations and suggestions for the new governmental document, as well as to discuss findings of the undertaken evaluation of the design of the pilot programme, under UNDP responsibility, so to plan future activities in that regard,
- Increase of the capacities of involved partners, especially staff of ESA, on implementing Self-employment Programme, Formalization of existing business Programme and Pilot-Support for additional employments in firms registered through the Self-employment programmes implemented in 2007 and 2008, through developed

- partnership and coordination among key partners, and transfer of knowledge on implementing the above mentioned programmes will be one of the activities that will be performed by making efforts for more active involvement of all parties,
- Capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs further will be strengthened and increased through organized study visit. Visit will focus on the ALMMs developed and implemented in the country, as one making huge progress in reducing unemployment rates, as well as one having undergone the same process in regard to the EU pre-accession procedures and utilization of IPA funds, here emphasizing the domain of indicators (design and settlement), as well as monitoring and evaluation activities,
 - Capacities of MLSP and ESA will be built through performance of impact assessment of the Formalization of existing business Programme, implemented in 2008. Findings will be obtained by comparing the outcomes of participants on active labour market programmes with those from the control group. These outcomes will cover both employment history and earnings. In the case of support provided through Self-employment Programme, implemented in 2007, the impact assessment was based on firms' survival rates, turnover and employment creation. By this, methodology and procedures applied in 2009 impact assessment, will be tested and consequently adjusted to the specifics of the mentioned 2010 programme. Thus, governmental representatives will be knowledgeable in modifying, improving and implementing evaluations of the impacts of the other OP programmes and measures,
 - Capacities of the Adult Education Centre strengthened concerning the implementation of different types of trainings, for different types of interested groups, in accordance to the priority needs of the AEC, under the UNDP responsibility,
 - Capacities of RICs to play active role among the Roma communities in order to have efficient application process build. For that purposes, prior the commencement of the application process, under the Self-employment Programme, activities will be undertaken to provide training and all needed information to the RICs' staff, as well as effort which will be made once participants are sent to training, to have additional consultations and etc.,
 - Capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs further strengthened and increased concerning programming and planning ALMMs, by elaborating findings of the evaluation of the design of the pilot programme, under UNDP responsibility.

The main activities to the 2nd and 3rd outputs:

Self-employment Programme and Formalization of existing business Programme have similar steps and activities such as: launching a Call for applications and provision of information concerning the opportunities under the programmes, provision of training on development of business ideas to the initially selected candidates (activity Training excludes Output 2), support in development of business plan (this activity excludes Output 2), then evaluation and selection of developed business plans, assistance in registration of firms, provision of small capital grants to the registered firms through delivery of necessary equipment and/or materials.

In relation to *Output 2* all applicants will be registered by the ESA. Once the selection/pre-screening will be undertaken, the successful candidates will receive training on business planning and management and consequently will receive support by business consultants, provided by APE, for development of business plans through a voucher scheme. In relation to the training of successful candidates initiative will be made to increase capacities of ESA staff in providing this support to the candidates in close collaboration with the project staff. The resulting business plans will then be ranked, with the best plans qualifying for start-up grants (on an amount of 185.000 MKD equivalents to US\$ 4,277.46 gross).

Target groups under this Output are the following:

- unemployed people, registered in ESA as such more than 6 months
- young people up to 27 years, registered in ESA as such more than 3 months
- unemployed women, registered in ESA as such more than 6 months
- unemployed Roma

In regard to the target group- unemployed Roma, additional activities will be undertaken in order to inform and prepare Roma, making them competitive on the market, especially by strengthening capacities of the Roma Information Centres (RICs), as mentioned under the Output 1.

In relation to *Output 3* activities for this output are almost the same as the *Output 2* except for the activities related to the training and business plan development. Due to the fact that this component is covering already existing businesses in the informal sector, it has been stipulated in OP 2010 that the beneficiaries will apply with already prepared business plans. APE will evaluate the business plans, collected by ESA and will propose rang list that will be then approved by the Selection Commission. The assistance package under this programme consists of support in firm registration and consequently start-up grant (on an amount of 185.000 MKD equivalents to US\$ 4,277.46 gross).

Target groups are the following:

- unemployed people, registered in ESA as such more than 6 months, performing informal businesses
- unemployed people, registered as such, coming from the energy sector

Along with the active role that APE has in the course of the development of business plans (Self-employment) and evaluation of the plans (Formalization), APE as per OP 2010 will provide advisory and consultation services to all those firms registered in 2010, in period of 12 months, after the finalization of the process.

The main activities to the 4th output are as follows:

Under this output following activities have been envisaged: launching call for applications and submission of applications by interested firms, already registered in 2007 or 2008. Based on the submitted documents, by the firms, previously obtained from the Central Register and Public Revenue Office selection of firms will be undertaken by the Selection Commission. After that mediation between the firms and unemployed people for their employment will be performed by ESA, including signing contact between the ESA and the employers and signing contract with the beneficiary (firm) for procurement of equipment and materials. The assistance package under this programme consists of provision of small capital grants to the firms (on an amount of 92.000 MKD equivalents to \$ 2,127.17 gross per made employments, but not more than 5 in same firm), through delivery of equipment and materials. The assistance package for this pilot programme will also consist of support in registration of the new employments.

At the end of the implementation of this programme, evaluation of its design will be performed under the UNDP responsibility, in order to provide relevant data to the national partners, prior the development of new OP for 2011.

The main activities to the 5th output are as follows:

ALMM –Training in skills and occupations deficient on the labour market aims to prevent from long-time unemployment in the country and at the same time to provide help to unemployed to maintain and re-shape their skills through re-entering the labour market. In addition, it aims at developing the system for training which as ALMM was introduced

for the first time as a pilot measure within the Operational Plan for Employment 2008. Additionally, it will provide assistance in strengthening the capacities of national institutions as key element contributing to the expansion of activities envisaged under the abovementioned ALMM, part of the Operational Plan 2010. By providing assistance for development of a system for training of unemployed people, at national and at regional level, the project will support enforcement of the Law on Adult Education and assist among the other, operations of Adult Education Centre (see under Output 1). Also, it will enhance capacity and authority of institutions for adult education, as well as VET institutions, for efficient and effective coordination of training activities and will improve understanding and implementation of the concept of training as ALMM contributing to the local economic development through attraction of investment, by provision of a good base of qualified and competent future employees.

Taking into the consideration the fact that there are too many unskilled workers in the country, as well as the fact that most of them can be found among the minorities, in 2010, additional efforts will be made, to apply this ALMM for such type of groups, i.e. for Roma, under the Roma Support Programme, part of the OP 2010. In that context, UNDP will assist MLSP and ESA in coordination of the preparatory activities, at the same time strengthening their capacities for further development and improvement of this ALMM in context of increasing the scope of targeted groups, as well as its distribution country-wide.

Activities involved in this output can be summarized as follows: coordination of the preparatory activities related to the agreement among the Ministry of Education and Science, the Employment Services Agency, VET Centre and the Ministry of Labour and Social Policy concerning the priority skills and occupations for short-term training, as well as its regional distribution, assistance in developing selection criteria for the training providers and eligible candidates for training, coordination of the selection process regarding public institutions that will conduct training programmes, provision of assistance in obtaining endorsement of the training modules (curricula) by the Ministry of Education and Science, support in coordinating the organisation and delivery of the training programmes on priority skills and occupations, assistance in development of a necessary by-laws and secondary legislation that will enable more efficient enforcement of the Law on Adult Education, assistance in development of all required procedures, criteria, tools needed for the operationalization of the training process for future increase of the scope of actions, and also in regard to the all required procedures, criteria, tools needed for the operationalization of the training process for specialized target groups. During the entire implementation period, support is also provided in regard to the development of monitoring system, involving all implementing partners. This system aim is to monitor the quality of the delivery of the training programmes by the providers, as well as to establish close links with the training participants.

*In regard to the additional activities covered with the OP 2010, as stated above, activities that will be undertaken under the assistance provided to the MIS of ESA will cover actions related to the data base and software applications for Self-employment and Formalization Programme where application forms and other elements will be improved in line with the OP 2010 requirements; in regard to the ALMM –Training, efforts will be made to increase capacities of the training institution in providing timely and adequate data concerning the attendance of the trainees, pre-condition for timely payment of the funds allocated for this measure by ESA, actions that will be undertaken with the project will consist of improvement of the application forms, development of new software applications and data base in regard to the new programmes where UNDP will have also role as of 2010 such as the Pilot- Support for additional employments and Roma Support Programme.

Moreover, effort will be made to perform impact assessment for the ALMM Formalization of existing business, implemented In 2008, following the methodological principles applied in the performance of Self-employment 2007 ALMM impact assessment. The focus of this assessment will be not just on obtaining data in regard to the survival rates of the firms, turnover and etc., but on building capacities of the national partners, here specially

MLSP and ESA staff, on modifying methodology according to the ALMMs specifics, as well as actual performing of impacts. In that regard, it is envisaged that trained staff of MLSP and ESA, concerning the methodology used in Impact assessment of Self-employment 2007 ALMM, will be actively involved in performing above-mentioned impact assessment in the course of 2010. By initiating this, project will pay special attention on finding suitable solution in regard to the MLSP and ESA's staff involved in this action, not to interfere with their scope of work and quality.

In line with all support and assistance that will be provided to the national partners in implementing programmes and measures of the OP 2010, as well as all assistance and inputs given in the course of development of the OP 2010, under UNDP responsibility, evaluation of the Pilot programme for Support of additional employment (see Output 1) will be performed. This evaluation will be focused on the design of this pilot and possibilities to increase scope of actors and etc. Finding of this evaluation will be presented on the second workshop that is to be organized as part of the capacity building activities (see Output 1)

❖ On the meeting of the Project Board held on 28.01. 2009, where financial implication linked with the implementation of the Project „Self-employment II and Technical Assistance to Support the Government Operational Plan for ALMMs for 2008,“ were discussed, it was agreed funds remaining in the Project after the finalization of implementation activities to be used for additional activities. Following that decision, in 2010, funds remaining from the implementation of the Project „Self-employment III and Technical Assistance to Support the Government Operational Plan for ALMMs for 2009,“ due to the VAT return, will be used for piloting new programme of support for additional employments in firms registered through the Self-employment programmes implemented in 2007 and 2008.

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 labour 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 young unemployed women and men, who went through professional training (retraining/re-qualification programmes) and b) Cumulative number of new jobs created from the programmes implemented

Baseline: Unemployment 31.7 %⁵ (in the III Quarter of 2009)

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

Partnership Strategy The project shall contribute to development of the partnership with state/governmental bodies and agencies. In particular, it will closely collaborate with Ministry of Labour and Social Policy (MLSP), Employment Service Agency (ESA), Agency for Promotion of Entrepreneurship (APE), and Central Register (CR) in development and implementation of ALMMs (Self-employment and Formalization of existing business), and Ministry of Education and Science (MES) and Vocational Education and Training Centre (VETC) in improving the arrangements for short-term training programmes. In addition, the project will assist in building capacities of the Adult Education Centre (AEC) in accordance to the Law on Adult Education and priority area of interventions in that context. At the same time, the project will strengthen capacities of MLSP and ESA, further to develop their capacities for performing impact assessments of already implemented activities. Moreover, UNDP will provide assistance in piloting support for increasing the scope of business activities of the firms established as per 2007 and 2008 Programme, as well as implementation of the Roma Support Programme, part of the Roma Decade actions.

Project title and ID (ATLAS Award ID): **“Self-employment IV and Technical Assistance to Support the Government operational Plan for ALMMs for 2010”**

INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output 1 - <u>Capacity development</u> as cross cutting activity for all components under the project</p> <p>Baseline: The Government is expanding the number and scope of ALMMs in OP 2010 as a response to the</p>	<p>(2010)</p> <p>Capacities of 8 Roma Information Centres (RICs) increased concerning the Self-employment Programme</p>	<p>Activity 1 - Capacity building</p> <p>Main actions:</p> <p>1.1 Two (2) two-days workshop organized with national partners involved in the implementation of the activities</p>	<p>Ministry of Labour and Social Policy Employment Service Agency Agency for Promotion of Entrepreneurships Ministry of Education and Science</p>	<p>Financial and human resources employed to organize two-days workshops</p> <p>Financial and human resources employed to organize study visit</p>

⁵Source: State Statistical Office

<p><i>Programme of the Government 2008-2012 and National Strategy for Employment 2010</i></p> <p>Request received from the MLSP on up-scaling of the interventions in the area of OP 2010 programmes, where UNDP has a role, as a result of lessons learnt and made achievements</p> <p>Limited resources of national partners in regard to the programming and planning of ALMMs, as well as monitoring and evaluation</p> <p>Lack of capacities in RICs to mobilize, promote and assist application process as per Self-employment Programme</p> <p>Indicators: Transfer of knowledge to the MLSP and ESA on implementation of OP2010 ALMMs, where UNDP has a role provided</p> <p>RICs trained for provision of adequate assistance</p>	<p>opportunities</p> <p>Capacities of MLSP, ESA and other national institutions relevant in the filed of ALMMs further strengthened and increased concerning programming and planning ALMMs</p> <p>Data base used in 2009, further improved in 2010, according to the involved national institutions' needs</p> <p>Capacities of Employment Service Agency to plan, deliver and monitor ALMMs increased</p> <p>Knowledge gained during the implementation of the models transferred</p>	<p>1.2 Increase of the capacities of involved partners, especially staff of ESA, through developed partnership and coordination among key partners, and transfer of knowledge on implementing the active labour market programmes and measures</p> <p>1.3 Capacities of MLSP, ESA and other national institutions relevant in the filed of ALMMs further will be strengthened and increased through organized study visit.</p> <p>1.4 Capacities of MLSP and ESA built through performance of impact assessment of the Formalization of existing business Programme, implemented in 2008</p> <p>1.5 Capacities of the Adult Education Centre strengthened, in accordance to the priority needs of the AEC</p> <p>1.6 Capacities of RICs to play active role among the Roma communities in order to have efficient application process build</p> <p>1.7 Capacities of MLSP, ESA and other national institutions relevant in the filed of ALMMs further strengthened and increased concerning programming and planning ALMMs by elaborating findings of the evaluation of the design of the pilot programme</p>	<p>Centre for Vocational Education and Training Adult Education Centre UNDP</p>	<p>Local consultant to guide and facilitate the performance of impact assessment</p> <p>International consultant according to the Adult Education Centre needs</p> <p>National consultant</p> <p>International consultant to perform evaluation of the design of the pilot programme</p>
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<p>Output 2 - Self-employment Programme model further improved, in line with new target groups set in OP 2010, as well as capacity building activities concerning RICs</p>	<p>(2010) 700 self-employments /small businesses established</p>	<p>Activity 2 - Implementation of Self-employment Programme, based on improved model</p> <p>Main actions:</p> <ul style="list-style-type: none"> 2.1 Call for applications and opportunities for self-employment promoted 2.2 Training on development of business ideas provided 2.3 Development of business plan supported 2.4 Business plans evaluated and selected, firms registered 2.5 Small capital grants provided to the firms through delivered necessary equipment and/or materials 	<p>Ministry of Labour and Social Policy Employment Service Agency Agency for Promotion of Entrepreneurships UNDP</p>	<p>Provision of trainings to applicants on start-ups</p> <p>Development of business plans from ideas</p> <p>Increased capacities of ESA' staff in regard to the provision of trainings to applicants, in close collaboration with the project staff</p> <p>Small grants provided for support of start-ups and small businesses for procurement of necessary equipment/materials to the registered firms</p> <p>Increased capacities of ESA' staff in regard to the monitoring activities, in close collaboration with the project staff</p>
<p>Baseline: High level of unemployment 31.7%⁶ (in the III Quarter of 2009)</p> <p>SME sector unable to absorb the number of unemployed</p>				
<p>The Government is expanding the number and scope of ALMMs in OP 2010 as a response to the Programme of the Government 2008-2012 and National Strategy for Employment 2010</p>				
<p>Request received from the MLSP on up-scaling of the interventions in the area of self-employment as a result of lessons learnt and made achievements as per Self-employment programme implemented in 2009</p>				
<p>Limited resources of ESA in implementation of Self-</p>				

⁶Source: State Statistical Office

<p>employment Programme's activities, especially those referring to training on business ideas, preparation of business plans, and utilization of the grant funds, monitoring of the procurement process and etc.</p> <p>Indicators: Improved model developed in order to correspond to the new target groups and activities as per OP 2010</p> <p>No. of supported self-employments</p> <p>Relevant and competent training on development of business plans based on applicants' ideas provided</p> <p>Timely and efficient provision of small-grants allocated for procurement of necessary equipment/materials to the registered firms</p> <p>Increased role of the ESA' staff in the preparation of business plans</p> <p>Increased role of the ESA' staff in the monitoring activities</p>		
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<p>Output 3 - Formalization of existing business Programme model further improved in line with new target groups set in OP2010</p> <p>Baseline: National Employment Strategy 2010 addresses the informal economy as one of the problems of the unemployment. Operational plan for 2010 identifies support in formalization of the 250 informal businesses.</p> <p>Indicators No. of informal businesses formalized.</p> <p>Timely and efficient provision of small-grants allocated for procurement of necessary equipment/materials to the registered firms</p> <p>Increased role of the ESA' staff in the monitoring activities</p>	<p>250 formalization of existing businesses</p>	<p>Activity 3- Implementation of the Formalization of the existing businesses, based on improved model</p> <p>Main actions:</p> <p>3.1 Call for applications and opportunities for self-employment by formalization of the existing business promoted</p> <p>3.2 Business plans evaluated and selected, firms registered</p> <p>3.3 Small capital grants provided to the firms through delivered necessary equipment/ materials</p>	<p>Ministry of Labour and Social Policy Employment Service Agency Agency for Promotion of Entrepreneurships UNDP</p>	<p>Small grants provided for support of start-ups and small businesses for procurement of necessary equipment/materials to the registered firms</p> <p>Increased capacities of ESA' staff in regard to the monitoring activities, in close collaboration with the project staff</p>
<p>Output 4 - Support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008 will be piloted</p>	<p>Up to 50 additional employments supported</p>	<p>Activity 4- Implementation of the Pilot- Support for additional employments in firms registered through the Self-employment programmes implemented in 2007 and 2008 piloted and implemented</p>	<p>Ministry of Labour and Social Policy Employment Service Agency Agency for Promotion of Entrepreneurships UNDP</p>	<p>Small grants, as a result of the additional employments and increase of the business scope of activity provided by procurement of necessary</p>

<p>Baseline: Operational plan for 2010 identifies the need to support the growth of the already established firms under the ALMMs implemented in 2007 and 2008, in the context of actions for development of the SMS sector</p> <p>Indicators No. of additional employments supported</p> <p>Timely and efficient provision of small-grants allocated for procurement of necessary equipment/materials</p> <p>Increased role of the ESA' staff in the monitoring activities</p>		<p>Main actions:</p> <p>4.1 Call for applications and submission of applications by interested firms</p> <p>4.2 Selection of candidates</p> <p>4.3 Mediation between the firms and unemployed people for their employment</p> <p>4.4 Signing contact between the ESA and the employers; Signing contract with the beneficiary/ firm for procurement of equipment and materials</p> <p>4.5 Provision of small capital grants to the firms, through delivery of necessary equipment/ materials</p>		<p>equipment/materials to the registered firms under the programmes implemented in 2007 and 2008</p> <p>Increased capacities of ESA' staff in regard to the monitoring activities, in close collaboration with the project staff</p>
<p>Output 5 - Model with mechanisms and procedures for implementation of the <u>Active Labour Market Measures - Training in skills and occupations</u> deficient on the labour market further developed and regionally up scaled in line with the efforts for strengthening institutional capacities to effectively develop and implement initiatives for trainings according to the labour demands. In addition, this model</p>	<p>Targets (2010)</p> <p>Coordination for development of at least four (4) new training modules established</p> <p>Support to the national institutions on identifying adequate⁷ certification model</p>	<p>Activity 5- Implementation of the Active Labour Market Measures - Training in skills and occupations deficient on the labour market coordinated and supported</p> <p>Main actions:</p> <p>5.1 Coordination of the preparatory activities</p> <p>5.2 Assistance in developing</p>	<p>Ministry of Labour and Social Policy Employment Service Agency Ministry of Education and Science Vocational Education and Training Centre Adult Education Centre Commerce chambers</p>	<p>Financial and human resources for organization and conducting of the target group</p> <p>Assistance in identifying new ALMMs</p> <p>Support in identification of necessary procedures</p>

⁷ It is still unclear who is responsible for certification of the successful candidates that have undergone training. In the previous years (2008 and 2009), most of the faced

<p>will be used for provision of training under the Roma Support Programme</p> <p>Baseline: Lack of sufficient coordination between educational and labour sector to implement this ALMM in accordance with the Governmental Operational Plan for 2010</p> <p>Sub-laws on Law on Adult Education not developed; Adult Education Centre still not functioning in its full scope; The role of institutions still not clearly defined; Lack of coordination among different institutions.</p> <p>Indicators: Standard based training curricula for skills and occupations deficient on the labour market developed, broadly publicly discussed among the relevant institutions and approved by MES</p> <p>Coordination of the preparatory activities related to the training institutions so to be well prepared for training conducting</p>	<p>Coordination for development and approval of at least four (4) new standard based training curricula in selected public institutions established</p> <p>Data base for ALMMs from the OP 2010, where UNDP is one of the implementing partners, improved</p>	<p>selection criteria for the training providers and eligible candidates for training</p> <p>5.3 Coordination of the selection of public institutions that will conduct training programmes</p> <p>5.4 Provision of assistance in obtaining endorsement of the training modules (curricula) by the Ministry of Education and Science</p> <p>5.5 Support in coordinating the organisation and delivery of the training programmes</p> <p>5.6 Assistance in development of all required procedures, criteria, tools needed for the operationalization of the training process for future increase of the scope of actions</p> <p>5.7 Assistance in development of all required procedures, criteria, tools needed for the operationalization of the training process for specialized target groups</p> <p>5.8 Support in development of monitoring system, involving all implementing partners</p>	<p>UNDP</p>	<p>for efficient operationalization of the training activities as ALMM</p> <p>National consultant</p> <p>Adjusting the data base with ALMMs, where UNDP has a role, in accordance to the national partners' needs</p>
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problems were due to this issue. As the number of involved parties' increases, it was required in 2010 adequate model to be find and agreed among all involved parties.

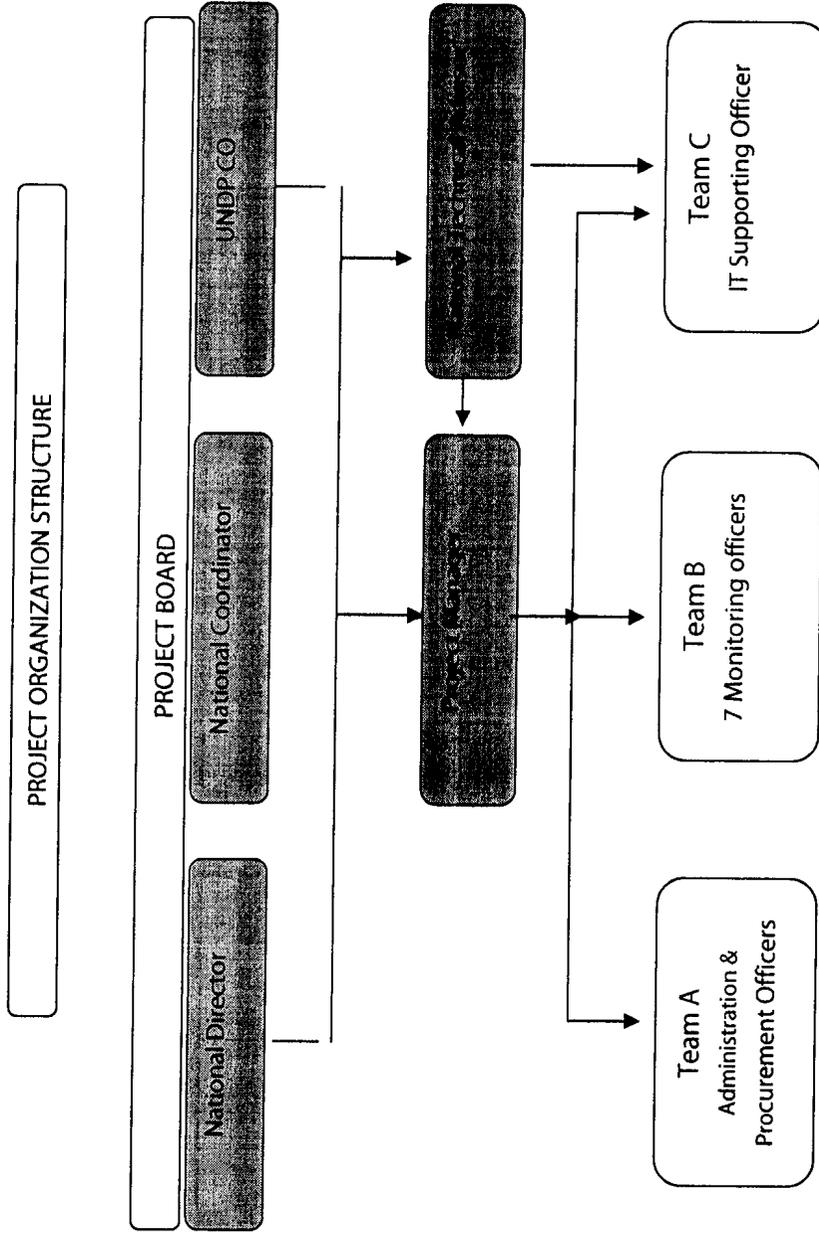
IV. ANNUAL WORK PLAN BUDGET SHEET

Year: 2010

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES				RESPONSIBLE PARTY			PLANNED BUDGET		
	Q1	Q2	Q3	Q4		Funding Source	Budget Description	MKD	exchange rate February	USD
Output 1 Capacity development as cross cutting activity for all components under the project	X				UNDP	4000	72705- Special event(seminars)	259.500,00	43,25	6.000,00
	X	X	X	X						
		X			UNDP	4000	72705- Special events (study tour)	865.000,00	43,25	20.000,00
			X		UNDP	4000	73200-Local Consultant	216.250,00	43,25	5.000,00
				X	UNDP	4000	71200- International Consultant	216.250,00	43,25	5.000,00
									43,25	
			X	X	UNDP	4000	71200- International Consultant	173.000,00	43,25	4.000,00
SUB TOTAL 1								1.730.000,00	43,25	40.000,00

V. MANAGEMENT ARRANGEMENTS

PO organization chart



Implementation arrangements

Overall Management

The Project will be executed under National Implementation Modality (NIM), under overall responsibility of the Government. UNDP will provide support to the execution of the project both as an implementing partner and technical assistance provider. Ministry of Labour and Social Policy will be the focal point for all communications with UNDP, and all project-related activities. Both the Ministry of Labour and Social Policy and UNDP will be primarily responsible for the overall management of the project activities, reporting, accounting, monitoring and evaluation as well as supervision of the implementing partners. The Government will entrust UNDP Project Office to provide services related to procurement, recruitment, contracting as well as to make direct payments to vendors on the terms to be agreed separately between the Government and UNDP.

Specific roles are the following:

a) **National Programme Director (NPD), the Minister of Labour and Social Policy** is Head of the **Project Board** and a principal focal point from the Ministry of Labour and Social Policy for the overall coordination of the employment programme. Also, the Minister will be a main link with the Government and the Project partners.

b) **National Project Coordinator (NPC), Director of ESA** will under overall guidance of the National Programme Director, serve as a focal point and will provide inputs in the day-to-day implementation of the project.

c) Management and oversight of the components 1. Support in improving and fine tuning of the business model for implementation of Self-employment programme; 2. Support in improving and fine tuning of the business model for implementation of Formalization of existing businesses programme; and 3. Piloting programme of support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008 should be provided by a single **Project Manager (PM)**, under guidance of NPC and UNDP Programme Officer.

The **PM** will report to the **Project Board (PB)**. The Project Manager would be responsible for:

- Preparation and implementation of work plan;
- Use of funds and delivery of results in line with the approved work plan;
- Recording and solving within the tolerance, practical problems and obstacles faced during the implementation, as well as to report and recommend solutions for issues that exceed the given tolerance;
- Generating project reports;
- Consistency and integrity of the methodology applied.

The management of project funds will be carried out according to UNDP financial rules and regulations, based on a work plan with a detailed budget. Project team will be responsible for the reporting on the resources allocated and Project's achievements. The funds from the Project shall not be used for paying any taxes. The Government will bear all charges of this kind with reference to the VET return to all suppliers that will be involved in the project activities.

At the same time, close coordination and TA of Project activities under action 4. Support in up scaling and fine tuning the mechanisms and procedures for provision of training in skills and occupation deficient on the labour market, including enlarged scope of the training programs, participants and training program providers, and 5. Support in implementing Roma Support Programme, part of the activities related to the Roma Decade will be provided by a **National Technical Advisor (NTA)**, who will work under guidance of NPC and UNDP Programme Officer.

The NTA will prepare reports which will be delivered to the **PM** to be included to the Official Reports for the **Project Board (PB)**.

d) The project will be formally steered by the **Project Board (PB)**, which serves as a main coordinating body for the implementation of this project.

The specific duties and responsibilities of the **Project Board** are as following:

- *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;*
- *Promote 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 other partners in implementation are: Employment Service Agency (ESA), Agency for Promotion of Entrepreneurship (APE), Ministry of Education and Science, Vocational Education and Training Centre, and Centre for Adult Education. A **Project Board** composed of NPD, NPC, Resident Representative (UNDP), Director of APE, State Secretary of MES, will meet on a periodic basis.

Implementation Procedures

UNDP Project and Programme team in close cooperation with ESA and APE will develop the implementation procedures and produce the necessary application documents, based on the previous experiences and lessons learnt, as of the following: 1) Support in improving and fine tuning of the business model for implementation of Self-employment programme, 2) Support in improving and fine tuning of the business model for implementation of Formalization of existing businesses programme and 3) Piloting programme of support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008, while UNDP Project and Programme team in close cooperation with MLSP, ESA, MES, VET Centre, AEC will develop the implementation procedures and produce the necessary documents, based on the previous experiences and lessons learnt, as of the following: 4) Support in up scaling and fine tuning the mechanisms and procedures for provision of training in skills and occupation deficient on the labour market, including enlarged scope of the training programs, participants and training program providers, and 5) Support in implementing Roma Support Programme, part of the activities related to the Roma Decade.

The **Operational Guidelines** for the project will be a key document to describe the methodology and the process of implementation of the ALMMs as part of OP 2010, where UNDP is having a role. This document will describe how interested unemployed candidates will be able to apply, participate and receive the self-employment or formalization grants, as well as the method of implementation and monitoring, method for provision of support in the activities related to the training in deficient skills on the labour market.

Daily Management

The **Project Office** located in Skopje will be responsible for implementation and monitoring activities, evaluation and guidance (including training and capacity building) during the implementation phase. It will be staffed with a Project Manager, National Technical Advisor, Administrative Assistant, 1 Procurement Assistant, 7 Monitoring Officers and an IT Supporting Officer.

In addition there will be **Project Coordination Team**, and it will consist of:

1. Representatives of MLSP from the Labour Sector
2. Representatives of ESA from Active Labour Market Measures Sector
3. Representatives of APE from the
4. Representatives of UNDP from the Project Office

UNDP Country Office will be responsible for overall management, guidance and directions to the execution of the Project, as delegated separately by the Government Executing Agent, including the administration and disbursement of project funds under the direct payment modality. It will be also responsible for regular collaboration and reporting to the Government on quarterly bases.

VI. MONITORING FRAMEWORK AND EVALUATION

Within the annual cycle

The Project monitoring and evaluation mechanisms will be implemented on two levels. On a first level, under the guidance of the Project Manager, Monitoring Officers will actively work with all Employment Centres and Voucher Centres, Commission for ranking of business plans, and the applicants for ALMMs Self-employment and Formalization, aiming at timely monitoring and coordination of activities within project timeframe. Monitoring Officers will ensure information sharing in parallel with internal information flow of each of the institutions and will support the Directors of Employment Centres in delivering their complex tasks. They will ensure transparency in all processes run by different institutions and will communicate with the candidates, aiming at providing feedback on usefulness and successfulness of undertaken activities.

Second level of monitoring will be secured through engagement of National Project Coordinator and Project Manager, under the supervision of the UNDP Programme Officer, who will ensure submission of short monthly and quarterly reports to the members of Project Board and will follow, summarize and provide all information to all institutions. They will directly monitor implementation of the Project Work Plan and the Project Manager performance.

Accordingly, information and reports (Monthly and Quarterly) will flow from the Employment Centres to the National Employment Agency and to Monitoring Officers, and from Voucher Centres to APE and Monitoring Officers. Monitoring Officers will prepare Progress Weekly Reports to be submitted to the Project Manager, who is responsible for delivering them to the Project Coordination Team, National Project Coordinator and UNDP Programme Officer. Summarized information will be submitted to the National Project Director and UNDP Resident Representative, by the National Project Coordinator and UNDP Programme Officer, on monthly bases.

Annually

- **Annual Project Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Final Project Report.** Based on the above report, the final project report shall be conducted at the very end of the project activities, to assess the performance of the project. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

In order to evaluate the process of the Formulation of existing business programme , and take into account lessons learned for repeating /scaling up future interventions, independent evaluation exercise will be undertaken. UNDP will prepare Terms of Reference (ToR), select consultant and provide support during the evaluation. Produced report should be submitted to the MLSP, ESA, APE and UNDP by 2011.

Quality Management for Project Activity Results

Replicate the table for each activity result of the AWP to provide information on monitoring actions based on quality criteria. To be completed during the process "Defining a Project". This table shall be further refined during the process "Initiating a Project".

OUTPUT 1: Capacity development as cross cutting activity		
Activity Result 1 (Atlas Activity ID)	<i>Self-employment implementation Activity</i>	Start Date: 01 Mar '10 End Date: 31 Dec '10
Purpose	Strengthening capacities of all involved partner in the implementation of the project, according to their priority needs	
Description	<p>Increase of the capacities of involved partners will be undertaken through developed partnership and coordination among key partners, and transfer of knowledge on implementing the ALM programmes and measures. Focus will be given on increasing the awareness of national partners concerning the implementation procedures and steps by organizing 2 workshops, as well as organized study visit. Capacities of MLSP and ESA will be built through performance of impact assessment of the Formalization of existing business Programme, implemented in 2008, and in regard to the AEC in accordance to the priority needs of the centre.</p> <p>Supporting the implementation of Self-employment programme capacities of RICs will be build. In addition, capacities of MLSP, ESA and other national institutions relevant in the filed of ALMMs further strengthened and increased concerning programming and planning ALMMs by elaborating findings of the evaluation of the design of the pilot programme</p>	
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>
Preparation of the improved Project Operational Guidelines in coordination with national institutions	Operational Guidelines (OG) prepared and accepted by PB.	March 2010
Monitoring on implementation conducted through joint monitoring team consisted of all interested implementing institutions	Lessons learnt shared with relevant national institutions.	May- Dec 2010
Regular reporting to the Project Coordination Team and Working Group provided; and implementation steps/bottle-necks/findings outlined	Monthly and Quarterly reports prepared and shared with national institutions.	Monthly and quarterly
Data base adjusted to the national partners' need	Data base for ALMMs from the OP 2010, where UNDP is having a role, further developed and consequently improved	Dec 2010

OUTPUT 2: Self-employment Programme model further improved, in line with new target groups set in OP 2010, as well as capacity building activities concerning RICs		
Activity Result 2 (Atlas Activity ID)	<i>Self-employment implementation Activity2</i>	Start Date: 01 Mar '10 End Date: 31 Dec '10
Purpose	700 self-employments /small businesses established	
Description	Implementation of the model for Self-employment Programme according to the specifics outlined in OP 2010, with a goal to reduce unemployment by assisting 700 self-employments. Implementation of the Self-employment Programme will be done through transparent and open selection process, through which best business ideas will be selected and provided with training on development of business plans. As a result, 700 firms will be registered by the end of 2010. Newly formed firms will be further supported with small capital grants, providing to the firms 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 intervention; No. of RIC's staff trained and supported for dissemination of programme's opportunities; No. of applications received.	At least 1.500 candidates registered at ESA Local Job Centres and approximately 1000 candidates confirmed their interest in written form At least 10 RIC's ⁸ staff trained	May 2010
Relevant and competent training on development of business plans based on applicants ideas provided; Business plans produced and best ones selected for further support; No of registered firms.	Good quality interactive training "From idea to businesses" organized; 780 business plans developed; 700 viable business plans selected for self-employment grants; 700 supported businesses registered.	September 2010
Timely and efficient provision of small-grants allocated for procurement of necessary equipment/ materials to the registered firms.	700 Self-employment grants in equipment and/or materials transparently and timely procured and delivered to the registered businesses.	December 2010

⁸ As per information obtained from MLSP, there are 8 RIC with approximately 2-3 employees, paid via State Budget.

OUTPUT 3: Formalization of existing business Programme model further improved in line with new target groups set in OP2010		
Activity Result (Atlas Activity ID)	Formalization of businesses Activity3	Start Date: 01 Mar '10 End Date: 31 Dec '10
Purpose	250 informal businesses formalized	
Description	Implementation of the improved model for Formalization Programme, with a goal to reduce unemployment and grey economy by assisting 250 informal already existing businesses to legalize. Implementation of the Formalization Programme will be done through transparent and open selection process. As a result, 250 firms will be registered by the end of 2010. Newly, legalized firms will be further supported with small capital grants.	
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 Formalization of existing businesses Programme; No. of applications received.	At least 400 candidates registered at ESA Regional Job Centres and approximately 300 candidates confirmed their interest in written form	May 2010
No. of informal businesses formalized.	250 informal businesses registered	September 2010
Timely and efficient provision of small-grants allocated for procurement of necessary equipment/materials to the registered firms.	250 Formalization grants in equipment and/or materials transparently and timely procured and delivered to the registered businesses.	December 2010

OUTPUT 4: Support for additional employments in firms registered through the Self-employment programmes implemented in 2007 and 2008 piloted		
Activity Result (Atlas Activity ID)	Strengthen institutional capacities <i>Activity 4</i>	Start Date: 01 Mar '10 End Date: 31 Dec '10
Purpose	Up to 50 new employments made in firms already established in 2007 and 2008	
Description	Piloting implementation of the Active Labour Market Measure - Support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008, with a goal to encourage the growth of the small size firms by assisting up to 50 additional employments. Implementation of the Pilot- Support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008, will be done through transparent and open selection process. As a result, up to 50 new employments will be registered by the end of 2010. These activities will be further supported with small capital grants per each new employment made in the already established firms in 2007 and 2008.	
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 Pilot-Support for additional employments in firms registered through the Self-employment programmes in 2007 and 2008; No. of applications received.	At least 150 firms already established in 2007 and 2008 confirmed their interest in written form at ESA Regional Job Centres	May 2010
No. of additional employments made.	Up to 50 informal businesses registered	September 2010
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.	Up to 50 grants in equipment and/or materials transparently and timely procured and delivered to the registered businesses.	December 2010

OUTPUT 5: Model with mechanisms and procedures for implementation of the Active Labour Market Measures – Training in skills and occupations deficient on the labour market further developed and regionally up scaled in line with the efforts for strengthening institutional capacities to effectively develop and implement initiatives for trainings according to the labour demands. In addition, this model will be used for provision of training under the Roma Support Programme		
Activity Result (Atlas Activity ID)	Strengthen institutional capacities <i>Activity 5</i>	Start Date: 01 Mar '10 End Date: 31 Dec '10
Purpose	Coordination of national partners in regard to the activities concerning the ALMMs Training, as well as preparing Centre for Adult Education, within MES, and ESA to lead other institutions in actual implementation of this measure. In addition, improved model of implementation will be used for provision of training under the Roma Support Programme.	
Description	Coordination of the activities in regard to the market demand based training modules and their execution by public vocational providers. Coordination activities should enable efficient training of 111 candidates in skills and occupations deficient on the labour market, as well as 50 Roma under the Roma Support Programme. Successful candidates that will pass the final exams will obtain certificates.	
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 Training ALMM; No. of applications by training providers received, No. of applications by training candidates	At least 6 applications by training providers, and at least 150 for the training in deficient skills and occupations and 70 for the Roma.	
High quality training curricula for deficient skills and occupations developed by the training providers, endorsed by VET Centre, and verified by the MES	Four (4) new standard based training curricula for deficient skills and occupations developed by training providers, broadly publicly discussed among the relevant institutions and verified by MES	July 2010
Coordination of activities concerning the timely and professional training provision and obtaining of data	Monitoring system set and well functional, providing adequate data, especially to ESA	August 2010

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 host-country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the Government co-operating agency described in that Agreement.

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 of, 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.

Necessary procurement contracts will be signed and executed only upon full transfer of Governmental funds to UNDP, in line with the presented payment plan presented below.

SPECIAL CLAUSES

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

If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit an information on a timely basis a supplementary estimate showing the further financing that will be necessary.

Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

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

The contribution shall be charged:

- a) 3% cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
- b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

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

Budget

	Line Item	Unemployed	Units	Amount	Output 3	Total MKD including VAT	Rate**	Total USD**
1	Training for 1000 participants*	1,000	1	2,297,00		2,297,000,00	43,25	53,109,83
2	Business plans - Voucher system*	750	1	11,600,00		8,700,000,00	43,25	201,156,07
3	Registration of firms*	950	1	3,000,00		2,850,000,00	43,25	65,895,95
4	Self-employment grants*	950	1	185,000,00		175,750,000,00	43,25	4,063,583,82
5	Administrative costs covered by the Government					4,903,000,00	43,25	113,364,16
	TOTAL funds from the Government			78,105,00		194,500,000,00	43,25	4,497,109,83
5a	Administrative costs, detailed		units				43,25	
5.1	<i>Staff</i>	12	11 months	86,148,97	11,371,664,46	11,371,664,46	43,25	262,928,66
5.2	<i>Office rental and maintenance</i>	1	11	90,025,00	990,275,00	990,275,00	43,25	22,896,53
5.3	<i>Communications</i>	1	11	68,105,00	749,155,00	749,155,00	43,25	17,321,50
5.4	<i>Travel</i>	1	10	84,300,00	843,000,00	843,000,00	43,25	19,491,33
5.5	<i>Office supplies</i>	1	10	12,300,00	123,000,00	123,000,00	43,25	2,843,93
	UNDP General Management Service Fee 3%, only from Govt. funds					5,835,000,00	43,25	134,913,29
	UNDP direct cost to the management					2,558,626,29	43,25	59,158,99
	Unfunded budget Project office					2,599,372,00	43,25	
	Subtotal 5 (PO)					14,077,094,46	43,25	

Funding sources:						
1. Macedonian Government				194.500.000,00	43,25	4.497.109,83
2. UNDP in cash				7.352.500,00	43,25	170.000,00
				194.500.000,00	43,25	4.497.109,83
3. UNDP in kind contribution				4.189.865,78	43,25	96.875,51
				11.542.365,78	43,25	266.875,51
TOTAL PROJECT BUDGET (available cash budget for 700 self-employments and 250 formalization)				201.852.500,00	43,25	4.667.109,83
Unfunded budget				11.945.220,75	43,25	276.190,08
TOTAL PROJECT BUDGET				213.797.720,75	43,25	4.943.299,91
Government contribution to UNDP				194.500.000,00	43,25	4.497.109,83
UNDP contribution				11.542.365,78	43,25	266.875,51
VAT return			GMS	5.835.000,00	43,25	134.913,29
VAT return			Direct costs	2.558.626,29	43,25	59.158,99
VAT return			PO admin costs	3.551.594,46	43,25	82.117,79
				213.797.720,75		

* UNDP is not eligible to pay for VAT

** Exchange rate for February 2010, 1USD = 43,25 MKD

"Self-employment 2010 and Technical Assistance to Support the Government Operational Plan for ALMMs for 2010"

1. For the smooth implementation of the project UNDP agree to accept and report in Macedonian Denars (according to the official UN exchange rates for the reporting period). The contribution will be transferred to the UNDP in four tranches for the activities as described below in the Tables 1 and 2:

Table 1. Description of projected activities

	Activities	Unemployed	Total MKD (including VAT)	Exchange rate	Total USD**
1	Training "From idea from business" for 900 participants	1000	2.297.000,00	43,25	53.109,83
2	Development of business plans - Voucher system (self-employment)	750	8.700.000,00	43,25	201.156,07
3	Registration of firms/ Self-employment	700	2.100.000,00	43,25	48.554,91
4	Registration of firms/ Formalization	250	750.000,00	43,25	17.341,04
5	Small capital grants/ Self-employment	700	129.500.000,00	43,25	2.994.219,65
6	Small capital grants/ Formalization	250	46.250.000,00	43,25	961.738,41
7	Administrative costs covered by the Government		4.903.000,00	43,25	106.737,37
	TOTAL funds from the Government		194.500.000,00	43,25	4.497.109,83
	<i>Total activities in MKD funded by the GOV</i>		194.500.000,00	43,25	4.497.109,83
	<i>Total Activities in USD S funded by the GOV</i>		4.497.109,83		
	<i>Total activities in MKD funded by UNDP</i>		2.152.500,00		
	<i>Total activities in USD funded by UNDP</i>		170.000,00		

Table 2. Dynamics of transfer of instalments toward UNDP

Instalments	Date	Amount in MKD
First instalment	Upon signing of the Agreement	29.175.000,00
Second instalment	01.05.2010	48.625.000,00
Third instalment	01.08.2010	77.800.000,00
Forth instalment	01.10.2010	38.900.000,00
Total		194.500.000,00

2. The Government and UNDP agreed that the **PROJECT COSTS** will be shared in the manner described in Table 3:

Table 3: Project costs

	Type of the cost	Source	Source of financial support	Needed funds (in MKD)	Need funds (in USD)
1	PROJECT OFFICE COSTS – Administrative costs (project staff, office rent and maintenance, communications, travel and car maintenance, office supplies) – Table 4			14.077.094,46	325.481,94
1.1.	Administrative costs	Government	In calculated in the funds determined for the activities of the project, funded by the Government of RM	4.903.000,00	113.364,16
1.2.	Administrative costs	Government	Covered by the VET funds return of the project	3.551.594,46	\$73.853,08
1.3.	Administrative costs	UNDP	UNDP in cash	5.622.500,00	130.000,00
2	COSTS RELATED TO THE MANAGEMENT AND IMPLEMENTATION SERVICES			8.393.626,29	194.072,28
2.1	INDIRECT COSTS - GMS (3% of the total amount of received by the Government, for the offices in New York) – Table 5	Government	Covered by the VET funds return of the project	5.835.000,00	134.913,29

2.2.	DIRECT COSTS for implementation – Table 6	Government	Covered by the VET funds return of the project	2.558.626,29	59.158,99
	TOTAL PROJECT COSTS			22.470.720,33	519.554,23
	(1.1 + 1.2 + 2.1 + 2.2)	Government		16.848.220,33	389.554,23
1.3.		UNDP		5.622.500,00	130.000,00

In the **total Project Costs** the Government will contribute 16.848.220,33 Macedonian Denars (MKD) whereas UNDP will contribute 5.622.500,00 MKD (130.000,00 USD) in cash. As a project support UNDP will provide 4,189,865.78 MKD (96.875,51 USD) in kind contribution.

Project Office Costs (Administrative costs) will be utilized as showed in Table 4:

Table 4: Project Office Costs – Administrative costs

Administrative costs description	units	months	Total for months	Amount in MKD	USD exchange rate	Amount in USD
Staff	12	11	86.148,97	11.371.664,04	43,25	262.928,65
Office rental and maintenance	1	11	90.025,00	990.275,00	43,25	22.896,53
Communications	1	11	68.105,00	749.155,00	43,25	17.321,50
Travel	1	10	84.300,00	843.000,00	43,25	19.491,33
Office supplies	1	10	12.300,00	123.000,00	43,25	2.843,93
			TOTAL	14.077.094,04		325.481,94

The costs related to management and implementation services (Indirect and Direct costs), reference to Article 2 of Cost-sharing Agreement are outlined below and as agreed between UNDP and the MLSP will be covered from VAT reimbursement resources under the Project, as described in Table 5 and Table 6 :

Table 5: INDIRECT COSTS- General Management Support (GMS)

Description	Amount in MKD	Amount in USD
3% of the total amount received by the Government in MKD	5.835.000,00	134.913,29
Total	5.835.000,00	134.913,29

Table 6: DIRECT COSTS – Implementation Service Support (ISS)

Description	Description	Amount in MKD	Amount in USD
Description of categories	Breakdown	Amount in MKD	Amount in USD
Human Resources Management	Advertised positions	42.427,79	980,99
Procurement of Goods/ Services related to this project	Tender add	7.568,75	175,00
Financial Management	950x3=3000 (approx) RDP's (16,85 \$)	2.186.287,50	50.550,00
E-mail account	248\$ x12 staff	128.712,00	2.976,00
Radio room	407x11 staff	193.630,25	4.477,00
		2.558.626,29	59.158,99

3. The balances from the VAT (after the above expenses have been charged) will be used for Project activities and returned to the Government budget once all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion, as per the agreement with the Government.
4. Balances on Government contribution that are not expended by the close of the project shall be returned to the Government.
5. UNDP will make every effort to offset any losses due to the exchange rate fluctuations within the period of project implementation.
6. Per the agreement between UNDP and the government to receive funds in MKD, all funds are to be deposited in to UNDP local bank account which is not an interest generating account.



REPUBLIC OF MACEDONIA
MINISTRY OF LABOR AND SOCIAL POLICY

Skopje

02-1602/3

Skopje, February, 2010

LETTER OF ACCEPTANCE

With reference to the United Nations Development Programme (UNDP) Project Document titled "**Implementation of Self-employment IV Project as part of the Governmental Operational Plan for Employment for 2010**", 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. Xhefar Bajrami



Ms. Deirdre Boyd
Resident Representative
United Nations Development Programme