

Project Title: Bridging the Skills Gap to Create New and Better Jobs

Project Number:

Implementing Partner: United Nations Development Programme

Start Date: February 2020 **End Date:** 31 December 2021 **PAC Meeting date:** 01 March 2019

Brief Description

The project aims to address some of the core issues of the unemployment and bridge the "skills gap" in two key industries in North Macedonia - textile and construction through the design and testing of training provision models including post-secondary education and non-formal training.

The project will consider key demographic groups, including young people entering the workplace, long-term unemployed and some workers already in employment who need improved opportunities to gain the skills they need to prosper in the private-sector.

To be able to expand employment opportunities that meet the business demand for skilled labour, the project will develop a broad skills gap matching approach for two specific sectors / identified challenges, based on facilitation of policy dialogue amongst key stakeholders, as part of which it will work with:

- i) private companies, to understand their current labour requirements and help them define job profiles for the future;
- ii) existing vocational education and training (VET) providers (schools, universities, businesses), to reflect private-sector needs into the curriculum so graduates gain formal qualifications (formally recognized by the system, not necessarily gained through the formal education) for high-demand occupations;
- iii) key national stakeholders who will form a multi-sectoral platform, a forum that will enable an environment that will bridge the skills gap that exist among the beneficiary groups and the pilot industries that need these.

The skills gap matching approach will be tested in construction and textiles, where research shows there is an immediate and growth-inhibiting shortage of skilled labour. The project will also identify other sectors where this approach could be taken forward.

Guaranteeing access to quality and inclusive education, upskilling and reskilling are key in enabling people to be engaged and active citizens, and in facilitating transitions into and within the labour market. Policy recommendations for defining the local approach in addressing the skills mismatch will be designed together with the regional employment centers, partnering training providers and businesses from selected sectors. In co-ordination with national policy and in partnership with local actors from the public and private sector, the project will work towards understanding the local needs and potential, in order to design appropriate strategy and action plan for increasing employment on a local level.

Contributing Outcome (UNDAF/CPD, RPD or GPD):

Outcome 1. By 2020, more men and women are able to improve their livelihoods by securing decent and sustainable employment in an increasingly competitive and job-rich economy.

Indicative Output(s) with gender marker: GEN2

Total resources required:	893,382 USD	
Total resources allocated for the period Feb'20-Mar'21:	UNDP TRAC:	-
	Donor:	657,144 USD
	Government:	-
Unfunded (project period Apr '21-Dec '21):	In-Kind:	-
	235,938 USD	

* 1 US \$= 0.777 U.K. Pound (UN Exch.Rate Nov.2019)

Agreed by:

UNDP CO North Macedonia

Narine Sahakyan, Resident Representative



Date: 19.02.2020

I. DEVELOPMENT CHALLENGE

This project aims to address high unemployment rates and low labour-force participation rates, whilst at the same time having a shortage of skilled labour in the textile and construction sectors.

As OECD Report¹ “Job Creation and Local Economic Development” states emerging “skills trap” phenomenon is characterized with little incentive for people to acquire higher skill levels knowing that there are limited job opportunities available in the local labour market. At the same time, employers are unlikely to upgrade their production process that use a higher level of skills, knowing that they will be unable to find suitably trained people. This intervention is aiming to resolve this problem and provide opportunities for direct interaction amongst private companies and potential employees that are ready to retrain to higher skilled positions.

High rates of unemployment

The unemployment rate of 17.8% in Q1 2019 is high, especially when compared to the EU average of 6.2² and the Western Balkan average of 15.3%.³ The recent reduction in the unemployment rate is partly due to creation of new jobs but also due to emigration and withdrawal of discouraged workers from the labour force. Labour-force participation rates at 57.1% for the population and 46.7% for women, are also among the lowest in Europe.

The situation is particularly bleak for young people aged 15-24. The unemployment rate for this group was 34.9% in Q2 2019. Only 32.6% participate in the labour force, with young women particularly poorly represented at 27.5%, against 37.4% for young men. Any statistical improvements over recent years are largely misleading and are a result of demographic factors – the age group shrank in size by 10% between 2007 and 2016 – rather than greater job creation.

The share of young people not employed or in education or training (NEET)⁴ was 24.9% in 2017, almost two times higher than the EU average. This means majority of NEETs (60 percent) were unemployed non-students, while the remaining 40 percent were inactive non-students. More young women are NEET than young men (25.9 vs 23.9%), and the activity rate for young women (23.1%) is twice as low as for the young men (41.2%).

A crippling skills gap

At the same time, employers across a variety of sectors complain that they are unable to find the workers they need to maintain current levels of production, let alone to expand. EVN, the Austrian-owned electricity utility, has said that the power industry could employ at least 500 electrical fitters immediately (this sector could be considered as an additional sector). Textile executives say they are hesitating to introduce new technologies because the country has no specialized technicians able to maintain or repair new equipment. The training model needs to take into consideration these shortages and provide a good model that would address this. The construction industry is looking to recruit 600 specialised construction technicians over the next year. From discussions with private-sector employers the situation is of such concern that they've suggested putting a moratorium on encouraging new foreign direct investment until skill gaps in targeted sectors are addressed.

This shortage of skilled and qualified workers is not just constraining North Macedonia's ability to generate more and better-quality jobs for its young people, but it is also slowing possible productivity improvements and by that the country's transition to an economy that can compete in the EU marketplace

¹ <https://read.oecd-ilibrary.org/employment/job-creation-and-local-economic-development>

² EU-28 unemployment at 6.2 % in August 2019 is the lowest since the start of the EU monthly unemployment series in January 2000. Among EU peer countries, in August 2019 Greece reported the highest unemployment rate (17.0%), Spain 13.8; Italy 9.5; and meanwhile, Croatia's rate fell to 6.9 from 11.1% in 2017 (https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics).

³ <https://wiiw.ac.at/western-balkans-labor-market-trends-2019-n-368.html>.

⁴ Report “Western Balkans Labor Market Trends 2019”, World Bank and the Vienna Institute for International Economic Studies (wiiw)

What are the reasons for this mismatch?

The OECD assessment of the country's education system, states that student performance lags behind other transition countries (PISA scores are among the lowest in the world⁵). The post-secondary level of education is not tailored to private-sector demand. Reform for three and four years formal vocational secondary education is under way, while post-secondary education is left behind. Further efforts are needed to ensure that graduates of secondary and tertiary education leave school with the skills and abilities that private-sector businesses rely on to compete, especially as there is an increase in job opportunities requiring higher level of education. These new job opportunities require new programmes to be developed, including at post-secondary education level, and new model of cooperation with the employers to be established. Adult education opportunities are also scarce, in particular in vocational opportunities, depriving potential workers of a chance to gain or improve their skills to keep pace with the growing technological demand of the employment marketplace.

The country's educational system is still not fully adapted to the needs of the private-sector economy. Changing industry needs demand changes in the vocational training system in a flexible and timely fashion. Young people have little exposure to the demands of the workplace before graduation, thus making them less attractive to employers. Those who choose to enter the job market have a strong preference to work in the public administration, which is seen as more secure and less demanding than the private sector, even though private-sector salaries are higher.

These challenges are exacerbated by competitive pressures that businesses face to adapt to changing industry trends, new technologies and greater automation. Unless workers can adapt, their jobs are at risk. Yet working adults have few options outside the workplace to learn the new skills, such as IT-driven manufacturing processes, that the market demands. Lifelong learning is at best an emerging concept; there are few certified providers of training that can help unemployed adults improve their employability or assist already-employed workers in "upskilling."

The post-secondary education system is a good starting point to address the demand for high-quality jobs, while at the same time responding to the high degree of uncertainty caused by technological change and automation. Improving the connection between universities and private companies, both by modernising training programs and building broad partnerships among all the key stakeholders, will help generate new job profiles for the textile and construction sectors.

At the same time, there is a need to complement improvements in the formal education system with reforms in the verification of informal provision of skills training, by working directly with private training providers and with businesses to enhance their in-house training capacity.

A Government priority

The Government recognizes the need for these reforms. Its priorities include fostering growth, creating jobs and increasing economic competitiveness, whilst also improving the social and economic inclusion of the most vulnerable categories of people. These priorities are reflected in numerous strategic documents, including a National Employment Plan; a Youth Employment Action Plan; an Annual Operational Employment Plan; a National Strategy for Vocational Education and Training in the context of Lifelong Learning; a National Framework on Qualifications, Skills and Competencies in the Context of Labour Market Needs; and a National Strategy on Innovation. A new Comprehensive Education Strategy adopted for 2018-2025⁶ allows for greater ambition in reforming education, training and retraining programs and engaging the private sector.

These policies remain largely on paper. They need grounding in the real-world to transform post-secondary education and non-formal VET training into a system that delivers for both companies and workers. Designing and testing measures to achieve this transformation is this project's aim.

The Government, through the MLSP and the Employment Services Agency (ESA), has expanded the reach of active labour market measures (ALMMs), by increasing the funding available for self-employment schemes and targeting inactive young people through a pilot "youth guarantee fund" modelled on EU practices. Most of these measures include some training: indeed, training accounts

⁵ <http://www.oecd.org/pisa/data/>

⁶ <http://mon.gov.mk/index.php/dokumenti/strateshki-plan>

for roughly 10% of ALMM funding, with 33% of ALMM participants receiving training. The skills promoted here are too basic and generic to qualify the recipients for most private-sector occupations and in-house experience is lacking.

In this context, the Government has requested outside assistance in adapting the vocational training system to private-sector needs. Other partners are providing support, including the World Bank, the Swiss Agency for Development and Cooperation and the EU (through the Instrument for Pre-Accession [IPA] funding). To avoid duplication, each partner occupies a specific niche.

UNDP has a long-term partnership with the MLSP and ESA in designing and implementing labour market measures, and with the MES in filling gaps in adult education (vocational training for prisoners, development of an adult primary education certification program). UNDP has discussed with MES to assist in reforming the VET system specifically by involving the private sector more directly in training and by identifying a new model for a sector-focused Regional VET Centre that can train both new and employed workers.

The project will focus on two industry sectors where skills shortages are inhibiting growth and where the potential for employment of young unemployed women and men is high. Solutions that are successful for these industries will be shared for application to other sectors.

Construction and textile sectors, both are major economic sectors: construction accounts for 6.2% of GDP and employs almost 56,000 people, and textiles accounts for 2.4% of GDP (and 12.4% of exports)⁷ and employs some 37,000 workers.⁸

Assessments from the ESA⁹, the State Statistical Office (SSO)¹⁰ and the Chambers of Commerce underline that both sectors face workforce shortages and difficulties in hiring skilled workers.

Employment in the construction sector is set to expand by 5% over the coming 12 months, with 80 surveyed companies alone seeking at least 1,131 new employees, of which 600 will require a secondary education, and 100 a post-secondary education.

For the textile industry, ESA survey data show 1,200 vacant positions in the textile industry, at all levels of education. In both sectors, labour shortages are constraining growth and modernization.

An industry analysis will be conducted at the start of the project with chambers of commerce and other private sector actors, to validate the selection of the construction and textile sectors, looking at their potential for growth, job creation and ability for inclusion of groups that face particularly high barriers to the labour force.

II. STRATEGY

The Project aims to provide private companies with knowledge of the likely dynamics in the labour market in two selected sectors, textile and construction, and share evidences about sectors and skills demands which is predicted to grow in the future.

The skills gap matching approach will be tested in construction and textiles, where research shows there is a growth-inhibiting shortage of skilled labour.¹¹ Selected industries are also facing with the digitalization and new technologies, increased mobility and globalization of labour markets, population aging and rise of the green economy which all make a marked impact on the future of jobs. Educational specialists speak about a “40-year gap” between the employers and experts’ vision of where the world of work and the state of learning will need to be in 15 years’ time and the inertia of institutions and practitioners’ and parents’ assumptions of what constitutes a “good” education. If left unaddressed, such trends can limit the ability of firms to innovate and adopt new technologies, impede the restructuring and the market competitiveness of local economies.

⁷ <https://www.fairwear.org/wp-content/uploads/2017/12/Macedonia-Country-Study-2017.pdf>.

⁸ Source: SSO.

⁹ <http://www.avrm.gov.mk/content/Statisticki%20podatoci/APV%202016-2017%20izvestaj-sumirani%20rezultati.pdf>

¹⁰ <http://www.stat.gov.mk/Publikacii/2.4.18.03.pdf>

¹¹ Survey on Skills Needed at the Labor Market, Employment Service Agency 2017

The Project will work on bringing closer good practices of innovative models for organizing and delivering skills development opportunities. Selected private companies from both sectors will be brought together to understand their current labour requirements and help them define job profiles for the future. For this, the Project will support creation of a multi-sectoral platform, a forum that will enable an environment where key national stakeholders and international experts will discuss on the importance of transformation and needed adjustments for both sectors.

The project aims to address some of the core issues of the unemployment and bridge the “skills gap” through the design and testing of training provision models including post-secondary education and Regional VET Center.

Existing vocational education and training (VET) providers (schools, universities, businesses), have to reflect private-sector needs into the curriculum so graduates gain formal qualifications for high-demand occupations. Once the skills gaps are identified, the project will assess the best approaches to skills matching, including designing a model of Regional VET, within either an existing vocational school or in private-owned facilities/companies. This facility will offer tailored skills training that is in high demand for the chosen industry or cluster of industries. The training approach will include direct involvement of private-sector businesses in designing, equipping and advising on the content of non-formal vocational training programmes.

The assessment of the skills gap will inform the modality of training delivery (from 2 up to 6 months) and the type of skills that would respond to the immediate labour demands. These efforts will complement the programs available through the formal VET system, governed by institutions established by the Ministry of Education and Science (MES) - the Center for Vocational Education and Training (VET Centre) responsible for formal VET education and Adult Education Center (AEC) responsible for non-formal education.

The Regional VET Centre for which the blueprint will be designed is envisioned as functional structure that rapidly responds to changing labour market needs by providing tailored skills that are missing, at policy and operational level. To ensure functioning links to the real needs of businesses in the two focal industries, new and/or upgraded models of the VET non-formal trainings and/or post-secondary education will include practical on-site training in company premises.

The project will examine possibilities for provision of post-secondary education¹², by development of training programs that will be adapted to adult learning needs, adjusted to the work of the private sector. Thus, it will also serve workers who need to upgrade their skills and move into higher quality jobs.

The project will pilot a multi-stakeholder platform aimed at bringing together businesses, policy-makers and development practitioners to explore and find workable solutions to common challenges faced by local businesses. The platform will be used to support the businesses in two industry sectors – construction and textile, to discuss and agree on possible new model for skills gap, becoming one of the biggest bottlenecks. It will be introduced from the very beginning of the project to offer space for dialogue and introduction of non-traditional partners.

The lessons learnt from the implementation of this project will be captured in recommendations for the Ministry of Education and Science, who is key national partner in the project, to be reflected in the policy updates related to post-secondary education system and reforms of the vocational education system. Proposed models should recognize the current legal obstacles for their full implementation and shall identify potential areas for improvement.

The project will also look beyond the horizon of the novel approaches in VET and post-secondary education. The project will establish links with the textile and construction cluster, in identifying possibilities for expanding business opportunities that would bring added value in the two industries.

In addition to tackling the aspect of formal vocational and technical training, the Project will pay due attention to understanding the need for capturing of informally gained skills. The innovative approach shall help in enabling unemployed and those that are employed but are looking for career

¹² As per the Law on Post-secondary education, private entity verified for delivery of post-secondary education encounters: private educational providers, business sector, universities, secondary schools etc.

development opportunities, to reach higher quality jobs in the selected sectors. As part of this Project, only assessment for the need of this model will be made, its implementation to be subject of further approval and funding.

The project will consider key demographic groups, including young people entering the workplace, long-term unemployed and some workers already in employment who need improved opportunities to gain the skills they need to prosper in the private-sector.

The Project contributes directly to the Outcome 1. By 2020, more men and women are able to improve their livelihoods by securing decent and sustainable employment in an increasingly competitive and job-rich economy. The 2030 Agenda for Sustainable Development highlights the importance of skills and lifelong learning not only to make individuals competitive in the labour market but also to empower people. SDG 4 and SDG 8 are focused on inclusive, quality education as well as decent work and economic growth achieved through productive capacities.

III. RESULTS AND PARTNERSHIPS

Expected Results

This project will develop models to bridge the country's severe skills gap in textile and construction sectors and increase opportunities for skilled employment among young and vulnerable groups of people.

The mismatch between existing skills and the changing demands of the labour market are major contributing factor to the country's high rates of unemployment and non-participation in the labour market. Hence, this project will undertake in-depth assessment of skills demand in construction and textile industry to inform educational and employment reforms, including promoting greater flexibility in employment to adapt to changing needs.

Sector specific analysis will identify labour skill needs of the private sector in two pilot industries and the current training offer and enable national authorities to develop a job skill – labour market approach that addresses the jobs-skills mismatch. It will also pilot an approach that will match innovation, and digital opportunities with the traditionally labour-intensive sectors, enabling them to benefit from new technologies and the opportunities that the Innovation Fund can support. The private sector will be invited to participate in the skills offer and be encouraged to become part of the training offer.

If the training approach offers sustainable input and output of skilled workforce that can be absorbed by the private sector, then the relevant policy makers will be able to promote the principles of work in other industry sectors as well.

Additionally, the model of post-secondary education established in these sectors, if proven successful, resulting with higher quality jobs within the private sector, then this approach can be applied by national authorities in other sectors, involving private companies, VET schools or Universities.

In close cooperation with the Ministry of Education and Science (MES) the expected results of the project will be achieved through four major Outputs:

Output 1 – Stakeholder mapping analysis focused on education and employment sector linkages & gaps

Output 2 – A sector-specific skills assessment

Output 3 – Model for post-secondary education

Output 4 - Policy and implementation modalities for regional VET center

Output 1 – Stakeholder mapping analysis focused on education and employment sector linkages & gaps

Stakeholder mapping analysis to define linkages and gaps among national institutions in education and employment sector offering training opportunities for adults, including unemployed and workers ready to transfer to higher quality jobs, and to assess the potential of the private sector to design and deliver training.

The analysis will outline the mandate of different institutions (MES, AEC, VET Centre, ESA) responsible for designing and providing training to unemployed (youth, women, long-term unemployed) and existing workers (willing to upgrade their skills or acquire new skills for better jobs prospects) and the legal framework and possibilities for additional services by these institutions. The assessment will look into linkages with employment centres, cooperation with private companies, assessment of efficiency of the Survey on Skills Needed at the Labor Market and measures for training in deficient skills. It will review private and third-party training providers, looking at the design of the training programme, training delivery and certification procedures and how the business sector can have a greater involvement in training

Stakeholder analysis as an output product with its key recommendations will cover possible models of cooperation between institutions and the private sector, as well as financing models for delivering training to unemployed and employed workers and the institutional set-up. The recommendations will also tackle the integration of the private sector in training provision, e.g. involvement of professionals from public/private sector to transfer their knowledge to identified target groups of trainees, as well as possible challenges that can be encountered in this regard.

Analysis will take into consideration ongoing functional assessments of the Ministry of Labour and Social Policy and functional assessment of Employment Service Agency. It will also consider experiences from EU on successful linkages between private sector and national institutions addressing skills gap.

Output 2 – A sector-specific skills assessment

A sector specific skills assessment, a glossary of skills, will analyse what skills are lacking and what new skill profiles will be needed. These emerging needs are likely to include technologies that promote energy efficiency and make use of renewable energy (for construction) and computer-aided design and manufacturing (for textiles). Having in mind the traditional gender grouping where construction sector is predominantly male and textile industry is predominantly female industry, obtained data will be used as part of the promotional campaigns for encouraging greater female/male participation in the sector of interest.

The assessment will also analyse how companies manage human resources (HR) and understand what will be needed to help private sector companies make medium and long-term HR plans that can in turn be used by the national authorities to inform the qualifications and skills matching policies.

As the project progresses, HR teams in companies in the chosen sectors, will receive skills planning HR training combined with coaching support services to enable them to forecast future labour skills needs that can then be incorporated into training plans, and/or fed into skills training offered by national authorities. This activity should result in supporting the companies and their HR offices to develop medium and long-term HR plans. The work with HR teams will be communicated through the national HR network, for wider impact beyond concerned companies and as sustainable investment in building of human capital through HR networks.

In addition, the skills assessment to be produced for the textile and construction sectors will also address the gender pay gap and ways for promoting gender equality within the sectors.

Output 3 – Model for post-secondary education

Situation analysis of the current post-secondary education system, its legislative framework and existing (if any) occupational standards at post-secondary level will be the basis of this component,

contributing to the Priority 1.6- Establishment of a modern and effective system of post-secondary education from the Comprehensive Education Strategy 2018-2025¹³,

The project will develop an adaptable model that ensures private sector involvement in all phases of the process from development of occupational standards up to developing curricula at post-secondary level in the two sectors, including learning materials and other resources for both teachers and students. It should serve as an interface between the private sector and the formal/non-formal education/skills providers, while at the same time creating an adaptive and transferable system of bringing the private sector into post-secondary programme design.

To bring some new ideas of the jobs of the future in selected industries, international experts will be engaged to support development of occupations standards, based on the current situation in textile and construction industry, as well as identified skills/ occupations from the activities in Output 1 and Output 2. In total, 4 occupational standards at post-secondary level will be developed. Upon the verification of the occupational standard, 4 curricula for training will be developed involving especially employers from selected industry.

In addition, learning materials and other didactic resources will be prepared in order to secure all needed prerequisites for beginning of post-secondary education cycle in new occupations in textile and construction industry.

The set model will start with the two pilot cycles of post-secondary education, one per selected sector, that will be conducted for candidates interested in pursuing careers in the two sectors to test the approach outlined above. To ensure the relevance of the curriculum to the needs of businesses, the cycles will include practical on-site training in company premises.

Based on the experience obtained during the piloting, as well as lessons learnt along the process two industry- specific guidelines will be developed. Through direct cooperation with the Ministry of Education and Science in implementing the project, Analysis Paper with the recommendations, as an output product will be shared for adapting the post-secondary education system so that graduates match private-sector expectations.

Provided recommendations as well as lessons learnt during the process will be captured to be used further in activities for up-scaling the post-secondary education model.

Through direct cooperation with the MES in implementing the project, an analysis paper with the recommendations, will be shared for adapting the post-secondary education system to ensure that graduates match private-sector requirements.

Through the pilot process, attention will be paid to attract female participants to obtain this level of education, using public campaigns presenting successful stories and role models.

Output 4 – Policy and implementation modalities for regional VET center

Establishment of a Multi-Stakeholder Platform - Multi-sectoral dialogue will enable faster progress against policy challenges. The platform way of working will enable to identify non-traditional partners, activate networks and by working with other types of resources develop higher quality development solutions at the highest level of efficiency.

The platform approach will help make faster progress by accelerating the cycle of learning using international experience and testing multiple potential approaches. It will also enable spotting of emerging trends and their contextualization for the government and others by fostering continued experimentation.

The platform will primarily serve as a space for national partners and private sector to jointly agree on the challenges and identified solutions. It will conceptualise ideas into solutions based on global expertise and will work on identification of already working technology solutions that have potential for adaptation and scaling-up. The project, led by UNDP, will be facilitating the multi-sectoral

¹³ Activities 1.6.3-1.6.6 of the Priority 1.6 from the Comprehensive Education Strategy 2018-2025

dialogue and providing technical expertise to translate the outcomes and identified solutions into policy recommendation.

Through the platform, a broad network of stakeholders will analyse the assessment findings from the first and second output. The multi-sectoral platform will be used to develop and deliver a business-led, adaptive, model for bridging the skills gap in the selected sectors as developed by UNDP. Resulting recommendations shall provide the basis for the post-secondary education curricula model and the non-formal VET training to be implemented by the national authorities, to be developed under Output 3 and Output 4, based on policy proposals developed by the project, either through formal state institutions, the private training providers or through a combined model.

The platform will engage key stakeholders, industry support organizations, training providers and government representatives, to bridge the skills gap through non-formal VET trainings. This platform will discuss and agree solutions to three main challenges: involving young job seekers in school-industry partnerships to provide mentoring and learning in real working environments; increasing communication and cooperation among private-sector companies on bringing youth, women and targeted disadvantaged groups into the skilled labour force; and facilitating knowledge transfer in the latest industrial processes by identifying missing technical competences and organizing training courses to fill these gaps.

By setting up an integrated platform for collaboration, the project will create space to generate ideas and explore means to transform these ideas into viable approaches. It will harness local and international expertise and potential to find and fund sustainable and adaptive solutions that could help in overcoming the skills gap.

Developing a partnership model of non-formal VET - Without the engagement of companies, chambers, business associations and other relevant partners, the skills gap will continue to grow. Thus, the private sector's role must be understood by all stakeholders, from public institutions to civil society.

The project will explore and conduct initial assessment of different partnership models (private sector-led or public-private) by engagement of consultants for development of a model of Regional VET Centre. The goal is to analyse different partnership models, taking into consideration lessons and experiences from abroad, to come up with the most appropriate model for the country which would help various stakeholders to partner with the private sector for improved results in skills building.

Based on provided recommendation, Regional VET Centre will be established, involving all members of the platform such as public institutions, business sector, training providers and civil society organizations. All of them shall have identified duties and responsibilities within appropriate governing structure, approved by the stakeholders. Once the governing structure will be agreed (Management board of the Regional VET Centre), a manager will be appointed that will lead activities of the Centre, including bringing consultants to provide training to the members of the management board that will be exposed to new collaboration model.

By initiating establishment of the integrated Regional VET Centre as a model for collaboration, contributing to the Priority 2.7-Establishment of a Regional VET Centers from the Comprehensive Education Strategy 2018-2025¹⁴, for both targeted industries, the project will create space to generate ideas and explore means to transform these ideas into viable approaches. It will harness local and international expertise and potential to find and fund sustainable and adaptive solutions that help in overcoming the skills gap.

The non-formal VET training that will be provided through the Regional VET Centre will be designed according to the results of the previous project activities and total of 4 (for both industries) new standards, and accordingly 4 curricula, modules and training programmes. Training will be offered to different audiences: for already employed workers and for future young post-secondary students

¹⁴ Activities 2.7.3-2.7.6 of the Priority 2.7 from the Comprehensive Education Strategy 2018-2025

thus reducing the pressure on higher education where the young people usually continue, postponing their entrance at the labour market.

The model Centre will also encompass “soft” skills alongside most demanded and future-oriented combination of skills with an eye to increasing the overall employability of both target groups.

To increase the sense of ownership over the new training process, two consultants will be engaged to provide trainings of methods and techniques to be applied by the companies' mentoring staff and Centre's teaching staff having in mind the age structure of the training participants.

To facilitate the dialogue on the future digital and technological developments in the two industries, the project will use the Centre to assess the potential impact that new technologies can have in solving problems in skills development in two industries, but also in addressing other critical challenges in the two industries.

The achievements of and the obstacles encountered on the innovation path will be thoroughly documented and complemented with analysis on current legal obstacles to provide policy recommendations for improvement of the country's innovation ecosystem.

Communication and Visibility

A detailed communication and visibility plan will be developed to engage key stakeholders, partners and beneficiaries, ensuring their interest and participation, and demonstrating the benefits and advantages of the project.

Specific communication objectives and key messages will be developed for promoting the undertaken process in post-secondary education and the multi-stakeholder platform, aiming to target different groups and stakeholders such as direct beneficiaries, decision makers at all levels, private sector, CSOs, general public and the media.

Traditional media, Web 2.0 and new media will be used to communicate messages on a frequent and consistent basis to all target audiences and ensure high visibility for the donor.

Communication channels and tools will include, but not be limited to:

- Personal contacts with all target audiences (direct approach and dialogue provide an opportunity to communicate messages directly, and to immediately answer any questions).
- Media (press releases, press conferences, regular briefings, interviews, targeted articles and human stories.)
- Digital communication (Social media will be used to gather information, launch initiatives for public comments, capture and share the project's best practices and milestones)
- Audio-visual, multimedia, promotional and educational materials (All materials designed as part of the project, including training materials, interactive contents, videos, infographics, print publications, will be user-friendly and adhere to high design standards)
- Events (Various thematic events and one conference will be organized to ensure that different target audiences are directly acquainted with the project objectives and impacts).

Resources Required to Achieve the Expected Results

To achieve the expected project results, UNDP will put together a project team of experienced professionals, consisted of: 1) Project Manager; 2) Skills/Business Specialist, 3) Project Associate and 4) half-time National Technical Advisor (Education Specialist). The project team will be guided and supervised by the Programme unit, Programme Officer – Head of Social Inclusion unit who will commit 10% of her daily work time to ensure timely and effective delivery of the project results and Programme Analyst who will commit 10% of his daily work time. In order to ensure smooth implementation of the activities, the project team and the SI programme unit will receive support from the Operations Unit, more specifically from the Operations Manager, Finance and Procurement Officers.

International and local experts from different backgrounds and profiles will be involved in delivering the results of the four outputs. Private and public training providers will also be hired. International

and national consultants will be contracted for undertaking stakeholder mapping and analysis as well as to provide the new perspectives in the selected industry sectors. Consultants will be also engaged to conduct assessment of the skills needed for the future jobs.

The work of the multi-sector platform will be supported by different national and international consultants, as well as by a local NGO that will be managing the work of this platform. When it comes to the current post-secondary education system, national consultant will be engaged to undertake the situation analysis, its legislative framework and existing occupational standards at post-secondary level.

For the Project it will be essential to bring some new ideas of the jobs of the future in selected industries, for which reason three international experts will be engaged.

Resources from the UNDP Istanbul Regional Hub will be used to identify best existing practices on private sector and/or public-private partnerships. Exchange of knowledge will be facilitated with the IRH and its units working with private sector, both by visiting the successful training centers' models in Turkey and by bringing the IRH experts to work directly with the private companies and institutions in North Macedonia.

Based on this, consultants will work on the model and guidelines, per industry, for a regional VET centre, including legal framework.

Partnerships

Addressing social inclusion and inequality and ensuring better living standards for all is a priority goal for the country. UNDP works to enable socially excluded women and men to improve their lives by helping to expand their opportunities and increase their access to quality services.

In recent years, UNDP has focused on supporting the Government in creating jobs and reducing unemployment as essential to social inclusion. Much of UNDP's support has been focused on developing measures to promote self-employment, providing tools for long-term unemployed persons and other vulnerable groups – such as people with disabilities, members of the Roma community and youth – to start up their own sustainable businesses.

Together with the MES, UNDP is developing and implementing a Concept for adult primary education to provide equivalency credentials to adults who failed to finish primary school.

UNDP has established strong partnerships with a wide range of government, civil society organisations, donors and private sector partners over the past decade in tackling the unemployment challenges.

As a close partner to the MLSP, UNDP has established an extensive collaboration in providing substantive policy advice and implementation support in introducing integrated models for social protection and social inclusion of the most vulnerable and people at risk of exclusion.

Risks and Assumptions

General risks and assumptions:

High interest and involvement of the national institutions, primarily MES and ESA to address the skills mismatch.

High interest and involvement, with human and financial resources, of leading local private companies to work on effective model for identifying challenges and solutions in their respective industries.

Interest of the business sector to participate in the training programs and willingness to recognize the benefits of the new approaches (including non-formal education) for their own companies.

Interest among youth on programmes defined with the post-secondary education.

Detailed Project Risk Log is attached as Annex 3 to the Project Document.

Stakeholder Engagement

Key stakeholders of the initiative include private companies, chambers of commerce, business associations, training providers and public institutions.

The lead partner from among the national institutions is the MES. Both, the non-formal VET Centers and post-secondary education are part of the National Strategy for Education¹⁵.

All activities will be coordinated with the policies and practices of the MLSP and the ESA. ESA continues to operate in an environment of increasingly rapid labour market change especially driven by technological developments, the consequences of a global economy and international interactions. Their services need to transform to meet the challenges of structural unemployment. ESA, together with MLSP and MES, will collaborate through this project to find better solutions for addressing the sectors' needs and design better local/regional approaches for local economic development.

Formal and non-formal providers of vocational education and trainings are one of the key links in the chain of developing the employability of the target group. It will be their task to provide quality vocational training courses that will enable the trainees to acquire recognized qualifications and skills. The project will assist in adapting training programs to the needs of the business sector in cooperation with existing partners, private companies and/or VET schools for designing flexible non-formal trainings, and Universities for introduction of post-secondary education.

Private sector employers are of critical importance for the success of the project interventions as they are the major generator of new jobs. Although many ALMMs offer generic training design to promote employment, private employers are looking first and foremost for specific skill sets. In partnership with the private sector, the project will open space for direct involvement of the employers in identification of the training programme for both, non-formal VET and post-secondary education, offering also on-the-job training in their own working environment.

This project will fill a gap by showing how to enhance employability through targeted post-secondary education programmes, while fostering local partnerships will all relevant partners to address the needs of the sector but also to affect the development of local economic plans.

The beneficiaries of the project are twofold: private-sector companies, which will gain access to skilled human resources; and the unemployed, who will gain market-relevant skills through the project, leading to their increased employability.

South-South and Triangular Cooperation (SSC/TrC)

Best practices on engaging the private sector in skills development will be explored jointly with the regional UNDP Istanbul Regional Hub. Training centers that are functioning for many years will be presented to inspire, motivate and mobilize the private sector for its active engagement in skills training for employment.

Building on the excellent cooperation with the private sector, the Istanbul International Center for Private Sector in Development (IICPSD) was established as the global center of excellence in promoting actionable partnerships with the private sector for market-born solutions to growing development challenges. Experiences of this Center will be an important guidance and will enable closer look at the models established in Turkey, based on a partnership between vocational education and the labor market by bringing together public and private sector representatives, chambers of commerce, civil society bodies, and relevant institutions.

¹⁵ Regional VET Centres are stipulated in the Annual Report of the Employment and Social Reform Programme 2020 (part 3.2.3.1); and are one of the priorities defined in the Comprehensive Educational Strategy 2018 -2025. The term "Regional VET Centre" is as such recognized and adopted by the MES and used in all strategic documents

Knowledge

The skills gap will be captured through analysis of both sectors. Once the skills gaps are identified, the project will assess the best approaches to skills matching, including designing a model of Regional VET, within either an existing vocational school or in private-owned facilities/companies.

The project will examine possibilities for provision of post-secondary education, by development of training programs that will be adapted to adult learning.

The blueprint will be designed for the regional VET Centre, enabling a model that will a functional structure to rapidly responds to changing labour market needs.

The lessons learnt from the discussions held through multi-sectoral platform will be captured in recommendations for the MES, to be reflected in the policy updates related to post-secondary education system and reforms of the vocational education system.

Sustainability and Scaling Up

The Project represents a qualitative addition to the ongoing efforts of UNDP in the area of employment, including improvement of skills of unemployed (supported through several components) and existing training programmes on competences. To ensure the sustainability of the actions, UNDP will support introduction of newly developed models for skills development (non-formal) into ongoing employment programme regularly funded by the Government.

The proposed activities are based on strong partnership with the key national actors. Major contribution of the Project are the new and efficient models for overcoming the current skills mismatch, considering formal and non-formal education, but also innovative approaches that shall leave enough flexibility for the national partners and the companies to act timely and as per the immediate needs of the labour market.

The MES will be direct beneficiary of the blueprint on post-secondary education and non-formal VET Centres (model and processes for its introduction into formal education) and will be able to scale it up for other sectors and/or occupations, in cooperation with the private sector.

Both, the regional VET Centers and post-secondary education are part of the National Strategy for Education, and it is expected that further funding for additional, sector-based Regional VET Centers will be secured through IPA funds.

The available wealth of experience and lessons learnt will be shared with national institutions, broader public, in concerting efforts to help the private sector growth, specifically in the construction and textile industries.

The portfolio management approach will be deployed through close interaction and coordination with both, the ongoing interventions within the existing projects and other donors' funded projects.

The project will take into consideration and will coordinate with the activities run by other organizations, in particular:

Operational Employment Plan 2019 (and future years) - The Operational Plan (OP) for active labour market measures and services for 2019 envisages trainings for various skills and qualifications, as well as internship positions for young people. Unemployed people are offered opportunity for on-job-training for professional qualifications according to the employers' needs and are trained in skills and qualifications for the specific needs of employers. ESA is also undertaking trainings in occupations as per the ESA Survey results, including in crafts, personal assistance to disabled persons, for qualifications leading to "green jobs", eg. occupations and crafts from the area of energy efficiency, environmental conservation and waste management. Young unemployed people are offered an opportunity to be trained in skills such as computer skills, digital literacy, foreign languages, banking, and more.

The Youth Guarantee (YG) introduced in 2018, intends to provide to young people (15-29) an offer for employment, continuing education and training, or provide internships for a period of 4 months

after they become unemployed or leave the school. The YG is to be carried out in two phases. The first phase has already started in three pilot municipalities in 2018, while the second phase of YG's implementation, starting as of next year, will be country wide.

The E4E@mk project, implemented by Helvetas in cooperation with the Macedonian Civic Education Center and the Economic Chamber of Macedonia, aims at establishing synergy between Macedonia's educational institutions, business, and youth. One of the project's objective is to support VET-schools and private training providers in modernizing their offers as well as promoting non-formal education (e.g. short courses or on-the-job training) as crucial to a successful lifelong career.

The project will support training providers to offer market-demanded non-formal vocational skills development, support development of mechanisms to ensure that inclusive and affordable non-formal vocational skills development is effectively utilized and/or new ones are established and promote non-formal vocational skills development in the mechanical sector to be perceived as key element to lifelong learning and employment.

MLADIHUB is the newest project of the National Youth Council of North Macedonia that aims for development and promotion of digital skills for youth between 15-29 years of age in exchange for community service. In collaboration with the Macedonian Chamber of Information and Communication Technologies-MASIT, the MLADIHUB's Programme aims to bridge the gap between the digital needs of the country's private and public sector and the potential that lies in the young generation. Depending on their skills, interests and needs of the communities they live in, the youth will need to participate in community initiatives, gaining a voucher that will enable access to the digital and soft skills training. This project is supported from the British Embassy in Skopje and Good Governance Fund -UKAID.

Partnerships with the companies in the regions where selected industries are highly concentrated will be established with the aim to secure their support to the model of the Regional VET Centre, which is expected gradually to introduce participatory approach in the design of the training material but also training premises and mentorship.

Gender equality and social inclusion

The project has a strong focus on gender equality and social inclusion. One of the main target groups is women, who tend to have far higher inactivity rates than men despite better performance overall in both secondary and post-secondary education.

The two focus industries chosen will amplify the impact on gender equality. Women are traditionally underrepresented in the construction sector, so the project will specifically and explicitly target women for skills training to expand their share of employment in highly-skilled construction occupations, for example where computer skills or energy-efficiency expertise are required. Boys are represented with more than 80% in the total number of enrolled students in certain vocational schools specialized in construction, surveying, machinery, electro-technical, wood-processing, agriculture, whereas girls are represented with more than 70% from the total number of enrolled students in the textile and textile-leather, economic-legal and trade vocational schools.¹⁶ Therefore, women are overrepresented in the textile industry, particularly at the lowest wage levels. More than 85% of those employed in the garment sector are women. Over 70% of them have a basic level of education¹⁷. Here the project will focus on training in high-tech skills such as computer-assisted design or specific trainings on different machines/techniques, to improve women's earnings potential, and also on flexible working arrangements that can protect job security while encouraging skills training and re-training. All analysis done under the Output 1 will be gender segregated. Campaigns stated in Output 2 and Output 3 will be focused towards presentation of the benefits offered by new identified skills and emerging jobs and how non-formal VET trainings and post-secondary education can lead to better paid jobs and bring better gender equity. They will also tackle upon the issue of gender stereotypes in the selected industries. The project's focus on social

¹⁶ https://www.ohchr.org/english/bodies/cedaw/docs/ngos/ESEM_for_PSWG_en.pdf

¹⁷ <https://www.fairwear.org/wp-content/uploads/2017/12/Macedonia-Country-Study-2017.pdf>

inclusion comes through its efforts to open up the labour market by offering a pathway to skilled occupations to young people and workers that need to improve their skills to remain relevant on the labour market.

The project will pro-actively mainstream gender perspective in overall design and implementation, via the following:

- ✓ the stakeholder mapping analysis will be performed with gender lenses;
- ✓ the multi sectoral dialogue will include both women and men as participants and as perspectives in designing solutions;
- ✓ the skills assessment will take into consideration the gendered occupations and specific obstacles women face in both sectors;
- ✓ there will be cooperation with the media in order to design a campaign breaking the gender stereotypes in both sectors;
- ✓ the ToR of experts will include gender awareness as desirable skill and/or experience;
- ✓ experience from other countries will be used, specifically from both sectors where gender stereotypes are being tested and challenged with future jobs;
- ✓ all events, workshops and forums will make sure both women, men, youth and different social groups are represented;

All data will be gender disaggregated in order to establish a basis for decisions and interventions.

IV. PROJECT MANAGEMENT

Daily Management of the project will be undertaken by the Project team, consisted of a Project Manager, Skills/Business Specialists, one Project Associate, all with full work time and half-time engagement of the National Technical Advisor (Education Specialist).

UNDP Country Office Programme shall be responsible for monitoring the overall management, streamlining and providing guidelines on Project implementation, and will provide developmental advisory services to the national partners and the Project team.

The UNDP Operations team will provide administrative support in terms of procurement, operations management, human resources, financial management, and other required administrative support. The key staff involved in the project implementation will be compensated for their services in line with UNDP's rules and procedures and their contribution to the implementation of project activities as elaborated in the budget breakdown.

UNDP's direct costs will be charged in line with its rules and regulations, as outlined in the project document and the respective budget. Financial transactions and financial statements will be subject to the internal and external auditing procedures laid down in the Regulations and Rules of UNDP.

Direct project costs (DPC) are organizational costs incurred in the implementation of a development activity or service that can be directly traced and attributed to the implementation of the Project.

The project office costs will include expenses for rent, electricity, heating, water, utilities, internet, security, cleaning and maintenance, telecommunication services, based on UNDP monthly average expenses for such services. The costs will be pro-rated.

The project office costs shall also include: office furniture, IT Equipment, travel and communication costs for the staff in the Project Management Team; costs for office supplies.

Matters relating to the transfer of ownership by UNDP to the national partners will be processed in accordance with the relevant policies and procedures of UNDP.

V. RESULTS FRAMEWORK

<p>Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework:</p> <p>PSD Outcome 1. By 2020, more men and women are able to improve their livelihoods by securing decent and sustainable employment in an increasingly competitive and job-rich economy</p> <p>SDG 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p> <p>SDG 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p> <p>SDG 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training</p> <p>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:</p> <p>1.1. National institutions have improved capacities to develop, implement and monitor policies and measures that help to generate more sustainable jobs</p> <p><i>Indicator 1.1.2: Extent* to which policies, systems and/or institutional measures are in place at the national and subnational levels to generate and strengthen employment and livelihoods</i></p> <p><i>Baseline (2015): 3; Target (2020): 4</i></p> <p><i>Means of verification: MLSP, yearly</i></p> <p>1.3. The education and training system is strengthened to provide people with the credentials and skills they need to meet labour market demands</p> <p><i>Indicator 1.3.1: Share of working-age women and men who find employment within 12 months of receiving skills training as part of UNDP-supported active labour market measures</i></p> <p><i>Baseline: To be determined</i></p> <p><i>Target: To be determined</i></p> <p><i>Means of verification: ESA</i></p> <p>Outcome indicator expected as a result of interventions initiated through this project</p> <p>National institutions (MoE and MLSP) incorporate tested skills gap matching approaches into policies and measures that expand employment opportunities in the private sector.</p> <p><i>Indicator 2.1: National institutions endorsed policy recommendation and developed model for post-secondary education and partnership models for Regional VET centers</i></p> <p><i>Baseline (2019): 0; Target (2021): Endorsed</i></p> <p><i>Means of verification: MES, yearly</i></p> <p>Private sector driven post-secondary education model integrated in the formal high education</p> <p><i>Baseline (2019): 0; Target (2021): Integrated</i></p> <p><i>Means of verification: MES, yearly</i></p>					
<p>Project title and Atlas Project Number: Bridging the Skills Gap to Create New and Better Jobs</p>					
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		DATA COLLECTION METHODS & RISKS
			Value	Year	
Output 1 Stakeholder mapping	1.1 Stakeholder mapping analysis with identified linkages, gaps and recommendations developed.		N/A	Year 1 (2020)	Analysis developed
				Year 2 (2021)	FINAL
					Project Report (UNDP) Assume, that relevant institutions and other stakeholders on

analysis focused on education and employment sector linkages & gaps	1.2 Number of key stakeholders' groups participate and provide quality inputs to the mapping process.		N/A		At least 5 stakeholder groups			national and local level, including the private sector actors are committed and motivated
	2.1 Two (2) Sector-specific skills assessment developed		N/A		2 (two) assessments developed			Project Report (UNDP)
	2.2 Number of new skill profiles identified for both industries		0	2019	4 skill profiles (2 per industry)			Assume, that there are sufficient number of employers open and motivated to new technological and IT solutions
	2.3 Number of mid- and long-term gender-sensitive HR plans developed in private sector companies		0	2019		6		Assume, that there are sufficient number of employers motivated to absorb the new HR model od planning
	3.1 Number of VET post-secondary occupational standards developed				4			
Output 3 Model for post-secondary education	3.2 Number of VET post-secondary curricula developed				4			
	3.3 Two (2) Industry-specific Guidelines developed		N/A			2 (two) Guidelines developed		Project Report (UNDP) Assume that all participates are motivated and committed in development of the standards and curricula
	3.4 Number of female and male candidates enrolled into post-secondary education through this model		0	2019		At least 20 (at least 30% female candidates)		Project Report (UNDP) Assume, that targeted groups (youth, already employed etc.) are interested to participate in post-secondary education interventions
	3.4 Number of female and male candidates that successfully complete the post-secondary education		0	2019		At least 15 (at least 30% female candidates)		

Output 4 – Policy and implementation modalities for regional VET center	3.5 Employment rate of unemployed female and male candidates that successfully complete the post-secondary education		0	2019			At least 50% (at least 30% female candidates)		
	4.1 Private sector representatives that participated in the design of the model as a share of the total number of contributors		0	2019		50%	50%		
	4.2 Number of MoUs signed with private companies		0	2019			6		
	4.3 Policy level documents developed as a result of the designed model and tested partnerships with the private sector		0	2019			2		
	4.4 Number of occupational standards for non-formal VET training developed		0	2019		4			Project Report (UNDP)
	4.5 Number of non-formal VET training teaching curricula developed		0	2019		4			Assume that all participates are motivated and committed in development of the standards and curricula
	4.6 Number of female and male candidates enrolled into non-formal VET training through this model		0	2019			At least 60 (at least 30% female candidates)		Project Report (UNDP) Assume, that targeted groups (youth, already employed etc.) are interested to participate in non-formal VET training
	4.7 Successfully completion rate of female and male trainees through the non-formal VET training		0	2019			At least 80% (at least 30% female candidates)		
	4.8 Employment rate of unemployed female and male candidates that successfully complete the non-formal VET training		0	2019			At least 50% (at least 30% female candidates)		

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Quarterly	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Quarterly	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		

Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Quarterly and at the end of the project (final report)		
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of-project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	

The project will use the following methods and tools in designing and monitoring the specific project activities:

<i>Method</i>	<i>Intervals</i>	<i>Carried out by</i>	<i>Follow up activity</i>
Qualitative and quantitative surveys Techniques: interviews, perceptions questionnaires, satisfaction surveys, focus groups	Regularly, at each event or during meetings	Project team supported by team of contracted external consultants as needed	The findings of the surveys will be used to propose changes or improvements of the activities focus of type of activities
Collection and analysis of data from internal records and documents (e.g. attendance lists, minutes of meetings; reports of and MoUs signed with employers, etc.)	Monthly	Project team	The findings will be used to propose improvements and/or corrections of the project activities

Collection of information from MES on verified providers of post-secondary education; Collection of data from verified providers of post-secondary education on the on-going courses, and the number, gender and performance of the enrolled candidates	Monthly of more frequently depending on the dynamics	Project team	The findings will be used to determine the progress achieved and define the possibly needed activities for additional support by the project
Specification of data request and analysis of data from ESA on registered employments of the candidates who have completed a cycle of post-secondary education	Monthly, starting upon the completion of a course post-secondary cycle	Project team	The findings will be used to assess the effects of the post-secondary education on the employability of the students and to identify possible obstacles and ways to overcome them
Employers satisfaction survey	Before end of project	Project team	The recommendations of the employers will be used for improvement of the training modules
Attendance lists analysis	Upon every event	Project team supported by team of contracted external consultants as needed	Efforts will be made to ensure that all targets related to representation of specific stakeholders' groups are met for each consultations event

VII. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES		Planned Budget by Year (Jan.2020 – Mar.2021)		*Planned budget beyond Mar.2021 Y2 (Apr-Dec'2021)	RESPONS- IBLE PARTY	PLANNED BUDGET		
			Y1	Y2 (Jan-Mar.2021)			Funding Source	Budget Description	Amount
Output 1 Stakeholder mapping analysis focused on education and employment sector linkages & gaps Gender marker: GEN2	Activity 1.1-Stakeholder mapping analysis to define linkages and gaps between national institutions and private sector								
	International Consultant for undertaking Analysis	18,445				10314 British Embassy	71200 International Consultant; 71600 Local Tickets; 71600 DSA	18,445	
	National Consultant for undertaking Analysis	4,618				10314 British Embassy	71300 Local Consultant; 71600 Local Tickets; 71600 DSA	4,618	
	Venues for the focus groups and presentation of findings of the mapping analysis	6,404				10314 British Embassy	72100 Contractual services companies	6,404	
	Interpretation/Translation	2,562				10314 British Embassy	74200 Translation Costs	2,562	
	General Management Support (GMS)	2,562				10314 British Embassy	75100 Facilities & Admin	2,562	
	Activity 1.2-Round Tables to discuss possible solutions for the identified challenges towards application of recommendations of the analysis.								
	Facilitator (national)	739				10314 British Embassy	71300 Local Consultant; 71600 Local Tickets; 71600 DSA	739	
	Guest speakers (international)	6,855				10314 British Embassy	71200 International Consultant; 71600 Local Tickets; 71600 DSA	6,855	
	Venues for the event	4,249				10314 British Embassy	72100 Contractual services companies	4,249	
	Operational costs for project implementation								
	Project staff	85,774	24,018	72,054		10314 British Embassy	71400-Cont; 74500-Misc; 64300-Staf	181,846	
	Programme staff	12,515	3,413	10,240		10314 British Embassy	71400-Cont; 74500-Misc; 64300-Staf	26,168	
	Direct Project Costs (DPC) for Support Services	4,937	1,347	4,040		10314 British Embassy	64300 Direct Project Costs; 74500 Direct Project Cost	10,323	

Output 2 A sector-specific skills assessment	Evaluation consultant				5,259	10314 Embassy	British	71300 Local Consultant; 71600 Local Tickets; 71600 DSA	5,259
	Office rent, utilities and office security	8,095	2,134		6,402	10314 Embassy	British	73100 Rent and utilities	16,631
	Procurement of IT and Office equipment	9,672				10314 Embassy	British	72100 Contractual services - companies	9,672
	General Management Support (GMS)	10,627	2,473		7,839	10314 Embassy	British	75100 Facilities & Admin	20,939
	Sub-Total for Output 1	178,055	33,385		105,833				317,273
	Activity 2.1 Assessment of the skills needed for the future jobs								
	International Consultant for undertaking the assessment	10,830				10314 Embassy	British	71200 International Consultant; 71600 Local Tickets; 71600 DSA	10,830
	National Consultants for undertaking the assessment (1 per each industry)	7,389				10314 Embassy	British	71300 Local Consultant; 71600 Local Tickets; 71600 DSA	7,389
	Venues for the focus groups and presentation of findings of the mapping analysis	5,172				10314 Embassy	British	72100 Contractual services - companies; 75700 Learning costs	5,172
	Interpretation/Translation	1,441				10314 Embassy	British	74200 Translation Costs	1,441
Gender marker: GEN2	General Management Support (GMS)	1,987				10314 Embassy	British	75100 Facilities & Admin	1,987
	Activity 2.2 Trainings of HR teams in companies								0
	National Consultants for delivery of training and coaching support services	4,618	1,108		924	10314 Embassy	British	71300 Local Consultant; 71600 Local Tickets; 71600 DSA	6,650
	Venue for training (two 1-day training per industry)	1,970				10314 Embassy	British	75700 Learning costs; 72100 Contractual services companies	1,970
	General Management Support (GMS)	527	89		74	10314 Embassy	British	75100 Facilities & Admin	690
	Sub-Total for Output 2	33,935	1,197		998				36,130
	Activity 3.1 Situation analysis of the current post-secondary education system.								
	National consultant	2,771				10314 Embassy	British	71300 Local Consultant; 71600 Local Tickets; 71600 DSA	2,771
	Venue for presentation of findings (1day workshop)	1,416				10314 Embassy	British	75700 Learning costs	1,416
	Output 3 Model for post-secondary education								

General Management Support (GMS)	335					10314 Embassy	British	75100 Facilities & Admin	335
Activity 3.2 Two days' workshops for development of Occupational standards, Training Curricula and Learning materials in two selected industries									
Facilitators (one per two-days' workshop & preparation) for development of Occupational standards, Training Curricula and Learning materials	4,138					10314 Embassy	British	71300 Local Consultants; 75705-Learning costs	4,138
Venue (3x 2x 2-day workshop)	6,650					10314 Embassy	British	75700 Learning costs	6,650
Materials (per workshop), and Graphic design and printing of the developed learning materials (per industry)	5,665					10314 Embassy	British	74200 Communication & Audio Visual Products	5,665
Verification of the occupational standard (one per selected industry)	985					10314 Embassy	British	72100 Contractual services - companies; 75700 Learning costs	985
General Management Support (GMS)	1,395					10314 Embassy	British	75100 Facilities & Admin	1,395
Activity 3.3 Piloting of a cycle of post-secondary education (one per selected industry)									
Verification of the post-secondary education provider (one per selected industry)	369					10314 Embassy	British	72100 Contractual services - companies; 75700 Learning costs	369
Training fee for up to 12 months of post-secondary education	12,315	7,389	9,852			10314 Embassy	British	72100 Contractual services- companies; 75700 Learning costs	29,557
General Management Support (GMS)	1,015	591	788			10314 Embassy	British	75100 Facilities & Admin	2,394
Activity 3.4 Analysis of the developed post-secondary model involving private companies (one per selected industry)									
International consultant for carrying out the analysis of the model	11,043	8,210				10314 Embassy	British	71200 International Consultant	19,253
National Consultant for carrying out the analysis of the model	3,387	1,724	123			10314 Embassy	British	71300 Local Consultants	5,234
National Consultant for development of industry specific guidelines for inclusion of private sector in post-secondary education	1,478	369				10314 Embassy	British	71300 Local Consultants	1,847
Venue for presentation of the findings and development of a industry-specific		1,478				10314 Embassy	British	75700 Learning costs	1,478

[illegible]

Cost for establishing the Regional VET Centre	985					10314 British Embassy	72200 Furniture and goods; 72300 Technology Supplies	985
Training of the management boards members	185					10314 British Embassy	75700 Learning costs	185
Training equipment	58,018					10314 British Embassy	72800 Inform Technology Supplies; 72300 Materials and Goods	58,018
Operational costs for the Regional VET Centre	1,293	1,293	3,879			10314 British Embassy	73200 Utilities; 73100 Rent; 72400 communication services	6,466
Manager of Regional VET Centre	3,325	3,325	9,975			10314 British Embassy	71400 Service Contracts - Individuals	16,626
Business support and training specialist	2,401	2,401	7,204			10314 British Embassy	71400 Service Contracts - Individuals	12,007
Consultant for developing internal quality assurance mechanism	924					10314 British Embassy	71300 Local Consultant	924
Developing standards, curricula, modules, and training programmes	4,926		4,926			10314 British Embassy	71300 Local Consultant; 72100 Contractual services companies	9,852
Purchase and/or development of different didactic and methodological resources	2,463		2,463			10314 British Embassy	72300 Materials and goods; 72800 Inform Technology Supplies	4,926
Verification of the developed training programmes	369		369			10314 British Embassy	75700 Learning costs	739
Consultant for training of the Centre's teaching staff	1,182		296			10314 British Embassy	71300 Local Consultant; 71200 International Consultant	1,478
Consultant for training of the companies' mentoring staff	1,182		296			10314 British Embassy	71300 Local Consultant; 71200 International Consultant	1,478
Training fee for unemployed people or already employed workers		2,217	6,650			10314 British Embassy	75700 Learning costs	8,867
International experts to support the occupations standards for future jobs	10,468					10314 British Embassy	71200 International Consultant	10,468
Daily Subsistence Allowance (DSA) - (Transfer cost to and from local airport; accommodation; meals)	1,573					10314 British Embassy	71600 Travel Costs ; 71600 tickets; 71600 DSA	1,573
Airfares	985					10314 British Embassy	71600 Travel Costs ; 71600 tickets;	985
Organizing events (conferences, discussions, debates, workshops), campaigns and other similar activities.	3,695	3,695	7,389			10314 British Embassy	75700 Learning costs; 74200 Communication -Audio & Visual Products	14,778
General Management Support (GMS)	7,621	1,079	3,609			10314 British Embassy	75100 Facilities & Admin	12,309
Activity 4.5 Exchange of knowledge and training of the multi-stakeholder platform's staff								

Coaching and mentoring support by international experts from NGOs and/or Individual contracting	11,084						10314 British Embassy	71300 Local Consultant; 71200 International Consultant	11,084
Trainings for staff - platform based approach	3,695						10314 British Embassy	75700 Learning costs	3,695
Study visit/participate at conferences to new technologies (organizational fee), DSA and airfares	18,842			9,421			10314 British Embassy	71600 Travel Costs ; 71600 tickets; 71600 DSA	28,264
General Management Support (GMS)	2,690			754			10314 British Embassy	75100 Facilities & Admin	3,443
Activity 4.6 Promotional campaign (multi-stakeholder platform)									
Media (placement of specific media materials, human stories, thematic TV/RA/SM products)	1,232	1,847	1,232				10314 British Embassy	74200 Communication & Audio Visual Products	4,310
Production (production of various promo products, both traditional and digital.	1,759	2,639	1,759				10314 British Embassy	74200 Communication & Audio Visual Products	6,158
Event management (execution of various field events (thematic fairs, local info meeting, live chats...)	1,232	1,847	1,232				10314 British Embassy	74200 Communication & Audio Visual Products ; 75700 Learning costs	4,310
Other comm support (media treatment via regular briefing/interviews sessions, placement on earned media platforms)	1,232	1,847	1,232				10314 British Embassy	74200 Communication & Audio Visual Products	4,310
General Management Support (GMS)	436	654	436				10314 British Embassy	75100 Facilities & Admin	1,527
Sub-Total for Output 4	262,605	39,438	109,498						411,542
General Management Support (GMS)	534,722	122,422	235,938						893,082
TOTAL BUDGET:	534,721	122,422	235,937						893,082

Total resources allocated up to Mar.2021	657,144
*Unfunded resources for the period Apr - Dec 2021	235,938

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The Project shall be implemented using the Direct Implementation Modality (DIM) whereby UNDP takes on the role of Implementing Partner (IP). UNDP has the technical and administrative capacity to assume the responsibility for mobilizing and applying effectively the required inputs in order to reach the expected outputs. UNDP assumes overall management responsibility and accountability for project implementation. UNDP shall provide support in Project implementation and operational implementation of Project Activities, as well as technical and advisory assistance. The Ministry of Education and Science, Construction and Textile Cluster shall be the main partners.

Project Board consists of Ministry of Education and Science, British Embassy (DFID) Representative and UNDP Resident Representative. Meetings shall be held periodically, but at least ones per year.

The Project Board is the group responsible for making management decisions by consensus when guidance is required by the Project Manager, including approval of project work plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions are made in accordance with standards that ensure management for development results, best value for money, fairness, integrity, transparency and effective competition. In case a consensus cannot be reached within the Board, the final decision shall rest with the UNDP Resident Representative.

The Project Board approves the Annual Work Plans (AWP). It also reviews and approves quarterly project plans when required, and authorizes any major deviation from the agreed quarterly plans. The Project Board has authority to sign off on the completion of each quarterly plan and start the next quarterly plan.

During project implementation, the Project Board assumes the following specific duties:

- Overall guidance and direction to the project;
- Review of each stage and approval of progress to the next; and
- Review and approval of work-plans and any exception plan.

At the end of the project, the PB will:

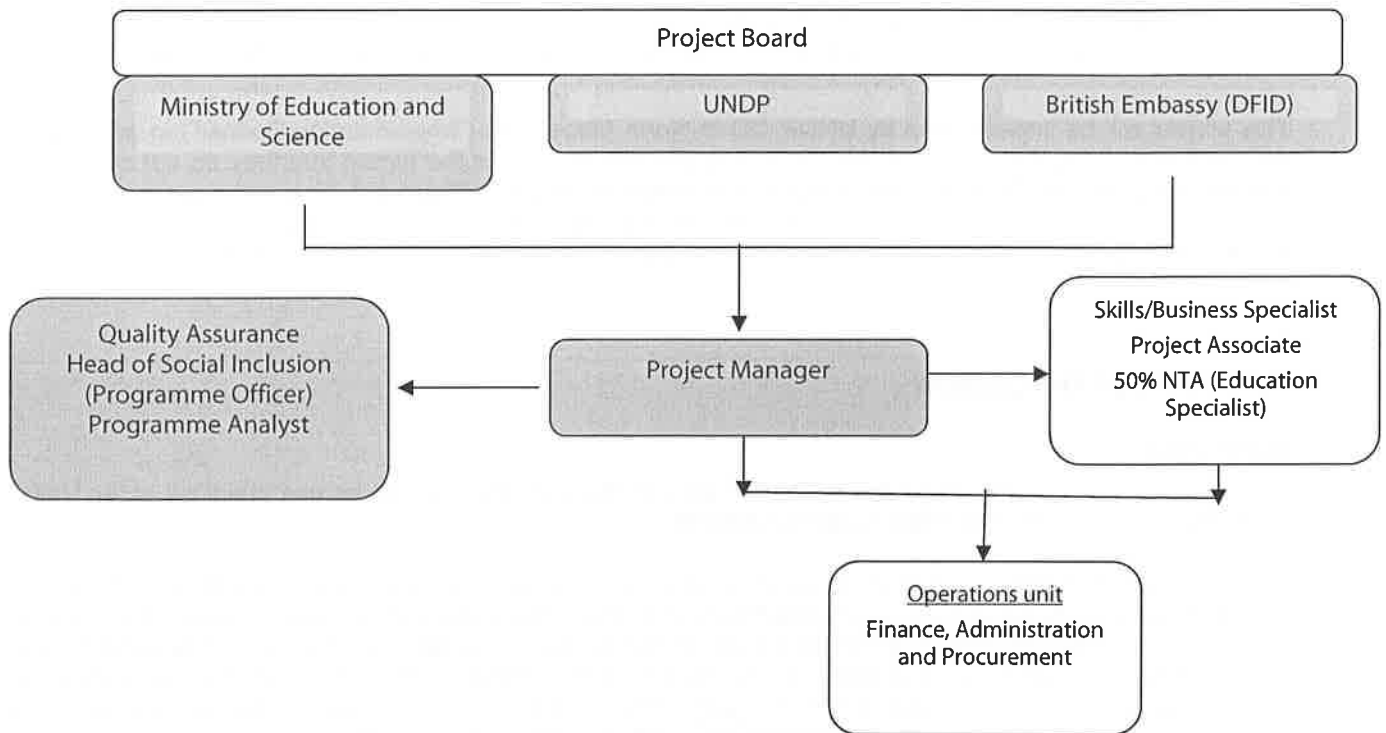
- Assure that all expected outputs have been delivered in a satisfactory manner;
- Approve the Final Project Report

Project Assurance: Project Assurance is the responsibility of each Project Board member; however, the role can be delegated. The project assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures that project management milestones are met. Project Assurance must be independent of the Project Manager; therefore, the Project Board cannot delegate any of its assurance responsibilities to the Project Manager. A UNDP Programme officer holds the Project Assurance role on behalf of UNDP. She/he ensures that funds are made available to the project and are managed efficiently and in line with their stated purpose; ensures that the project makes progress towards intended outputs; and performs regular monitoring activities, such as periodic monitoring visits and "spot checks."

The role of UNDP Resident Representative is to ensure that: resources entrusted to UNDP are utilized appropriately; the project makes progress towards intended outputs; and national ownership, ongoing stakeholder engagement and sustainability are addressed appropriately.

Besides the main partners of the Project, i.e. Ministry of Education and Science, the implementation of this Project involves: Ministry of Labour and Social Policy (MLSP), Employment Service Agency of the Republic of Macedonia (ESA), Adult Education Centre (AEC), Center for Vocational education and Training (VET Centre), Construction and Textile Clusters, Formal and non-formal providers of

vocational education and trainings, Private-sector companies (employers), associations, chambers, clusters etc.



IX. 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 North Macedonia and UNDP, signed on 30 October, 1995. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by UNDP CO in North Macedonia ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

UNDP (DIM)

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/ag_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBAA, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

- b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
- c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
- d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
- e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

- h. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action

against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

- k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

- 1. Risk Analysis**
- 2. Social and Environmental Screening Template**
- 3. Activity Based Budget (ABB)**
- 4. Project Board Terms of Reference**
- 5. GGF Break Text**

Annex 1: Risk Analysis

Project Risk Log

Project Title: BRIDGING THE SKILLS GAP TO CREATE NEW AND BETTER JOBS					Project Number:		Date:
#	Description	Risk Category	Impact & Probability	Risk Treatment / Management Measures	Risk Owner		
	<p>GUIDANCE: Enter a brief description of the risk. Risk description should include future event and cause.</p> <p>Risks identified through HACT, SES, Private Sector Due Diligence, and other assessments should be included.</p>	<p>Social and Environmental Financial Operational Organizational Political Regulatory Strategic Other</p> <p>Subcategories for each risk type should be consulted to understand each risk type (see Enterprise Risk Management Policy)</p>	<p>Describe the potential effect on the project if the future event were to occur.</p> <p>Enter probability based on 1-5 scale (1 = Not likely; 5 = Expected)</p> <p>Enter impact based on 1-5 scale (1 = Low; 5 = Critical)</p>	What actions have been taken/will be taken to manage this risk.	The person or entity with the responsibility to manage the risk.		
1	Weak national capacities to develop and implement targeted programmes in line with latest industry trends	Organizational	Low capacity of national partners may hinder the results produced by project not to be sustained beyond the project lifetime. There is also a risk that project results will not be scaled up. P = 3 I = 5	A strong focus will be placed on increasing the ownership and active involvement of national partners in all critical stages of developing the new models, starting from the models' design and concept validation, to review of models' operationalisation and results achieved. In addition this approach will be accompanied by capacity building activities for involved national stakeholders.	Project Manager		
2	Weak inter-ministerial coordination and cooperation	Organizational	Given the multi-faceted nature of the project, engagement of a multitude of stakeholders is required. There is a real risk	The process of designing the new models will strongly rely on close coordination and cooperation of the MES and MLSP as main Government actors in the area of education and employment, respectively. However, changes in the Government structure might jeopardize the implementation of the initiated	Project Manager		

			that coordination will be challenging. P =3 I = 5	reforms in both social and educational sectors. Therefore, from the initiation stage, consultations will be organized with key stakeholders to increase their understanding of the project and establish networks of collaboration. The strategic plans and objectives of the MLSP and the MES has been considered, so it is expected that possible changes in the Government structure will not significantly affect the planned reforms in these sectors. In addition, the adoption of the private sector driven post-secondary education model will simultaneously mean its integration in the national education system and Government's commitment to its implementation. Once implementation of the project begins, key stakeholders will meet on a regular basis so that they are aware of the progress of the project and contribute to the project. Additionally, the project has selected activities to strengthen institutional mechanisms for improved coordination and collaboration.	
3	Low level of interest among businesses from both sectors for involvement in project activities	Strategic	There is a risk that companies will be indifferent and reluctant to get involved in project activities because they do not believe that the dedication and time spent to implement the project activities will bring them some benefit. P =3 I = 5	The project will continuously work on identifying interested companies from the very beginning of project activities during the sector specific skills assessment and will work on recognizing so-called "champion companies" that are open and aware of the project benefits. The design of the education and training models will be done with high involvement of the private sector, hence providing platform for exchange on the advantages of business modernization. The good practices of the leading domestic companies as well as advanced foreign companies will be widely disseminated through the project communication channels as well as through the respective industry associations. To increase the sense of ownership of the project objectives, the project design includes measures to promote ownership. Project activities will be informed by the best available expertise, facilitated by experts and independent advisors in such a way that stakeholders discuss and come to agreements themselves	Project Manager
4	Limited empirical evidences, reliability of data, and availability of socio-economic	Political	Lack of political will to urge the reforms so that Government's institutions are able to use unified data collection and presentation methods	The project will conduct detailed research concentrating on gathering data on all aspects of relevance for developing flexible and effective education and training models. This among others will include data on the size and structure of the workforce demand in the focal industries on one hand and the potential	Project Manager

	and demographic composition of the country due to non-conducted census, constrain effective policy-making		P =3 I = 1	workforce that can be qualified for engagement in these industries. The research will have clear regional dimension and will largely use primary sources of information that will be complemented with latest available official data to provide as much reliable evidence as possible. This approach will be further implemented by the future Regional VET Centre. The project will make efforts to introduce the practice of data gathering as a basis for designing vocational programmes also to the providers of post-secondary education engaged during the project life span. There are envisaged project's activities to strengthen institutional mechanisms for improved collection of data as an important part of design cycles, as well activities in the form of trainings and workshops.	
5	Lack of detailed analysis of different industrial branches (vision and scope for future, based on the EU practices) and long-term planning of private companies in terms of HR plans	Financial Organizational	Low level of understanding of the importance of workforce development. Human resource planning (HRP) concept is not widely understood as a continuous process of systematic planning ahead to achieve optimum use of an organization's most asset—quality employees. HR planning can ensure shortages or surpluses of the labour force P =3 I = 3	Industry specific analyses will be conducted to provide answers on companies' needs and growth opportunities related to workforce development on mid and, where appropriate, long term basis. Experts knowledgeable on good EU practices will be engaged in the designing and supervising the analyses and in defining applicable solutions. The findings and recommendations will be discussed and validated in fora involving the industries, education and training providers, and public officials to ensure consensus for future coordinated actions. A number of companies will be trained / coached in HR planning that shall result in both improved internal company capacities and elaborated mid to long term HR plans.	Project Manager
6	Changes in the Government structure might jeopardize the implementation of the initiated reforms in both social and educational sectors.		Next year's 2020 parliamentary elections will result in a change of the governing structure whether or not the same ruling coalition wins the election. P =1 I = 3	The project concept is harmonized with the key country's social and educational objectives and is has taken into account the strategic plans of the MLSP and the MES. Hence, it is expected that possible changes in the Government structure will not significantly affect the planned reforms in these sectors. In addition, the adoption of the private sector driven post-secondary education model will simultaneously mean its integration in the national education system and Government's commitment to its implementation. On the other hand, the Project will take care to	Project Manager

					acquaint the public officials with the specifics of the proposed novel approaches by involving them in the design and validation phases. The expected positive results from the models' piloting shall serve as an additional catalyst for Government's support to the new approaches in bridging the skills gap.	
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Annex 4

TERMS OF REFERENCE Project Board

Project Board consists of Ministry of Education and Science, British Embassy (DFID) Representative and United Nations Development Programme (UNDP).

The Project Board is the decision-making body for a project and must consist of three roles:

- Project Executive - individual representing the project ownership to chair the group. Representative of **United Nations Development Programme (UNDP)** will perform the role of Project Executive;
- Senior Beneficiary – individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. Representatives of the **Ministry of Education and Science (MES)** will perform the role of Senior Beneficiary;
- Senior Supplier – individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project. The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. Representatives of the **British Embassy - DFID** will act as Senior Supplier.

The Project Board is responsible for making management decisions by consensus when required. The Board members delegate the day-to-day management of the project to the Project Manager. In order to ensure UNDP's ultimate accountability, the Project Board decisions are made by consensus in accordance with standards that ensure management for development results, best value for money, fairness, integrity, transparency and effective competition. In case a consensus cannot be reached within the Board, the final decision shall rest with the UNDP Resident Representative.

Project Assurance is the responsibility of each Project Board member. However, the role can be delegated. The project assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures that project management milestones are met. Project Assurance must be independent of the Project Manager; therefore, the Project Board cannot delegate any of its assurance responsibilities to the Project Manager. A UNDP Programme officer holds the Project Assurance role on behalf of UNDP. She/he ensures that funds are made available to the project and are managed efficiently and in line with their stated purpose; ensures that the project makes progress towards intended outputs; and performs regular monitoring activities, such as periodic monitoring visits and "spot checks."

The Project Board shall meet periodically, but at least ones per year and during project implementation assumes the following specific duties:

- overall guidance and direction to the project;
- reviews and approves work-plans and any exception plan or revisions;
- reviews evidence on project performance based on monitoring, evaluation and reporting, including progress reports and the combined delivery report;
- authorizes any major deviation from the agreed work-plans and decides on project changes through appropriate revisions;
- ensures that required resources are committed, arbitrates any conflicts in the project, and negotiates any issues between the project and external bodies;
- approves engagement of responsible parties or low value grant recipients of the project;
- assures that all expected outputs have been delivered in a satisfactory manner;
- approves the Final Project Report.

Annex 5 – GGF Break Text

“The funding outlined in the project proposal is for activity to 31st March 2021. It is possible, but not guaranteed, that additional funding may be secured for activities beyond 31st March 2021. This is subject to an extension of the wider Good Governance Fund. If additional funding becomes available, then this arrangement may be extended through an extension letter from DFID stating the new End Date and revised disbursement schedule. Any extension will be based on the activities and budget set out in the project proposal and satisfactory performance. The partner will not spend DFID funds after 31 March 2021 without written approval and authorisation by DFID in advance. DFID will notify the partner, if it intends to provide additional funding beyond 31 March 2021. DFID will not reimburse the partner for any unauthorised expenditure.”

