



REPUBLIC OF MACEDONIA
MINISTRY OF LABOR AND SOCIAL POLICY

Skopje 05-28781,
29.03.2011

Skopje, March, 2011

LETTER OF ACCEPTANCE

With reference to the United Nations Development Programme (UNDP) Project Document titled "**Implementation of Self-employment V and Technical Assistance to Support the Government Operational Plan for ALMMs for 2011**", I hereby confirm, on behalf of the Government of the Republic of Macedonia, that the Government of Macedonia agrees to be bound by the aforementioned Project Document and accepts the rights and duties stipulated in the Project Document.

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

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

Minister of Labour and Social Policy,

Mr. Xhejla Bajrami



Ms. Deirdre Boyd
Resident Representative
United Nations Development Programme

Бр. 05-2878 /
29.03 2011 год.
СКОПЈЕ

Country: The former Yugoslav Republic of Macedonia

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

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

Expected Output(s): Capacities of partner institutions strengthened to better plan, implement and monitor ALMMs; Models of Self-employment and Formalization Programme improved and applied to the target groups set with the OP 2011; Additional employments in firms registered through the earlier phases of the programmes on Self-employment and Formalization of existing business; Programme for supporting Labor Mobility piloted; Model for implementation of the training in occupations deficient on the labor market improved and scaled-up including provision of training under the Roma Support Programme.

Specifically: Creation of 700 family businesses; Formalization of 250 informal businesses; Creation of up to 90 new employments in firms established under the earlier phases of the Self-employment and/or Formalization of existing business programmes; Up to 20 unemployed candidates supported in regard to the labor mobility actions; 170 unemployed candidates trained in occupations deficient on the labor market; 34 Roma trained as per Roma Support Programme.

Implementing partner: UNDP

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

Narrative Description

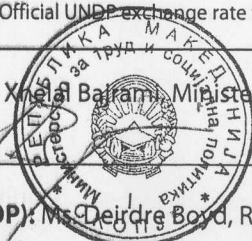
The project shall further deepen the partnership with national institutions responsible for development and implementation of ALMMs. In particular, it will closely collaborate with the Ministry of Labor and Social Policy (MLSP), Employment Service Agency (ESA), Agency for Promotion of Entrepreneurship (APE), and Central Register (CR). The programme will contribute to the implementation of the 2011 Operational Plan on Employment, and its components focusing on: Self-employment; Formalization of existing business; Additional employment in firms registered though 2007- 2009 Self-employment programme and 2008 -2009 Formalization of existing business programme.

The programme will actively collaborate with the Ministry of Education and Science (MOES) and Vocational Education and Training Centre (VETC) in the efforts to improve the institutional arrangements for delivering (organizing) short-term training programmes. In addition, the project will assist the Adult Education Centre (AEC) to build capacities to discharge its mandate in line with the Law on Adult Education. UNDP will also provide assistance in piloting a support programme for improving the labor mobility, as well as implementation of the Roma Employment Support Programme, part of the Roma Decade actions.

Programme Period: April 2011-March 2012
 Programme Component: Promoting an enabling environment for poverty reduction
 Project Title: **"SELF-EMPLOYMENT V TECHNICAL ASSISTANCE TO SUPPORT THE GOVERNMENT OPERATIONAL PLAN FOR ALMMs FOR 2011"**
 Project Duration: 12 months
 Management Arrangement: DIM (under NEX modality)

| | | |
|---|------------------|--------------------|
| Budget | USD 4,479,771.77 | 202,172,100.00 MKD |
| GMS Fee | USD 129,293.15 | 5,835,000.00 |
| MKDA allocated Resources: | | |
| Government | USD 4,309,771.77 | 194,500,000.00 MKD |
| UNDP | USD 170,000.00 | 7,672,100.00 MKD |
| UNDP in-kind | | |
| Contribution | USD 96,875.51 | 4,371,991.77 MKD |
| * Official UNDP exchange rate for March 2011, 1USD= 45.13 MKD | | |

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



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

[Handwritten signature]

30 March 2011



I. SITUATION ANALYSIS

Introduction

This Project Document outlines the Technical support to be provided by the United Nations Development Programme (UNDP) to the Ministry of Labor and Social Policy (MLSP) and Employment Service Agency (ESA), in the implementation of components of the Operation Plan for ALMMs. The Operational Plan reflects the Government's commitment to fund a comprehensive programme on ALMMs from the Central Budget for 2011. It also reflects priority actions for tackling the unemployment stated under the National Multiannual Operational Programme for Human Resources Development 2007-2013, prepared in line with the Component 4 of the EU's Instrument for Pre-Accession Assistance (IPA) and other sources of funds.

The status of employment and unemployment in country

Unemployment rate in 2010 remained at high 31.7% (in the Quarter III of 2010). While in 2009 the labor market stagnated, the trends started to deteriorate during the first half of 2010, ending with a year-on-year employment decline of 1%. The activity rate in the Quarter III of 2010 reached 57.3%; the employment rate 39.3% and the unemployment rate 31.7%¹. The decline² in the employment rates reflects a significant drop in officially registered employments in agriculture sector of nearly 5% compared to a year before. This decrease has been partially compensated by the increase in public sector employment, mainly in education and community services. The unemployment is the highest among the young i.e. 15 to 24 years old (around 55%³ as of June 2010), which constitutes about 20% of the total unemployed in the country. Even though the substantial informal sector contributes to an overestimation of the actual unemployment, the very high unemployment remains an important concern, in particular among young people and the less educated. In that respect, the efficient implementation of the governmental policies and programmes is of crucial importance in the context of the current fiscal constraints, an aspect strongly emphasized in the National Action Plan for Employment 2009-2010.

The comparison between the educational attainment and employment status shows that workers without or with basic education account for a disproportionately bigger share of unemployment. Thus, workers with primary education or less have comparatively higher unemployment rates (52.43%)⁴. This suggests excess supply of low skilled labour and less job opportunities for the young people entering the labor force with low qualifications and/or limited educational achievement.

Arrangements for adult training have yet to be developed in accordance with the adopted Law on Adult Education, relevant by-laws and provided instruments and tools. Arrangements for short-term training are central to improve the labor market efficiency and to correct the skills mismatch. The process of aging of the society, will further emphasize the importance of the adult population for the country's development and growth. Productivity and efficiency increases in the knowledge-based job posts. Hence, modern labor market demands will require knowledge and ability to adapt and adjust to the changes, reinforcing the importance of education and training available to all age groups. Adult Education can greatly contribute to the enlargement of opportunities for inclusion, especially of marginalized groups.

Some of the major weaknesses of the system of adult education in the country are the absence of a good and flexible adult education programmes that respond to the changing labor market conditions, the insufficient coordination of activities and partnership in their realization.

Potentials and competitiveness of local economies directly depend on the competencies of the available labor force. Successful anticipation of future education and training needs is a central for keeping up the pace with the global market competition. Hence, it is of interest to the local self – governments to continuously monitor the needs and opportunities offered by the local labor market and adapt the educational offer to those needs. In that context, support will be needed to strengthen the arrangements for short-term trainings. A modular approach to adult education serves for the greatest number of contemporary skills and competences' principles such as functionality, flexibility, rationality and etc., and at the same time serves greatest number of reform principles like target group orientation, availability and transparency.

¹Source: State Statistical Office (most recent available)

²Source: EC 2010 Report (see at <http://www.sep.gov.mk/Default.aspx?ContentID=36&ControlID=lzvestaiEU.aspx>)

³Status June 2010; Source EC 2010 Report

⁴Source: ESA- Review of unemployment in regard to the education levels as per 30.11.2010

Having that in mind, this project will aim to develop capacities of the Adult Education Centre so that it will be capable of discharging its mandate in the education and labor sector. At the same time, the Employment Services Agency has a strong interest in the availability of training services in order to ensure that the unemployed people can obtain skills and values to get back into labor market.

In order to demonstrate that active labor market measures have positive net impact, it is important to provide an independent assessment in showing that domestic sources and external development assistance have been used effectively. Therefore in 2009 and 2010, UNDP supported an independent impact assessment on Self-employment and on Formalization of Existing Business Programme. Findings show that both Programmes have had an immediate positive effect on the economy and within five years, on the State finances.

During 2010, the Operational Plan has paid special attention to the Roma. This focus will continue in 2011 thus contributing to the Government's actions as part of the Roma Decade 2005-2015. The 2011 Operational Plan identifies the Roma unemployed as one of the target groups of the Self-employment Programme. In order to ensure effective participation of this target group, activities related to the capacity building of Roma Information Centers (RIC) will be part of the implementation procedure of the mentioned Programme.

In addition, taking into consideration the fact that Roma unemployed face disproportionately lower education level or specific skills that may hinder their entrance on the labor market, additional training will be provided under the Roma Support Programme, which is a separate component of the OP 2011. These trainings will be conducted following the model of trainings in deficient occupations. At that end, successful candidates will obtain certificates verified by the Ministry of Education and Science (MES). In order to ensure efficient participation of the Roma in the trainings, above-mentioned capacities of RICs will be further developed so to promote and mobilize candidates from the Roma communities.

Government policy and strategy for employment and unemployment

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

Programme of the Government 2008-2012

In respect of employment and unemployment, this Programme encompasses macroeconomic, microeconomic and employment policies. It also determines the objectives related to an increase of the overall employment, increase of the female employment, as well as employment of the elderly people and outlines the different types of measures for achieving the set objectives. Moreover, the Programme determines active programmes and measures for employment of various target groups, that will be covered with the annual operational programmes and measures.

National Employment Strategy 2010

This document emphasizes the demand-side of the unemployment. It also addresses issues pertaining the informal economy and social safety nets. It includes priorities for tackling youth unemployment (through training and internship), long-term unemployment (training and work practice), female unemployment (education, entrepreneurship, and childcare facilities), vulnerable groups (older workers, ethnic groups, disabled). The importance of education and training is also emphasized.

National Action Plan for Employment 2009-2010

The NAPE specifies a number of demand-and supply-side actions outlined in the *Government's Programme 2008-2012* and the *National Employment Strategy*, including training and lifelong learning; a better childcare to enable parents' re-entry labor force; actions aimed at older workers; ways of addressing female unemployment and improving female participation rates; as well as better job matching.

Government Operational Plan for Employment for 2011

This is an action plan that provides a programmatic framework for allocation of 2011 budget funds for active labor market programmes. It defines the types of programmes and active employment measures, target groups, funds and sources of funds, as well as concrete activities and timeframes

of the responsible institutions. The 2011 Operational Plan is comprised of the following programmes and actions: *Self-employment* (for 700 unemployed); *Formalization of existing business* (250); *Additional employment in firms registered through the Self-employment programmes in 2007-2009 and Formalization of existing business programmes in 2008 - 2009* (up to 90); *Pilot programme – Labor Mobility* (up to 20); *Employment preparation programme* (training for 'known' employer, training in the job clubs, pilot- training of young people up to 29 years of age for known employer in the textile industry, for 'unknown' employer, training in advanced IT software programmes, and start-up business training (in total 4906 unemployed people)); *Wages subsidies* (for single parents, disabled, orphans, young, elderly people (855)); *Internship Programme* (300); *Free vacancies' survey* (40); *Economic empowerment of women- victims of domestic violence* (70) and *Roma Support Program* (34).

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

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

UNDP Relevance

UNDP support to employment and unemployment mitigation

In the country, UNDP has a long-term experience in providing technical assistance for implementation of a wide range of employment and unemployment related programmes. A central element of UNDP support has been to building capacities of the MLSP, ESA and other relevant institutions to design and effectively implement the employment policies, while in parallel testing out innovative measures with a view to their subsequent replication and up-scaling. The scope and the focus of UNDP support in this area is described in the table below.

| Title | Start date | End date | Budget (US\$) | Target groups | Implementing Partners |
|--|----------------|----------------|----------------|--|---|
| Municipal support programme, Phase 1 & 2 | August 2004 | December 2006 | \$2.7 million | Very long term unemployed, youth unemployed and those with limited educational qualifications, with focus on women and minorities | Local authorities and municipal administration, private and civil sector; |
| Employment mediation for highly educated young unemployed people | September 2005 | September 2007 | \$1 million | Highly educated unemployed youth without previous employment, and officially registered young unemployed people with secondary school diploma | Local authorities as part of their mandate in promoting local economic development, but also the local businesses as primary drivers of growth and generators of sustainable jobs |
| Job creation programme (Public works and Wage subsidies) | September 2005 | December 2007 | \$1.95 million | Long-term unemployed (more than 2 years) with secondary education or less; young unemployed people (aged 30 and below), disabled and minorities with secondary or higher education, who have been actively searching job for more than 12 months | Municipalities; Ministry of Labor and Social Policy, the Employment Service Agency and its network of Employment Centers |

| | | | | | |
|--|------------|---------------|----------------|---|---|
| Partnerships for employment generation (Self-employment) | 2005 | 2007 | \$0.8 million | The unemployed - recipients of social benefit, women, young , single parents, ethnic minorities | Municipalities; Employment Service Agency and its network of Employment Centers |
| Self Employment | March 2007 | December 2007 | \$1.19 million | 558 people – long term unemployed (more than 5 years), unemployment assistance beneficiaries, young aged 28 or below | Employment Services Agency and its network of Employment Centers Agency for Promotion of Entrepreneurship |
| Self Employment II | March 2008 | December 2009 | \$2.9 million | 529 people – long term unemployed (more than 2 years), women, young up to 27 years' old 113 people- unemployed with illegal business activity | Employment Services Agency and its network of Employment Centers. Agency for Promotion of Entrepreneurship |
| Self Employment III | April 2009 | March 2010 | \$3.96 million | 654 people – long term unemployed (more than 1 year), women, young up to 27 years' old 250 people- unemployed with illegal business activity | Employment Services Agency and its network of Employment Centers. Agency for Promotion of Entrepreneurship |
| Self Employment IV | April 2010 | March 2011 | \$4.7 million | 700 people – long term unemployed (more than 6 months), women, young up to 27 years' old, Roma 250 people- unemployed with illegal business activity | Employment Services Agency and its network of Employment Centers. Agency for Promotion of Entrepreneurship |

In addition, since 2009 UNDP actively participates in the Joint UN Program on Strengthening National Capacities to Prevent Domestic Violence. One component of this Program supports activities for the economic empowerment of women victims of domestic violence. Part of these actions has been incorporated in the OPs for 2010 and 2011, more specifically under the Self-employment Programme, targeting 40, Employment Preparation Programme –Training in skills and occupations deficient on the labor market targeting 10 and Wages Subsidies Programme targeting 20 women victims of domestic violence.

UNDP support to implementation of Operational Plan for ALMMs for 2010

UNDP has participated in the preparation and implementation of the Government Operational Plans in the period 2007 to 2010 by providing technical inputs, as well as in preparation of the Government Operational Plan 2011. Building on this successful experience, the MLSP requested a technical support from UNDP for the implementation of the following actions from the OP 2011:

Related to the ALMMs:

1. Support in improving and fine tuning the business model for implementation of the Self-employment Programme, to effectively respond to the new target groups set in OP 2011, as well as capacity building activities for RICs;
2. Support in improving and fine tuning the business model for implementation of the Formalization of Existing Businesses Programme;
3. Support in improving and fine tuning the programme of support for additional employments in firms registered through the Self-employment Programmes implemented in 2007- 2009 and through Formalization of Existing Business Programmes implemented in 2008 -2009,
4. Support in piloting the Programme for labor mobility,

5. Support in wider national dispersion of trainings in occupations deficient on the labour market, including enlarged number of verified training programs, participants and training program providers, and
6. Support in implementing Roma Support Programme, part of the activities related to the Roma Decade, in relation to training provision in skills defined as deficient on the labour market.

As for the additional activities covered with the OP 2011:

Following the practice in the previous years (2007- 2010), UNDP will continue to support the MLSP and the ESA in regard to the activities related to the monitoring of the ALMMs implemented with this programme. Therefore, software applications developed under the Self-employment programme in 2007 will be improved, and new software applications will be developed for the new ALLMs covered with this (2011) programme.

This support will encompass two main elements:

- Monitoring, where software applications aimed at tracking participants' employment history (before and during the implementation of active labor market measures) will serve as additional support to the Management Information System (MIS) at ESA. The inclusion in this tracking system would be conditioned by the candidates' participation in active labor market programmes or measure; and
- Development of a methodology for evaluations of the impact of the Trainings in deficient skills measure commenced in 2008. By this, governmental representatives will improve their skills in developing, modifying existing methodologies, improving and implementing impact evaluations for other OP programmes and measures as well.

II. STRATEGY

The project has a countrywide scope as per Self-employment Programme, Formalization of existing Business Programme and Support for firms registered through the Self-employment Programmes implemented in 2007- 2009 and through Formalization of Existing Business Programmes implemented in 2008- 2009, Pilot Programme for Labor mobility, as well as per Training in occupation deficient on the labor market ALMM and Roma Support Programme. It will aim at strengthening capacities, operational practices and sustainability of institutional mechanisms in order to integrate ALMMs at central and at local level of governance.

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

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

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

1. Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs,
2. Self-employment Programme model further improved, to effectively respond to the new target groups set in OP 2011, as well as further capacity building activities concerning RICs,
3. Formalization of existing businesses Programme model further improved in line with new target groups set in OP 2011,
4. The model for supporting additional employments in firms registered through the Self-employment Programmes 2007- 2009 and through Formalization of existing bossiness Programmes implemented in 2008 -2009 further improved in line with the set priorities in OP 2011 and increased scope of eligible candidates,
5. Programme for labor mobility piloted for up to 20 beneficiaries,
6. The model Training in occupations deficient on the labor market further developed and up scaled at national level. This model also will be used for provision of trainings under the Roma Support Programme.

Project activities under Output 1:

Capacities of partner institutions strengthened to better plan, implement and monitor ALMMs output encompasses activities such as:

- One (1) two-day workshop organized with national partners involved in implementation of the project activities. This workshop will be organized at the very beginning of the project, in order to discuss implementation steps, identified bottlenecks and other findings from the earlier phases. The involvement of all stakeholders from the very onset of project activities shall reinforce the ownership of the programme, clarify the understanding of roles and responsibilities by all partners and provide an overall picture of project components and different phases of implementation. In addition, a one-day workshop will be organized with designated representatives from the Employment Centers (EC) and designated representatives from the Roma Information Centers (RIC) in order to present them the agreed implementation steps of the measures where UNDP has its role;
- Increased capacities of involved partners, especially staff of ESA, on implementing OP ALMMs through development and/ or modification of procedures necessary for implementation and monitoring, development of Operational Guidelines with detail description of implementation steps, as well as support in upgrading OP measures and programmes;
- Representatives of MLSP, ESA and other national institutions relevant in the field of ALMMs will have opportunity to get know-how and practical experience through a study visit that will be organized by UNDP. The visit programme will try to provide participants with practical knowledge and good practices on measuring the effects of ALMMs, mechanisms for protection from misuse, as well as implementation of active labor market measure in time of economic crisis. Poland and Czech Republic are being identified as countries that have the relevant experience;
- Capacities of MLSP, ESA, MES, AEC and VET Centre will be enhanced in performing training impact assessment. UNDP will support national authorities in the development of a methodology for training impact assessment and enhance their capacities so they can modify the existing methodologies as necessary, improve and implement impact evaluations of the subsequent OP programmes and measures;
- Capacities of the Adult Education Centre will be further strengthened in the area of adult education programme cycles, tackled with this programme;
- Capacities of RICs will be enhanced to effectively engage Roma men and women and ensure efficient application process. Moreover, RICs will be responsible to ensure constant consultation and coaching of the candidates that have shown interest or have attended the training in some measures/ programmes. For that purpose, prior the commencement of the application process related to the set of measures of the OP 2011 implemented by UNDP, activities will be undertaken to provide needed information and training for the RICs' staff;
- Capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs will be further strengthened concerning the programming and planning of the ALMMs.

Project Activities under the Output 2 and Output 3:

Self-employment Programme and Formalization of Existing Business Programme will be implemented through a similar set of steps and activities such as: launching a Call for applications; provision of public information concerning the opportunities under the programmes; provision of training on development of business ideas to the initially selected candidates (does not refer to Output 3); support in development of business plan (does not refer to Output 3); evaluation and selection of developed business plans; assistance in registration of firms and provision of small capital grants to the registered firms through delivery of necessary equipment and/or materials.

In relation to *Output 2* all applicants will be registered by the ESA. Once the selection/pre-screening will be undertaken, the successful candidates will receive training on business planning and management. Consequently, candidates will receive support in development of business plans through a voucher scheme by business consultants, provided by APE. EC staff together with UNDP PO staff will be actively involved in this stage of the process, as well as throughout entire project cycle.

The resulting business plans will then be ranked, with the best plans qualifying for start-up grants (in a total amount of 185.000 MKD i.e. equivalent to US\$ 4, 099, 00).

Target groups under this Output are the following:

- young people up to 27 years, registered in ESA longer than 3 months

- unemployed Roma
- unemployed people, registered in ESA, from the energy sector
- unemployed people- former professional military staff
- unemployed women, registered in ESA longer than 3 months
- unemployed registered in ESA longer than 6 months

In regard to the target group- unemployed Roma, additional activities will be undertaken in order to inform and better prepare the candidates, and improve their competitiveness on the market.

Output 3 envisages almost the same set of activities as the *Output 2* except those related to the training and business plan development. Due to the fact that this component is covering already existing businesses in the informal sector, OP 2011 stipulates that beneficiaries will apply with already prepared business plans. APE will evaluate the business plans, collected by ESA and will propose a score list that will be then approved by the Selection Commission. The assistance package under this programme consists of support in firm registration and consequently start-up grant (in a total amount of 185.000 MKD i.e. equivalent to US\$ 4, 099.00).

Target groups are the following:

- unemployed people, registered in ESA from the energy sector
- unemployed people- former professional military staff
- unemployed people, registered in ESA longer than 3 months, performing informal businesses

Along with the active role that APE has in the course of the development of business plans (Self-employment) and evaluation of the plans (Formalization), APE as per OP 2011 will provide advisory and consultation services to all firms that will be registered in 2011, in a period of 12 months, following the completion of project activities.

Project activities under Output 4 are as follows:

This output foresees the following activities: launching a Call for applications; Submission of applications by interested firms, already registered through the Self-employment Programmes implemented in 2007, 2008 and 2009 and through Formalization of existing bossiness Programmes implemented in 2008 and 2009. Based on submitted documents, previously obtained from the Central Register and Public Revenue Office, selection of firms will be undertaken by the Selection Commission, based on the criteria established within Project Operational Guidelines. This will be followed by mediation between interested firms and unemployed candidates, performed by ESA, including signing contacts between the ESA and the employers and between the employer and employee. In the course of the procurement stage of the process, contracts will be signed among UNDP, EC and the employer for procurement of equipment and materials. The assistance package under this programme consists of provision of small grants to the firms through delivery of equipment and materials. The total amount of the grant is 92.000 MKD equivalents to \$ 2,039,00 per employment, but not more than 5 employments in same firm, including, if any, employment(s) made under OP 2010 pilot programme for additional employment.

Project activities under Output 5 are as follows:

Under Output 5, the following activities have been envisaged: launching a call for applications; submission of applications by interested candidates; based on the indentified local labor market needs, selection of the candidates according to their qualifications and skills. Selection of the candidates will be carried out by the implementing partners. Selected candidates will sign contracts (contract among employer and the employee, as well as among UNDP , EC and employee) when they made final decision on the possible employment outside their place of residence (min. 60 km distanced from their place of residence). Other conditions to the labor mobility support are that the employment should not be made on the territory of the City of Skopje and that it should not mean employment in civil service or public administration. The financial support to the candidates in order to support or to encourage their mobility (in a total amount of 185.000 MKD equivalents to US\$ 4,099.00), will be delivered in three different installments (I installment- immediately after the employment (40%), II installment 4 months after the employment (30 %) and the III installment 7 months after the employment (30%)).

At the end of the implementation of this programme, UNDP will review the success of the programme, in order to provide to national partners relevant evidences regarding the design and implementation mechanisms, prior the development of new OP for 2012.

Project activities under Output 6 are as follows:

Activities to be undertaken under this output summarized as follows: coordination of the preparatory activities in reaching agreement among the Ministry of Education and Science, the Employment Services Agency, AEC, VET Centre and the Ministry of Labor and Social Policy concerning the priority skills and occupations for short-term training, coordination of the activities leading to possible verification of the training providers; assistance in developing selection criteria for the training providers (private and public) and assistance in development of criteria for training candidates.

In the next stage of the process, UNDP activities will be focused on MES, VET Centre and ESA by provision of advices and consultations in the process of the training modules (curricula) endorsement, as well as technical assistance and guidance in the course of the selection process of training providers and training programmes as well as training candidates. During the actual realization of the trainings, support will be provided in the process of coordination, organization and delivery of the training programmes on priority occupations. Concerning the development of necessary by-laws and secondary legislation leading to more efficient enforcement of the Law on Adult Education, activities will be in direction of assistance in development of required procedures, criteria and tools needed for the operationalization of the training process that will allow for its efficient scale up, including the customized training for different target groups. Support will be also provided in regards to development of a database concerning trainings, which will be shared with all involved implementing partners. This database will allow to monitor the quality of the delivery of the training programmes by the training providers, as well as to establish close links with the training participants and providers.

Additional activities covered under the OP 2011

Additional activities to be covered under the OP 2011 are related to the Management Information System (MIS) of ESA. The ESA system will be supported by the data base and software applications for Self-employment, Formalization and Programme for additional employment. Activities in that context include improvement of the applications in line with the OP 2011 requirements. Concerning the ALMM –Trainings in deficient occupations and Roma Support Programme, training providers (both private and public), as well as implementing partners will be provided with procedures and knowledge on organizing and maintaining database. That will lead to provision of accurate data of the trainees' attendance, which is pre-condition for timely payment of the funds allocated for this measure by ESA. Actions that will be also undertaken within the project will consist of improvement of the application forms, development of new software applications and data base about new programme where UNDP will have also role as of 2011 such as the Pilot- Labor Mobility Programme.

Moreover, effort will be made to support governmental institutions in regard to their capacities for development of methodology and conducting impact assessments for ALMMs implemented through annual OPs. In 2010, the programme supported an impact assessment of two ALMMs i.e. self-employment and formalization of existing businesses, implemented in 2007 and 2008. The purpose of these assessments was to obtain data in regard to the survival rates of the firms, turnover and etc. In line with the OP 2011 project will continue to support national partners, more specially MLSP, ESA, MES, AEC and VET Centre to develop capacities for adapting the methodology according to the specific ALMM- Training, and provide necessary guidance and recommendations that will enable such kind of impact assessments in the future. In that regard, it is envisaged that staff of the MLSP, ESA, MES, AEC and VET Centre, will be actively involved in discussions for development of above-mentioned impact assessment training methodology. Project will pay due attention on finding suitable arrangements in regard to the MLSP, ESA, MES, AEC and VET Centre staff involved in this action, so not to interfere with their scope of work and quality.

In line with support and assistance that will be provided to the national partners in implementing programmes and measures of the OP 2011, as well as all assistance and inputs given in the course of development of the OP 2011, evaluation of the Pilot programme for Labor Mobility (see Output 1) will be performed. This evaluation will be focused on the design of this pilot and possibilities to increase scope of actors/institutions/candidates and etc. Findings of this evaluation will be presented to national counterparts (see Output 1).

NOTE: During the Project Board meeting held on 28.01. 2009, financial implication linked with the implementation of the Project „Self-employment II and Technical Assistance to Support the Government Operational Plan for ALMMs for 2008 was discussed .It was agreed that the remaining

funds in the Project after completion of all project activities would be used for additional activities. Following that decision, in 2011, the remaining funds, due to the VAT return, from the Project „Self-employment IV and Technical Assistance to Support the Government Operational Plan for ALMMs for 2010,,, will be used for piloting a new programme on labor mobility as well as for scaling up of the 2010 pilot programme for support of additional employment in firms already registered through the Self-employment Programmes implemented in 2007- 2009 and through Formalization of existing Business Programmes implemented in 2008 - 2009, now a regular programme as per OP 2011.

III. RESULTS AND RESOURCES FRAMEWORK

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

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

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

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

Indicators: a) Cumulative number of young unemployed women and men, who went through professional training (retraining/re-qualification programmes) and b) Cumulative number of new jobs created as per OP 2011 programmes

Baseline: Number of unemployed 300 540 (or 31.7 %⁵ in the Quarter III of 2010)

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

Partnership Strategy: The project shall further deepen the partnership with national institutions responsible for development and implementation of ALMMs. In particular, it will closely collaborate with the Ministry of Labor and Social Policy (MLSP), Employment Service Agency (ESA), Agency for Promotion of Entrepreneurship (APE), and Central Register (CR). The programme will contribute to the implementation of the 2011 Operational Plan on Employment, and its components focusing on: Self-employment; Formalization of existing business; Additional employment in firms registered through 2007- 2009 Self-employment programme and 2008 -2009 Formalization of existing business programme.

The programme will actively collaborate with the Ministry of Education and Science (MOES) and Vocational Education and Training Centre (VETC) in the efforts to improve the institutional arrangements for delivering (organizing) short-term training programmes. In addition, the project will assist the Adult Education Centre (AEC) to build capacities to discharge its mandate in line with the Law on Adult Education. UNDP will also provide assistance in piloting a support programme for improving the labor mobility, as well as implementation of the Roma Employment Support Programme, part of the Roma Decade actions.

| Project title and ID (ATLAS Award ID): "Self-employment V and Technical Assistance to Support the Government Operational Plan for ALMMs for 2011" | | | | |
|--|---|---|---|---|
| INTENDED OUTPUTS | OUTPUT TARGETS FOR (YEARS) | INDICATIVE ACTIVITIES | RESPONSIBLE PARTIES | INPUTS |
| <p>Output 1 - Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs</p> <p>Baseline: The Government is expanding the range and scope of ALMMs in OP 2011 as a response to the <i>Programme of the Government 2008-2012</i></p> <p>Request received from the MLSP on up-scaling of the interventions in the area of OP 2011 programmes, where UNDP has a role, as a</p> | <p>(2011)</p> <p>Capacities of 8 Roma Information Centers (RICs) will be enhanced to effectively engage Roma man and women and ensure efficient application process</p> | <p>Activity 1 - Strengthening capacities</p> <p>Main actions:</p> <p>1.1 One (1) two-days' workshop organized with national partners involved in the implementation of the activities, under UNDP responsibility for development of Operational Guidelines (OG) and one (1) one-day workshop will be organized with all designed representatives from all Employment Centers (EC) and designed representatives from the Roma Information Centers (RIC) in order to</p> | <p>Ministry of Labor and Social Policy Employment Service Agency Agency for Promotion of Entrepreneurships Ministry of Education and Science Centre for Vocational Education and Training Adult Education Centre UNDP</p> | <p>Financial and human resources employed to organize workshops</p> <p>Financial and human resources employed to organize study visit</p> <p>International consultant to guide discussions and provide recommendations concerning methodology</p> |

⁵Source: State Statistical Office

| | |
|---|--|
| <p>result of lessons learnt and made achievements</p> <p>Limited resources of national partners in regard to the programming and planning of ALMMs, as well as monitoring and evaluation</p> <p>Lack of capacities in RLCs to mobilize, promote and assist application process as per ALMMs in the OP</p> <p>Indicators: Transfer of knowledge to the MLSP and ESA on implementation of OP2011 ALMMs, where UNDP has a role provided</p> <p>RLCs trained for provision of adequate assistance</p> | |
| <p>Capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs strengthened and increased to be able better program and plan ALMMs, leading to development of more efficient employment policies</p> <p>Data base used in 2010, further improved in 2011, according to the involved national institutions' needs</p> <p>Capacities of Employment Service Agency to plan, deliver and monitor ALMMs increased</p> <p>Knowledge gained during the implementation of the models transferred</p> | |
| <p>present them OG.</p> <p>1.2 Increase of the capacities of involved partners, especially staff of ESA, on implementing OP ALMMs through development and/or modification of procedures necessary for implementation and monitoring, development of Operational Guidelines with detail description of implementation steps, as well as support in upgrading OP measures and programmes.</p> <p>1.3 Capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs further will be strengthened and increased through organized study visit. Visit focus will be in the area of measuring effects from the implementation of ALMMs as well as mechanisms for protection in case of misuse, as well as for gaining some experience in relation to the implementation of active labor market measure in time of economic crisis, through organized study visit (Poland or Czech Republic).</p> <p>1.4 Capacities of MLSP and ESA built through provision of support in developing methodology for performance of training impact assessment.</p> <p>1.5 Capacities of the Adult Education Centre further strengthened in regard to the priority needs of the AEC in the area of adult education programme cycles.</p> <p>1.6 Capacities of RLCs will be enhanced to effectively engage Roma man and women and ensure efficient application process.</p> <p>1.7 Capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs will be further strengthened concerning the programming and planning of the ALMMs.</p> | |
| <p>for training impact assessment</p> <p>National consultant employed according to the Adult Education Centre needs for provision of guidance in testing adult education programme cycles</p> <p>National consultant</p> <p>International consultant to perform evaluation of the design of the pilot programme</p> | |

| | | | | |
|---|---|--|---|---|
| <p>Output 2 - Self-employment Programme model further improved, to effectively respond to the new target groups set in OP 2011, as well as further capacity building activities concerning RIGs</p> <p>Baseline: High level of unemployment 31.7%⁶ (in the III Quarter of 2010)</p> <p>SME sector unable to absorb the number of unemployed</p> <p>The Government is expanding the number and scope of ALMMs in OP 2011 as a response to the <i>Programme of the Government 2008-2012</i></p> <p>Request received from the MLSP on up-scaling of the interventions in the area of self-employment as a result of lessons learnt and made achievements as per Self-employment programme implemented in 2010</p> <p>Limited resources of ESA for implementation of Self-employment Programme's activities, especially those referring to training on business ideas, preparation of business plans, and utilization of the grant funds, monitoring of the procurement process and etc.</p> <p>Indicators: Improved model developed in order to correspond to the new target groups and activities as per OP 2011</p> <p>No. of supported self-employments</p> | <p>(2011)</p> <p>700 self-employments /small businesses established</p> | <p>Activity 2 - Implementation of Self-employment Programme, based on improved model</p> <p>Main actions:</p> <p>2.1 Call for applications and promotion of opportunities for self-employment</p> <p>2.2 Training on development of business ideas</p> <p>2.3 Support to development of business plans</p> <p>2.4 Evaluation and selection of business plans and registration of established firms</p> <p>2.5 Small capital grants by supplying the necessary equipment and/or materials to established firms</p> | <p>Ministry of Labor and Social Policy Employment Service Agency Agency for Promotion of Entrepreneurships UNDP</p> | <p>Provision of trainings to applicants on start-ups</p> <p>Development of business plans from ideas</p> <p>Increased capacities of ESA' staff in regard to the provision of trainings to applicants, in close collaboration with the project staff</p> <p>Small grants provided for support of start-ups and small businesses for procurement of necessary equipment/materials to the registered firms</p> <p>Increased capacities of ESA' staff in regard to the monitoring activities, in close collaboration with the project staff</p> |
|---|---|--|---|---|

⁶Source: State Statistical Office

| | | | | |
|---|--|---|---|---|
| <p>Relevant and competent training on development of business plans based on applicants' ideas provided</p> <p>Timely and efficient provision of small-grants allocated for procurement of necessary equipment/materials to the registered firms</p> <p>Increased role of the ESA' staff in the preparation of business plans</p> <p>Increased role of the ESA' staff in the monitoring activities</p> | | | | |
| <p>Output 3 - Formalization of existing business Programme model further improved in line with new target groups set in OP2011</p> <p>Baseline: National Employment Strategy 2010 addresses the informal economy as one of the problems of the unemployment. Operational plan for 2011 identifies support in formalization of the 250 informal businesses.</p> <p>Indicators No. of Informal businesses formalized.</p> <p>Timely and efficient provision of small-grants allocated for procurement of necessary equipment/materials to the registered firms Increased role of the ESA' staff in the monitoring activities</p> | <p>(2011) 250 formalization of existing businesses</p> | <p>Activity 3- Implementation of the Formalization of the existing businesses, based on improved model</p> <p>Main actions: 3.1 Call for applications and opportunities for self-employment by formalization of the existing business promoted 3.2 Business plans evaluated and selected, firms registered 3.3 Small capital grants provided to the firms through delivered necessary equipment/ materials</p> | <p>Ministry of Labor and Social Policy Employment Service Agency Agency for Promotion of Entrepreneurships UNDP</p> | <p>Small grants provided for support of start-ups and small businesses for procurement of necessary equipment/materials to the registered firms</p> <p>Increased capacities of ESA' staff in regard to the monitoring activities, in close collaboration with the project staff</p> |
| <p>Output 4 - Support for additional employments in firms registered through the Self-employment and Formalization of existing</p> | <p>(2011) Up to 90 additional</p> | <p>Activity 4- Implementation of the Support for additional employments in firms registered through the Self-employment Programmes</p> | <p>Ministry of Labor and Social Policy Employment Service</p> | <p>Small grants, as a result of the additional employments and increase</p> |

| | | | | |
|---|---|---|---|--|
| <p>business Programmes model further improved in line with the set priorities in OP 2011 and increased scope of eligible candidates</p> <p>Baseline: Operational plan for 2011 identifies the need to support the growth of the already established firms under the ALMMS implemented since 2007, in the context of actions for development of the SMS sector</p> <p>Indicators No. of additional employments supported</p> <p>Timely and efficient provision of small-grants allocated for procurement of necessary equipment/materials</p> <p>Increased role of the ESA' staff in the monitoring activities</p> | <p>employments supported</p> | <p>Implemented in 2007- 2009 and through Formalization of existing business Programmes implemented in 2008 -2009 based on improved model and increased scope of eligible candidates</p> <p>Main actions:</p> <p>4.1 Call for applications and submission of applications by interested firms 4.2 Selection of candidates 4.3 Mediation between the firms and unemployed people for their employment 4.4 Signing contact between the ESA and the employers: Signing contract with the beneficiary/firm for procurement of equipment and materials 4.5 Provision of small capital grants to the firms, through delivery of necessary equipment/materials</p> | <p>Agency for Promotion of Entrepreneurships UNDP</p> | <p>of the business scope of activity provided by procurement of necessary equipment/materials to the registered firms under the programmes implemented in the period 2007-2009</p> <p>Increased capacities of ESA' staff in regard to the monitoring activities, in close collaboration with the project staff</p> |
| <p>Output 5- Programme for labor mobility piloted</p> <p>Baseline: Operational plan for 2011 identifies the need to support the labor mobility, in the context of uneven unemployment rates throughout the country and various employment possibilities based on the local labor market demands</p> <p>Indicators No. of employments supported based on the labor mobility principles</p> <p>Timely and efficient provision of small-grants allocated to support or encourage labor mobility</p> | <p>(2011) Up to 20 candidates supported</p> | <p>Activity 5- Implementation of the Labor Mobility Programme piloted</p> <p>Main actions:</p> <p>5.1 Call for applications and submission of applications by interested candidates 5.2 Identification of the local labor markets' needs 5.3 Selection of candidates 5.4 Mediation between the firms and unemployed people for their employment 5.5 Signing contact between the ESA, UNDP and the successful candidates 5.6 Provision of small capital grants in three (3) installments</p> | <p>Ministry of Labor and Social Policy Employment Service Agency UNDP</p> | <p>Small grants provided for support labor mobility</p> <p>Increased capacities of ESA' staff in regard to the monitoring activities, in close collaboration with the project staff</p> |

| | | | | |
|---|---|---|--|--|
| <p>Increased role of the ESA' staff in the monitoring activities</p> | <p>Targets (2011)</p> <p>Coordination for development of at least six (6) new training modules established</p> | <p>Activity 6- Implementation of the Active Labor Market Measures – Training in occupations deficient on the labor market and Roma Employment Support Programme coordinated and supported</p> <p>Main actions:</p> | <p>Ministry of Labor and Social Policy Employment Service Agency Ministry of Education and Science Vocational Education and Training Centre Adult Education Centre Roma Information Centers Commerce chambers UNDP</p> | <p>Financial and human resources for organization and conducting of the target groups</p> <p>Assistance in identifying new ALMMs</p> <p>Support in identification of necessary procedures for efficient operationalization of the training activities as ALMM</p> <p>National consultant</p> <p>Adjusting the data base with ALMMs, where UNDP has a role, in accordance to the national partners' needs</p> |
| <p>Baseline:</p> <p>In sufficient coordination between educational and labor sector to implement this ALMM in accordance with the Governmental Operational Plan for 2011</p> <p>Sub-laws on Law on Adult Education need to be put into operationalization mode; Adult Education Centre still not functioning in its full scope; The responsibilities of institutions still not clearly defined; Lack of coordination among different institutions.</p> <p>Indicators:</p> <p>Standard based training curricula for occupations deficient on the labor market developed, broadly publicly discussed among the relevant institutions and approved by MES</p> <p>Coordination of the preparatory activities related to the training institutions so to be well prepared for conducting trainings</p> | <p>Coordination for development and approval of at least six (6) new standard based training curricula in selected institutions established</p> <p>Data base for ALMMs from the OP 2011, where UNDP is one of the implementing partners, improved</p> | <p>6.1 Coordination of the preparatory activities in reaching agreement among the Ministry of Education and Science, the Employment Services Agency, AEC, VET Centre and the Ministry of Labor and Social Policy concerning the priority skills and occupations for short-term training</p> <p>6.2 Coordination of the activities leading to possible verification of the training providers</p> <p>6.3 Assistance in developing selection criteria for the training providers (private and public) and assistance in development of criteria for training candidates</p> <p>6.4 Provision of advices and consultations in the process of the training modules (curricula) endorsement</p> <p>6.5 Technical assistance and guidance in the course of the selection process of training providers and training programmes as well as training candidates</p> <p>6.6 Support will be provided in the direction of coordinating the organization and delivery of the training programmes on priority occupations</p> <p>6.7 Assistance in development of required procedures, criteria and tools needed for the operationalization of the training process</p> <p>6.8 Development of a database concerning trainings, which will be shared with all involved implementing partners</p> | | |

IV. ANNUAL WORK PLAN BUDGET SHEET
Year: 2011

| EXPECTED OUTPUTS And baseline, indicators including annual targets | PLANNED ACTIVITIES List activity results and associated actions | TIMEFRAME | | | | RESPONSIBLE PARTY | Funding Source | PLANNED BUDGET | | | |
|--|---|-----------|----|----|----|----------------------|----------------|----------------------------------|-------------------------------------|---------------------------|----------|
| | | Q1 | Q2 | Q3 | Q4 | | | Budget Description | MKD | Exchange rate March | USD |
| Output 1 - Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs | 1.1 One (1) two-days' workshop organized with national partners involved in the implementation of the activities, for development of Operational Guidelines (OG) and one (1) one-day workshop will be organized with all designed representatives from all Employment Centers (EC) and designed representatives from the Roma Information Centers (RIC) in order to present them OG. 1.2 Increase of the capacities of involved partners, especially staff of ESA, on implementing OP ALMMs through development and/ or modification of procedures necessary for implementation and monitoring, development of Operational Guidelines with detail description of implementation steps, as well as support in upgrading OP measures and programmes. | X | | | | UNDP | 04000 | 72705- Special events (seminars) | 180.520,00 | 45,13 | 4.000,00 |
| | | | X | X | X | | UNDP | 04000 | 72705- Special events (study tour) | 947.730,00 | 45,13 |

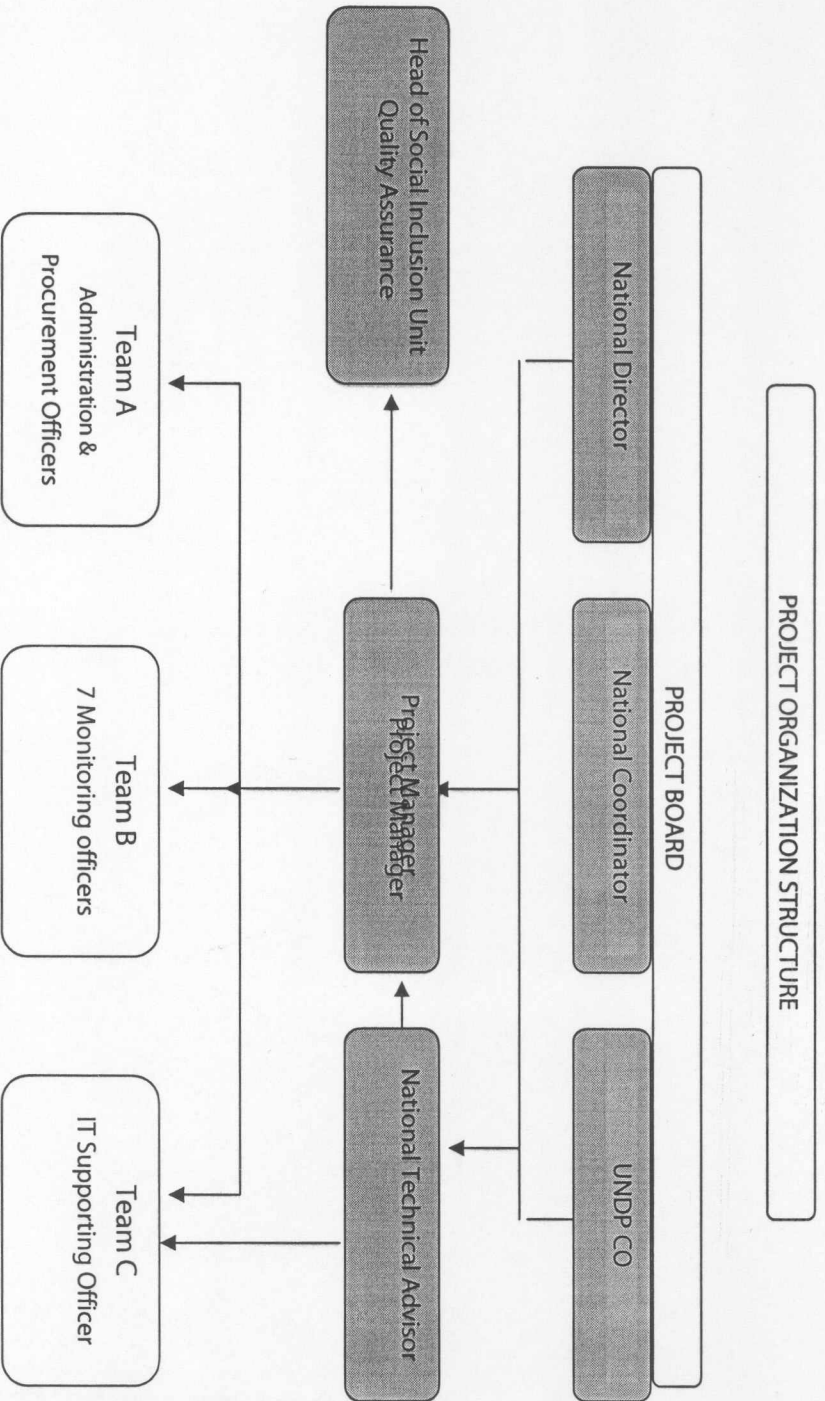
| | | | | | | | | | | |
|--|--|---|---|---|------|--|--|--|-----------------------|------------------|
| | 6.7 Assistance in development of required procedures, criteria and tools needed for the operationalization of the training process | X | X | | UNDP | | | | 45,13 | |
| | 6.8 Development of a database concerning trainings, which will be shared with all involved implementing partners | X | X | X | UNDP | | | | 45,13 | |
| SUB TOTAL 6 (UNDP in kind) | | | | | | | | | 4.371.991,77 | 45,13 |
| SUB TOTAL 6 (in cash) and (UNDP in kind) | | | | | | | | | 4.371.991,77 | 45,13 |
| TOTAL BUDGET | | | | | | | | | 218.999.786,77 | 45,13 |
| | | | | | | | | | | 96.875,51 |

| Funding sources: | IN MKD |
|---|-----------------------|
| 1. Macedonian Government | 194.500.000,00 |
| 2. UNDP in cash | 7.672.100,00 |
| 3. UNDP in kind contribution | 4.371.991,77 |
| Total Government | 194.500.000,00 |
| Total UNDP (2+3) | 12.044.091,77 |
| TOTAL available cash (1+2) | 202.172.100,00 |
| Amount to be covered by VAT return for the project cost | 12.892.413,07 |

** The output 4 and 5 will be supported by the remaining funds from VAT return from 2009 and 2010.*

V. MANAGEMENT ARRANGEMENTS

PO organization chart



Implementation arrangements

Overall Management

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

Specific roles are the following:

a) **the Minister of Labor and Social Policy is a National Programme Director (NPD)**, Chair of the **Project Board** and a principal focal point from the Ministry of Labor and Social Policy for the overall coordination of the employment programmes. The Minister will also be the main link with the Government and the Project partners.

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

c) Management and oversight of the Component 1. Support in improving and fine tuning of the business model for implementation of the Self-employment Programme, to effectively respond to the new target groups set in OP 2011, as well as capacity building activities concerning RICs; 2. Support in improving and fine tuning of the business model for implementation of the Formalization of Existing Businesses Programme; 3. Support in improving and fine tuning the programme of support for additional employments in firms registered through the Self-employment Programmes implemented in 2007- 2009 and through Formalization of Existing Business Programmes implemented in 2008 -2009; and 4. Support in piloting the Programme for labor mobility shall be provided by a **Project Manager (PM)**, working under close guidance of the NPC and UNDP Head of Social Inclusion Unit.

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

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

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

At the same time, close coordination and TA of Project activities under Activity 5 i.e. Support in wider national dispersion of trainings in occupation deficient on the labor market, including enlarged number of verified training programs, participants and training program providers, and 6. Support in implementing Roma Support Programme, part of the activities related to the Roma Decade, in relation to training provision in skills defined as deficient on the labor market will be provided by a **National Technical Advisor (NTA)**, who will work under guidance of NPC and UNDP Head of Social Inclusion Unit.

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

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

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

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

The other partners in implementation of this Programme include: the Employment Service Agency (ESA), the Agency for Promotion of Entrepreneurship (APE), Ministry of Education and Science (MES), Vocational Education and Training Centre (VET Centre), and Adult Education Centre (AEC). The **Project Board** composed of NPD, NPC, UNDP Resident Representative, the Director of APE, the State Secretary of MES, will meet on a periodic basis, but no later than 6 months from the previous meeting.

Implementation Procedures

UNDP Project and Programme team in close cooperation with ESA and APE will develop the implementation-operational guidelines procedures and the necessary application documents, based on the previous experiences and lessons learnt, Support in improving and fine tuning of the business model for implementation of the Self-employment Programme, to effectively respond to the new target groups set in OP 2011, as well as capacity building activities concerning RICs, 2) Support in improving and fine tuning of the business model for implementation of the Formalization of Existing Businesses Programme 3) Support in improving and fine tuning the programme of support for additional employments in firms registered through the Self-employment Programmes implemented in 2007- 2009 and through Formalization of Existing Business Programmes implemented in 2008 -2009 and 4) Support in piloting the Programme for labor mobility. Based on the previous experiences and lessons learnt, UNDP Project and Programme team in close cooperation with MLSP, ESA, MES, VET Centre, AEC will develop implementation procedures and the necessary documents, as of the following: 5) Support in wider national dispersion of trainings in occupation deficient on the labor market, including enlarged number of verified training programs, participants and training program providers, and 6) Support in implementing Roma Support Programme, part of the activities related to the Roma Decade, in relation to training provision in skills defined as deficient on the labor market.

The **Operational Guidelines** for the project will be a key document to describe the methodology and the process of implementation of the ALMMs as part of OP 2011, where UNDP is having a role. This document will describe the procedure for application, participation and receipt of the self-employment or formalization grants by the interested unemployed candidates. In addition, it will provide procedure for application, participation and receipt of grants in case of additional employments or employments made through labour mobility actions. Also it elaborates on the method of implementation and monitoring activities as well as method for provision of support in the activities related to the training in deficient skills on the labor market and Roma Support Programme.

Daily Management

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

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

1. Representatives of MLSP from the Labor Sector
2. Representatives of ESA from Active Labor Market Measures Sector
3. Representatives of APE

4. Representatives of UNDP from the Project Office

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

VI. MONITORING FRAMEWORK AND EVALUATION

Within the annual cycle

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

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

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

Annually

- **Annual Project Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Project Report shall consist of the Atlas standard format for the Quarterly Progress Report QPR covering the whole calendar year with updated information on each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Final Project Report.** The final project report shall be conducted at the very end (operational closure) of the project activities, to assess the overall performance of the project. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which expected outputs have been achieved, and what kind of progress is being made towards the respective outcome.

Quality Management for Project Activity Results

| OUTPUT 1: Capacities of partner institutions strengthen to better plan, implement and monitor ALMMs | | |
|--|--|---|
| Activity Result 1 (Atlas Activity ID) | <i>Self-employment implementation Activity 1</i> | Start Date: 01 Apr '11 End Date: 31 Mar '12 |
| Purpose | Strengthening capacities of involved partners in the implementation of the project, according to their priority needs; | |
| Description | Increase of the capacities of involved partners will be undertaken through developed partnership and coordination among key partners, and transfer of knowledge on implementing the ALM programmes and measures. Focus will be given on assisting national partners concerning the employment policy more efficient development as well as increasing awareness of the implementation procedures and steps. In that context, 2 workshops and a study visit will be organized. Capacities of MLSP, ESA, MES, VET Centre and AEC will be built through development of a methodology for impact assessment of training measure. Concerning the AEC activities will be undertaken in accordance to the priority needs of the centre for testing the adult training programme cycle. Supporting the implementation of OP 2011 programmes and measures, capacities of RICs will be enhanced to effectively engage Roma man and women and ensure efficient application process. In addition, capacities of MLSP, ESA and other national institutions relevant in the field of ALMMs will be strengthened and increased to be able better program and plan ALMMs, leading to development of more efficient employment policies by elaborating findings of the evaluation of the design of the pilot programme. | |
| Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i> | Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i> | Date of Assessment <i>When will the assessment of quality be performed?</i> |
| Preparation of the improved Project Operational Guidelines in coordination with national institutions | Operational Guidelines (OG) prepared and accepted by the PB. | March 2011 |
| Monitoring of the implementation through joint monitoring team consisted of all interested implementing institutions | Lessons learnt shared with relevant national institutions. | May- Dec 2011 |
| Regular reporting to the Project Coordination Team and Working Group provided; and implementation steps/bottle-necks/findings outlined | Monthly and Quarterly reports prepared and shared with national institutions. | Monthly and quarterly |
| Database adjusted to the national partners' need | Database for ALMMs from the OP 2011, where UNDP is having a role, further developed and consequently improved | Dec 2011 |

| OUTPUT 2: Self-employment Programme model further improved, to effectively respond to the new target groups set in OP 2011, as well as further capacity building activities concerning RICs | | |
|--|---|--|
| Activity Result 2 (Atlas Activity ID) | <i>Self-employment implementation Activity 2</i> | Start Date: 01 Apr '11 End Date: 31 Mar '12 |
| Purpose | 700 self-employments /small businesses established | |
| Description | Implementation of the model for Self-employment according to the specifics outlined in the OP 2011 will be carried out through a transparent selection process, where best business ideas will be selected and provided with training | |

| | | |
|---|--|---|
| | on development of business plans. As a result, 700 firms will be registered by the end of 2011. Newly formed firms will be further supported with small capital grants, providing necessary equipment and/or materials for start-up. | |
| Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i> | Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i> | Date of Assessment <i>When will the assessment of quality be performed?</i> |
| Timely and broad promotion of the opportunities offered by the Self-employment Programme intervention; No. of RIC's staff trained and supported for dissemination of programme's opportunities; No. of applications received. | At least 1.500 candidates registered at ESA Local Job Centers and approximately 1000 candidates confirmed their interest in written form At least 10 RIC's ⁷ staff trained | May 2011 |
| Relevant and competent training on development of business plans based on applicants ideas provided; Business plans produced and best ones selected for further support; No of registered firms. | Good quality interactive training "From idea to businesses" organized; 780 business plans developed; 700 viable business plans selected for self-employment grants; 700 supported businesses registered. | September 2011 |
| Timely and efficient provision of small-grants allocated for procurement of necessary equipment/ materials to the registered firms. | 700 Self-employment grants in equipment and/or materials transparently and timely procured and delivered to the registered businesses. | December 2011 |

OUTPUT 3: Formalization of existing business Programme model further improved in line with new target groups set in OP 2011

| | | |
|--|---|---|
| Activity Result (Atlas Activity ID) | Formalization of businesses Activity3 | Start Date: 01 Apr '11 End Date: 31 Mar '12 |
| Purpose | 250 informal businesses formalized | |
| Description | Implementation of the improved model for Formalization Programme, with a goal to reduce unemployment and grey economy by assisting 250 informal already existing businesses to legalize. Implementation of the Formalization Programme will be done through transparent and open selection process. As a result, 250 firms will be registered by the end of 2011. Newly, legalized firms will be further supported with small capital grants. | |
| Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i> | Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i> | Date of Assessment <i>When will the assessment of quality be performed?</i> |
| Timely and broad promotion of the opportunities offered by the Formalization of existing businesses Programme; No. of applications received. | At least 400 candidates registered at ESA Regional Job Centers and approximately 300 candidates confirmed their interest in written form | May 2011 |
| No. of informal businesses formalized. | 250 informal businesses registered | September 2011 |
| Timely and efficient provision of small-grants allocated for procurement of | 250 Formalization grants in equipment and/or materials | December 2011 |

⁷ As per information obtained from MLSP, there are 8 RIC with approximately 2-3 employees, paid via State Budget.

| | | |
|--|---|--|
| necessary equipment/materials to the registered firms. | transparently and timely procured and delivered to the registered businesses. | |
|--|---|--|

OUTPUT 4: The model for supporting additional employments in firms registered through the Self-employment Programmes 2007- 2009 and through Formalization of existing bossiness Programmes implemented in 2008 -2009 further improved in line with the set priorities in OP 2011 and increased scope of eligible candidates

| | | |
|---|--|---|
| Activity Result (Atlas Activity ID) | Strengthen institutional capacities <i>Activity 4</i> | Start Date: 01 Apr '11 End Date: 31 Mar '12 |
| Purpose | Up to 90 new employments made in firms already established in the period 2007 - 2009 | |
| Description | Implementation of the Active Labor Market Measure - Support for additional employments in firms registered through the Self-employment programmes and Formalization of Existing Businesses is with a goal to encourage the growth of the small size firms by assisting up to 90 additional employments. Implementation of the Support for additional employments in firms already registered through the Self-employment Programmes implemented in 2007-2009 and through Formalization of Existing Business Programmes implemented in 2008 - 2009, will be done through transparent and open selection process. As a result, up to 90 new employments will be registered by the end of 2011. These activities will be further supported with small capital grants per each new employment made in the already established firms. | |
| Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i> | Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i> | Date of Assessment <i>When will the assessment of quality be performed?</i> |
| Timely and broad promotion of the opportunities offered by the Support for additional employments in firms registered trough the Self-employment Programmes implemented in 2007, 2008 and 2009 and through Formalization of existing bossiness Programmes implemented in 2008 and 2009; No. of applications received. | At least 150 firms already established in 2007, 2008 and 2009 confirmed their interest in written form at ESA Job Centers | May 2011 |
| No. of additional employments made. | Up to 90 informal businesses registered | September 2011 |
| Timely and efficient provision of small-grants allocated for procurement of necessary equipment and/or materials to the selected firms per each new employment made. | Up to 90 grants in equipment and/or materials transparently and timely procured and delivered to the registered businesses. | December 2011 |

OUTPUT 5: Programme for labor mobility piloted for up to 20 beneficiaries

| | | |
|--|--|--|
| Activity Result (Atlas Activity ID) | Strengthen institutional capacities <i>Activity 5</i> | Start Date: 01 Apr '11 End Date: 31 Mar '12 |
| Purpose | Up to 20 new employments made though possibilities enabled by labor mobility | |

| | | |
|--|--|---|
| Description | Implementation of the Pilot Active Labor Market Measure – Labor Mobility is with a goal to assist or/and encourage high educated young unemployed people up to 34 years of age to find employment outside their place of residence. Implementation of the Pilot programme for Labor mobility will be done through transparent and open selection process. As a result, up to 20 new employments will be registered by the end of 2011. These activities will be further supported with small grants per each new employment made outside the place of residence. | |
| Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i> | Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i> | Date of Assessment <i>When will the assessment of quality be performed?</i> |
| Timely and broad promotion of the opportunities offered by Pilot programme for Labor mobility; No. of applications received. | At least 50 high educated young unemployed people up to 34 years of age confirmed their interest in written form at ESA Regional Job Centers | May 2011 |
| No. of employments made. | Up to 20 employments registered | September 2011 |
| Timely and efficient provision of small-grants allocated for assisting or/ and encouraging employments outside the place of residence. | Up to 20 grants transparently and timely delivered to the successful candidates. | December 2011 |

OUTPUT 6: - The model Training in occupations deficient on the labor market further developed and dispersed wider at national level. This model also will be used for provision of trainings under the Roma Support Programme

| | | |
|--|---|---|
| Activity Result (Atlas Activity ID) | Strengthen institutional capacities <i>Activity 6</i> | Start Date: 01 Apr '11 End Date: 31 Mar '12 |
| Purpose | Coordination of national partners in regard to the activities concerning the ALMMs Training, as well as preparing Adult Education Centre, within MOES, and ESA to lead other institutions in actual implementation of this measure. In addition, improved model of implementation will be used for provision of training under the Roma Employment Support Programme. | |
| Description | Coordination of the activities in regard to the market demand based training modules and their execution by training providers. Coordination activities should enable efficient training of 170 candidates in occupations deficient on the labor market, as well as 34 Roma under the Roma Employment Support Programme. Successful candidates that will pass the final exams will obtain certificates. | |
| Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i> | Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i> | Date of Assessment <i>When will the assessment of quality be performed?</i> |
| Timely and broad promotion of the opportunities offered by the Training; No. of applications by training providers received, No. of applications by trainees | At least 20 applications by training providers, and at least 200 for the training in deficient occupations and 50 for the Roma. | |
| High quality training curricula for deficient occupations developed by the training providers, endorsed by VET Centre, and verified by the MES | Six (6) new standard based training curricula for deficient occupations developed by training providers, broadly publicly discussed among the relevant institutions and verified by MOES | July 2011 |
| Coordination of activities concerning the timely and professional training provision and obtaining of data | Monitoring system set and well functional, providing adequate data, especially to ESA | August 2011 |

VII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Former Yugoslav Republic of Macedonia and the United Nations Development Programme, signed by the parties on 30 October 1995. The host-country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the Government co-operating agency described in that Agreement.

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

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

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

SPECIAL CLAUSES

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

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

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

The Government's contribution shall be charged with:

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

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

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

BUDGET

| Line Item | Number of unemployed candidates | Units | Unit price amount MKD | Total MKD including VAT | MKD/USD exchange rate | Total USD** |
|---|---------------------------------|------------------|-----------------------|-------------------------|-----------------------|---------------------|
| 1 Training for 1000 participants* | 1.000 | 1 | 2.297,00 | 2.297.000,00 | 45,13 | 50.897,41 |
| 2 Business plans - Voucher system* | 750 | 1 | 11.600,00 | 8.700.000,00 | 45,13 | 192.776,42 |
| 3 Registration of companies* | 950 | 1 | 3.000,00 | 2.850.000,00 | 45,13 | 63.150,90 |
| 4 Self-employment grants* | 950 | 1 | 185.000,00 | 175.750.000,00 | 45,13 | 3.894.305,34 |
| 5 Administrative costs covered by the Government | | | | 4.903.000,00 | 45,13 | 108.641,70 |
| TOTAL funds from the Government (1+2+3+4+5) | | | 78.105,00 | 194.500.000,00 | 45,13 | 4.309.771,77 |
| 5a Administrative costs, detailed | Number of units | Number of months | | | | |
| 5.1 Staff | 12 | 11 | 88.148,97 | 11.635,664,46 | 45,13 | 257,825,49 |
| 5.2 office rental and maintenance | 1 | 11 | 109.025,00 | 1.199,275,00 | 45,13 | 26,573,79 |
| 5.3 communications | 1 | 11 | 96.100,00 | 1.057,100,00 | 45,13 | 23,423,44 |
| 5.4 travel | 1 | 11 | 99.295,00 | 1.092,245,00 | 45,13 | 24,202,19 |
| 5.5 office supplies | 1 | 11 | 17.102,52 | 188,127,67 | 45,13 | 4,168,57 |
| Subtotal 5 (PO) | | | | 15,172,412,13 | 45,13 | 336,193,49 |
| 6 Costs covered by VAT return | | | | | | |
| 6,1 UNDP General Management Service | | | | 5.835.000,00 | 45,13 | 129.293,15 |
| 6,2 UNDP direct cost to the management | | | | 2.668.000,93 | 45,13 | 59.118,12 |
| 6,3 PO admin costs covered by VAT return | | | | 4.389,412,14 | 45,13 | 97,261,51 |

"Self-employment V and Technical Assistance to Support the Government Operational Plan for ALMMs for 2011 "

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

Table 1- Description of projected activities

| | Activities | Unemployed | Total MKD including VAT | Exchange rate | Total USD** |
|---|--|-------------------|--------------------------------|----------------------|---------------------|
| 1 | Training "From idea from business" for 1000 participants | 1000 | 2.297.000,00 | 45,13 | 50.897,41 |
| 2 | Development of business plans - Voucher system (self-employment) | 750 | 8.700.000,00 | 45,13 | 192.776,42 |
| 3 | Registration of firms/ Self-employment | 700 | 2.100.000,00 | 45,13 | 46.532,24 |
| 4 | Registration of firms/ Formalization | 250 | 750.000,00 | 45,13 | 16.618,66 |
| 5 | Small capital grants/ Self-employment | 700 | 129.500.000,00 | 45,13 | 2.869.488,15 |
| 6 | Small capital grants/ Formalization | 250 | 46.250.000,00 | 45,13 | 1.024.817,19 |
| 7 | Administrative costs covered by the Government | | 4.903.000,00 | 45,13 | 107.758,24 |
| | TOTAL funds from the Government | | 194.500.000,00 | 45,13 | 4.309.771,77 |
| | <i>Total in MKD funded by the GOV</i> | | <i>194.500.000,00</i> | 45,13 | <i>4.309.771,77</i> |
| | <i>Total in USD \$ funded by the GOV</i> | | <i>4.309.771,77</i> | | |
| | <i>Total in MKD funded by UNDP</i> | | <i>7.672.100,00</i> | | |
| | <i>Total in USD funded by UNDP</i> | | <i>170.000,00</i> | | |

Table 2- Dynamics of transfer of installments toward UNDP

| Installments | Date | Amount in MKD |
|---------------------|-------------------------------|-----------------------|
| First installment | Upon signing of the Agreement | 29.175.000,00 |
| Second installment | 01.05.2011 | 48.625.000,00 |
| Third installment | 01.08.2011 | 77.800.000,00 |
| Fourth installment | 01.10.2011 | 38.900.000,00 |
| Total | | 194.500.000,00 |

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

Table 3: Project costs

| | Type of the cost | Donor | Source of funds | Needed funds (in MKD) | Need funds (in USD) |
|----------|--|-------------------|--|---|---------------------|
| 1 | PROJECT OFFICE COSTS – Administrative costs (project staff, office rent and maintenance, communications, travel and car maintenance, office supplies) – Table 4 | | | 15.172.411,68 | 336.193,48 |
| 1.1. | Administrative costs | Government | In calculated in the funds determined for the activities of the project, funded by the Government of RM –available and 420 ,000 .00 MKD form VAT return 2010 | 4.903.000,00 (+420 ,000.00) 5,323,000.00 | 117.948,15 |
| 1.2. | Administrative costs | Government | Covered by the VAT funds return of the project | 4.389.412,14 | 97.261,51 |
| 1.3. | Administrative costs | UNDP | UNDP in cash- available | 5.415.600,00 | 120.000,00 |
| 2 | COSTS RELATED TO THE MANAGEMENT AND IMPLEMENTATION SERVICES | | | 10.759,500,93 | 238.411,27 |
| 2.1 | INDIRECT COSTS - GMS (3% of the total amount received by the Government, for the offices in New York) – Table 5 | Government | Covered by the VAT funds return of the project | 5.835.000,00 | 129.293,15 |
| 2.2. | DIRECT COSTS for implementation – Table 6 | Government | Covered by the VAT funds return of the project | 2.668.000,93 | 59.118,12 |
| 2.3 | Supporting cost to project activities | UNDP | Funds allocated for strengthening of national partners' capacities (study visit, retreat, workshop and consultants) and purchasing of software | 2,256,500.00 | 50,000.00 |
| | TOTAL PROJECT COSTS | | | 25,931,912.61 | 574.604,75 |
| | Subtotal Government (1.1 + 1.2. + 2.1. + 2.2) | Government | | 12.892.413,07 | 285.672,79 |
| | Subtotal UNDP (1.3.+2.3) | UNDP | | 7,672.100,00 | 170.000,00 |

In the **total Project Costs** the Government will contribute 12.892.413,07 Macedonian Denars (MKD) whereas UNDP will contribute in cash 170,000.00 USD , equivalent to 7.672.100,00 MKD . As a project support UNDP will also provide in kind contribution 96.875,51 USD equivalent to 4,371,991.77 MKD.

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

Table 4: Project Office Costs – Administrative costs

| Administrative costs description | units | months | Total per unit per month | Amount in MKD | USD exchange rate | Amount in USD |
|--------------------------------------|-------|--------|--------------------------|----------------------|-------------------|---------------|
| <i>Project Personal</i> | 12 | 11 | 88,148.97 | 11,635,664.46 | 45.13 | 257,825.49 |
| <i>Office rental and maintenance</i> | 1 | 11 | 109,025.00 | 1,199,275.00 | 45.13 | 26,573.79 |
| <i>Communications</i> | 1 | 11 | 96,100.00 | 1,057,100.00 | 45.13 | 23,423.44 |
| <i>Travel</i> | 1 | 11 | 99,295.00 | 1,092,245.00 | 45.13 | 24,202.19 |
| <i>Office supplies</i> | 1 | 11 | 17,102.52 | 188,127.67 | 45.13 | 4,168.57 |
| | | | TOTAL | 15,172,412.13 | 45.13 | 336,193.49 |

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

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

| Description | Amount in MKD | Amount in USD |
|--|---------------------|-------------------|
| 3% of the total cash contribution provided by the Government | 5.835.000,00 | 129.293,15 |
| Total | 5.835.000,00 | 129.293,15 |

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

| Description | Description | Amount in MKD | Amount in USD |
|--|---------------------------------------|---------------------|------------------|
| Human Resources Management | | 42.427,79 | 940,12 |
| Procurement of Goods/ Services related to this project | Tender add | 7.897,75 | 175,00 |
| Financial Management | 950x3=3000 (approx) RDP's (16,85 \$) | 2.281.321,50 | 50.550,00 |
| E-mail account | 248\$ x12 staff | 134.306,88 | 2.976,00 |
| Radio room | 407x11 staff | 202.047,01 | 4.477,00 |
| | | 2.668.000,93 | 59.118,12 |

3. The balances from the VAT refund (after the above expenses have been charged) will be used for Project activities and returned to the Government budget once all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion, as per the agreement with the Government.
4. The balance of Government contribution that is not expended by the close of the project shall be returned to the Government.
5. UNDP shall make every effort to offset any incurred losses due to the exchange rate fluctuations within the period of project implementation.

6. Per the agreement between UNDP and the government to receive funds in MKD, all funds are to be deposited in to UNDP local bank account which is not an interest generating account.

LIST OF ABBREVIATIONS

- | | |
|------------|--|
| - (AEC) - | - Adult Education Centre |
| - (ALMMs)- | - Active Labour Market Measures |
| - (APE)- | - Agency for Promotion of Entrepreneurship |
| - (CR)- | - Central Register |
| - (EC)- | - Employment Centers |
| - (ESA)- | - Employment Service Agency |
| - (GMS)- | - General management support |
| - (ISS)- | - Implementation support services |
| - (MIS)- | - Management Information System |
| - (MLSP)- | - Ministry of Labor and Social Policy |
| - (MOES)- | - Ministry of Education and Science |
| - (NPC)- | - National Programme Director |
| - (NPD)- | - National Project Coordinator |
| - (OG)- | - Operational Guidelines |
| - (OP)- | - Operational Plan |
| - (PB)- | - Project Board |
| - (PM)- | - Project Manager |
| - (RIC)- | - Roma Information Centers |
| - (UNDP)- | - United Nations Development Programme |
| - (VETC)- | - Vocational Education and Training Centre |