

ANNUAL PROGRAMME/PROJECT REPORT (APR)

Basic programme/project information

Programme or project number and title: 00070499“Self-Employment 3 and Technical assistance for supporting the Governmental Operational Plan for 2009 for active labor market measures”

Designated institution: Ministry of Labour and Social Policy (MLSP)
Employment Service Agency (ESA) with 30 Employment Centers (EC)
Agency for Promotion of Entrepreneurship (APE)
United Nations Development Programme (UNDP)

Project starting date: April 2009
Originally planned: December 2009
Actual: March 2010

Project completion date: 31 March 2010
Originally planned: 31 December 2009
New: 31 March 2010

Total budget (US \$): USD 3,629.451.03 (232.422,56 \$ have been utilized from VAT return and remaining funds for support of 54 additional candidates within OPE(Operational Plan for Employment) 2009 from OPE 2008- Project Board decision)

Original: 4,101,748,72 \$ (3,629.451.03 \$ Stipulated and signed in the Project Document)¹
Latest signed revision:

Period covered by the report: April –December 2009

¹ The difference in the budget is due to a exchange rate that has been drastically changed since the Project Document has been signed (1\$= 48,09 MKD) and the least transfer (1\$ =40,95 MKD)

TEXTUAL ASSESSMENT

1. What are the major achievements of the programme or project vis-à-vis the expected results during the year under review? To the extent possible, include an assessment of the potential impact, sustainability and contribution to capacity development.

Since the project enrolls several Active Labour Market Measures (ALMM) the objective of the project are as follows:

- creation of sustainable 600 (654) family businesses,
- formalization of 250 informal businesses,
- coordination of the activities for Training in skills and occupations deficient on labour market for 120 candidates
- Management Information System to be developed for all active ALMMs.

All the above mentioned ALMMs have been defined as part of the Governmental OPE 2009. Following achievements of the project implemented in 2008, in 2009 project scaled up already developed ALMM: Self-employment e, Formalization of existing business and Training in skills and occupations deficient on labour market. Each measure involved different target groups.

1. *Self-employment*: Implementation of the improved model for self-employment ALMM aiming at reduction of unemployment by assisting 600 (654) beneficiaries. Selection of the candidates has been done through transparent and open selection process involving following targets groups:

- 250 young people up to 27 years, registered in Employment Service Agency (ESA) as unemployed more than 6 months
- 150 female entrepreneurs, registered in ESA as unemployed more than 1 year
- 200 long-term unemployed persons, registered in ESA as unemployed more than 1 year

2. *Formalization* as ALMM has been included as a regular ALMM in OPE 2009 based on the interest and results achieved in 2008 when this measure has been piloted. Target group for Formalization are unemployed registered in ESA for more than 1 year and have established informal business.

3. *Training in skills and occupations deficient on labour market* - Based on the results of Labour Market Skills Needs Analysis conducted in 2008, the available resources for organization and performing of trainings, following profiles were selected for this measure:

- electrical fitters and electrical assemblers
- gas and water supply system fitters and maintenance workers
- mechatronic systems maintenance workers

As a result, at the end of 2009, 654 companies have been registered in Self-employment ALMM, 250 in Formalization have been supported with small capital grants, allowing them to procure necessary equipment and materials needed for the start-up, while 68 trainees out of 120 envisaged have attended the training organized by the professional secondary schools, out of which 66 have passed the exams and have obtained the certificates.

Out of 654 involved beneficiaries and registered companies the distribution by target group is following:

- young people up to 27 years, registered in ESA as unemployed : 155
- female entrepreneurs, registered in ESA as unemployed more than 2 years: 195
- long-term unemployed persons, registered in ESA as unemployed more than 2 years: 304

The presented result in comparison with the projected figures predetermined in the OPE 2009 are not achieved due to a low interests within particular target groups that has been under expectations. Namely, the defined number of candidates from each group has not been fulfilled in the implementation, but this has been considered as possible scenario and has been solved in a way that the balancing among target groups is allowed within particular measure. (example: The young unemployed up to 27 years of age were planned with number of 250 supported while during the implementation 155 were supported. Even they can apply under other target groups as well) Also, the Analysis for the target group of young unemployed has been conducted in order to examine the causes leading to such articulated state, having in mind the labor market situation and the youth unemployment rate Capacity development: In agreement with ESA in those EC's where employees were ready, they have been involved in training sessions for the beneficiaries.. The approach "learning by doing" has been applied since the EC employees have been involved in all steps of implementation (in some more than the others), which is perceived as more efficient and empiric transfer of knowledge. The same approach will be used in final stage when monitoring and transfer of equipment will take place.

Selected 654 beneficiaries participated in entrepreneurship training conducted through 40 two days trainings in 30 Employment Centres. The project has been executed as originally planned. The whole process of implementation has run in three cycles, the last one to be completely finalized during the second quarter of 2009 referring to monitoring and transfer of equipment to the beneficiaries..

The Project was implemented in a close cooperation with all relevant Governmental partners, i.e. Ministry of Labour and Social Policy, Employment Service Agency and Agency for Promotion of Entrepreneurship, Ministry of Education and Science and the Center for Vocation Education and Training. Coordination and implementation took place through a regular Technical Working Group meetings, Selection Panel meetings and ad hoc meetings when needed. Above mentioned stakeholders have been fully involved and consulted in order to achieve projected results. In addition it can be said that they were provided with all regular reporting and implementation related data in the course of ALMMs implementation.. For the purpose of efficient implementation these following institutions were involved: Central Registry, Craft's Chamber and Ministry of Agriculture and Water Management.

Achievements in Self-employment:

- Number of Employment Centres included: 30
- Number of received applications: 1517
- Number of eligible applications: 1517
- Number of approved applications: 900
- Number of candidates attended the training :841
- Number of business ideas developed: 763
- Number of business plans prepared: 704
- Number of business registered: 654
- Number of self employments : 654
 - Breakdown by gender: 245 female; 409 male;
 - By ethnicity: Macedonian: 563 ; Albanians: 54 ; Roma: 14 ; Turks: 8 ; Serbs: 7 ; Vlachs: 1 ; Bosniaks: 1
 - By target groups: Long term unemployed: 304 ; Unemployed persons age up to 27 years:155 and Women entrepreneurs : 195
 - By type of registration:
 - Lawyer: 7

- DOO :1
- Company with limited assets :503
- Individual farmers:34
- Traders: 60
- Ambulances:2
- Crafts:47

Achievements in Formalization:

- Number of Employment Centres included: 27
- Number of received applications: 426
- Number of eligible applications: 281
- Number of approved applications: 250
- Number of business registered: 250
- Number of self employments : 1250
 - Breakdown by gender: 74 female; 176 male;
 - By ethnicity: Macedonian: 209; Albanians: 32; Roma: 5;Turks: 2;Serbs:1; Vlachs: 2.
 - By type of registration:
 - Company with limited assets: 100
 - Individual farmers: 15
 - Traders: 6
 - DOO:1
 - Crafts:30

Achievements in Training and retraining for deficient skills on labor market:

- Number of Institutions involved : 5 (Ministry of Education and Science, VET Centre, ESA, Ministry of Labour and Social Policy, Secondary Vocational Schools)
- Number of received applications: 104
- Number of eligible applications: 104
- Number of candidates attending the training: 68
- Number of candidates that passed the exam and obtained certificates: 66

Achievements in Inclusion of additional candidates:

As a result of the Project Board decision to reallocate the funds from OPE 2008 to OPE 2009 in support to additional number of self-employments , 54 candidates were enrolled in addition to 600 originally planed in OPE 2009. All projected activities related to the extended inclusion of candidates have been successfully carried out.

Knowledge products developed:

- Study tour to Lithuania for all relevant institutions involved in implementation of the project with main objective of the visit to strengthen capacities of partners from the national institutions in the domain of ALMMs focusing on the ALMMs implemented in the visited country, facilitate the transfer of know-how and get acquainted with examples of the best practices in the organization and administration of ALMMs that can be applied in the own country. As a result of, that the new OP 2010 incorporates one measure that is based on the learnt lessons during the visit. This measure will be piloted in 2010 and refers to specialized courses in English language in the domain of tourism and catering.
- Analysis of the young up to the 27 years of age based on the low interest of young people up to 27 years in self employment measure (both in 2007 and 2008) an Analysis was conducted in order to examine the causes leading to such articulated state, having in mind the labor market situation

and the youth unemployment rate. As a result of the findings of is the , a specialized approach for young people is envisaged in the OPE 2010 as well as measures that are considered as more preferable for the youth population such as training in specialized IT programs

- Impact Assessment of the Self-employment measures implemented in 2007 whose objectives were, first, to establish whether the support given under the Self-employment and business formalization programmes in the country provided value-for-money and, second, to design methodology and procedures, and to train potential users, such that similar assessments can be made in the future. Given the positive result of Impact Assessment a favorable in regard to the Self-employment and business formalization programmes, because the data shows that the economic return is one (1) year after the completion of the programme activities and financial return is five (5) years after the end of the programme activities , it was decided to continue with their implementation in the next 2010, increasing the scope of benefiteres to 700 (500 in 2007, 500 in 2008, 600 in 2009).

All these achievements were followed by the following actions:

- Transparent application and recruitment process for engagement of Consulting Agency which has proven to be a successful approach and method in inclusion of candidates ;
- Strengthened capacity of the EC to implement ALMM and monitoring procedures by involving the employees from the EC 's in all steps of implementation ;
- Improvement of life standard of direct and indirect (local economy) beneficiaries;
- Reduction of informal sector through incentives;
- Further development of methodology and coordinating the retraining measure, by coordinating the work of Technical Working Group consisted of relevant institutions involved in implementation such as: VET Center, Ministry of Education and Science, Ministry of Labor and Social Policy, ESA. Assisting the above mentioned institutions in preparing all relevant documents and procedure in order to facilitate the implementation of the measure;
- Monitoring and Evaluation system developed as well as Management Information System (MIS) for all ALMM within OPE 2009 and regular provision of data to all involved institutions on regular basis and developed and handed indicators which will significantly assist in designing of new ESA software;

2. What major issues and problems are affecting the achievement of programme or project results?

- Low capacities in some of EC to transparently and efficiently implement self-employment measure and apply monitoring and evaluation procedures in application stage and some irregularities recorded;
- Some applicants lack firm commitments, thus there are drop-outs during the process of implementation of training, preparation of business plans and registration of business;
- Lack of Public Awareness Campaign with customized approach on national level in order to animate and to trigger the higher number of applications thus and the greater space for quality business, even on the local level the extra effort were invested;
- Predetermination of participation of target groups in numbers is reducing the chance to meet the projected due to a in particular target group in this case *young unemployed up to 27 years of age*.
- The coordination in some steps of implementation among institutions involved in the third measure (UNDP, MOES and ESA) required intensive communication has been taking place in order to mitigate the situation as well as a stronger cooperation among the involved institutions has been required and realized.

3. How should these issues or problems be resolved? Please explain in detail the action(s) recommended. Specify who should be responsible for such actions. Also indicate a tentative time-frame and the resources required.

- The capacity of EC should be further strengthened through the workshops and information meetings on particular steps in implementation and encourage higher involvement of the ESA staff in implementation of all measures ;
- The Government in coordination with relevant institutions should prepare and establish a common framework for coordination and monitoring of employment-related data to better detect the characteristics of the unemployed, identify the suitable target groups for the measure, monitor and evaluate the results;
- The coordination among related institutions such as: Employment Service Agency, Ministry of Labor and Social Policy, Ministry of Education and Science, Central Registry should be further strengthened to allow effective and timely cooperation;
- The sustainability of newly established companies should be supported by business centers such as Agency for Promotion of Entrepreneurship regional centers and by the Employment Centers and perhaps to provide with additional incentives still active companies enrolled with the program in 2007 and 2008 ;
- Utilization and coordination among different databases within ESA should be solved for all measures since overlapping have occurred during the application and implementation stages;

4. What new developments (if any) are likely to affect the achievement of programme or project results? What do you recommend to respond to these developments?

Some policy changes, more specifically introduction of micro-loans scheme that would further support the newly formed businesses (to be initiated and financially supported by the Government), could reinforce the achievements of the project results.

Implementation of other ALMMs in parallel to self-employment and similar programmes require timely and good coordination, and are recommended actions to mitigate any negative effects. Also, a comprehensive analysis of the possible consequences might prevent any negative effects to the program.

As a mitigation strategy a regular communication among institutions in order to coordinate and facilitate the processes and responsibilities.

5. What are the views of the target groups with regard to the programme or project? Please note any significant gender-based differences in those views.

No particular survey has been conducted among the beneficiaries, but from unofficial contacts with them and during the implementation a certain level of interest and satisfaction among the candidates has been evident. One on one contacts among beneficiaries and Monitoring Officers have resulted with a positive feedback by the beneficiaries since they have established contacts from the training and further during the following steps in implementation.

Based on the definition of the target groups a specific highlights were put on gender mainstreaming approach since one of the target groups defined in Self-employment measure are women entrepreneurs. In Self-employment measure based on the analyses of the previous year implementation the higher participation of women are defined through a separate target group within the measure. The gender ratio is 62,5 % (male): 37,5 % (female) has significantly followed

the trend of defined inclusion of women, while in Formalization no particular approach has been given to any of the genders. The gender ratio is 70,4 % (male): 29,6 % (female). There are specific economic branches that attract more business ideas and potentials for new businesses. For example, crafts involve more females while production industry as well as construction is male predominant (No official statements were taken from the beneficiaries); beneficiaries with university degree are more female than male.

6. To date, what lessons (both positive and negative) can be drawn from the experience of the programme or project?

Positive:

- Capacity of Employment Service Agency (ESA) in implementation of self-employment measure has been improved during the previous years and significantly strengthened during this year;
- Communication and coordination among relevant institution involved in implementation toward achieving common goal has increased;
- Local community has been supported by opening new business and increasing income and employment generation;
- Informal economy reduced by providing incentives for registration of the business;
- Opportunity of increasing the marketability by certified trainings.

Negative:

- There is further need to strengthen the coordination among relevant institutions;
- Inadequate time for utilization of MIS software solution and impossibility to integrate it within the existing IT infrastructure due to the technical obstacles and delayed incorporation of ESA software for ALLM's (still under construction).

General conclusions and lessons learnt:

- Self-employment as a measure is more suitable for those that are more likely to develop good quality business plan and be able to sustain it at least for the required period (3 years). The formalization of informal sector indicates that they are more likely to be sustainable on the market since they already have been introduced with requirement of the market economy.
- Increased quality in implementing the training and re-training measure suggested that involved responsible institutions have to continue to build their capacities for implementation of the training & re-training activities, especially if the next activities are to be conducted with large scope of actors.
- Regarding the M&E Strategy it can be said that still it is hard to incorporate this component since the activities related to the M&E that need to be performed by ESA and they have not completed the procurement of database that has been planned for the end of 2009. Due to this, there is complete confusion and ESA needs assistance in establishing a set or a model of a monitoring and evaluation system that will be followed.

7. If the programme or project has been evaluated, what is the implementation status of the recommendations made by the evaluators?

As part of the undertaken activities, impact Assessment of the programme Self-employment implemented in 2007 was conducted in order to measure effectiveness of such programs. As per the report provided by the team of international and national consultants, assigned this task, recommendations are that overall, the self-employment programme 2007 has proved to have immediately positive effects on the economy and within five years, on State finances. Such positive effects are observable also across a range of characteristics and programme types.

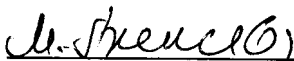
Do you propose any substantive revision to the programme or project document? If yes, what are they? State justification.

If the project would replicate in the future the possible revisions could be as follows:

- Redefine the target groups since the interest is lower in some target groups;
- Increase the amount of grant provision in order to be in line with the loans in micro crediting measure (3000 Euros per employment);
- Explore other incentives in support to employment generation in companies once supported by the existing programmes;
- Explore on widening the scope for training for unknown employer on different target groups and professions;

8. Provide any other information that may further support or clarify your assessment of the programme or project. You may include annexes as you deem necessary.

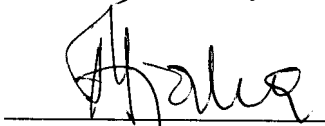
N/A



Mirjana Aleksovska , Head of labor sector, Ministry of Labour and Social Policy



Merita Maksuti, Project Manager



Afërdita Haxhijaha Imeri, Programe Officer

Programme or project summary table

Programme or project title and number		Management arrangement	National Implementation
Designated Institution	<p>"Self-Employment 3 and Technical assistance for supporting the Governmental Operational Plan for 2009 for active labor market measures" -00070499</p> <ul style="list-style-type: none"> ○ Ministry of Labour and Social Policy (MLSP) ○ Employment Service Agency (ESA) with 30 Employment Centers (EC) ○ Agency for Promotion of Entrepreneurship(APE) ○ Ministry of Education and Science ○ VET Center ○ UNDP 	Period covered	April –December 2009

Brief analysis of progress achieved in the contribution of the programme or project to the expected results. Self-employment, Formalization are part of the Governmental Operational Plan for Employment 2009 for active measures on the labor market, is completed all stages in implementation except the final –monitoring and transfer of equipment (that stage is planned to be executed in first quarter of 2010) . By the end of Dec 2009 the project has reached the goal of 654 businesses registered, procurement completed , 250 business formalized and procurement procedures completed as well and 66 candidates certified on deficient skills on labour market. . Therefore, in total 904 businesses registered and procurements completed. As per the measure Training and retraining out of envisaged 120 candidates , 66 have been certified and at the same time have increased their marketability on the labour market . Registration of companies and procurement of equipment and materials for the start-ups for all 904 candidates, took place in three cycles for Self-employment and in one entire cycle for Formalization. Cycles were defined by 10 steps (describing the way and modality of implementation) for which all national partners, Ministry of Labour and Social Policy, Employment Service Agency, Agency for Promotion of Entrepreneurships and Central Registry, were engaged. Implementation of above mentioned ALMM was done through transparent and open selection process, through which best business ideas were selected and provided with training on development of business plans. The whole process was run and implemented by the UNDP Project unit. However, the Project implementation continues in 2010 when the monitoring and transfer of equipment for 904 originally foreseen will happen.

The 10 steps defined with the Operational Guidelines for self-employment and 8 steps in Formalization have been implemented in parallel and have compatible in definition of implementation steps. and their current status, are as follows:

The Project is in implementation phase. Since the project is designed to be implemented in defined steps, it is important to highlight that all activities stipulated in Project cycle including the steps from application to registration of business and procurement of equipment and materials have been successfully completed. A short overview of the project cycle is given below as follows:

1. Preparation of Operational Guidelines-The package of documents have been prepared and approved by Project Board on April 16, 2009

2. Public Announcement- On 7 May 2009, a Public Announcement was published in the daily newspaper with the objective to inform the potential candidates and beneficiaries about the measure and the package offered to start up businesses.

3. Registration of applications by the Employment Centers and making the selection by target groups- By the submission deadline of 22 May 2009, 1517 applicants submitted their application in 30 Employment Centers and 426 applicants in Formalization tin 27 Employment Centers.

4. Informing the candidates for the measure, conditions for participation and signing of Statement of Agreement and short -listing 900 candidates for the basic business training in Self-employment and 280 for further development of business plans in Formalization

5. Training "From idea to business"- The objective of the assignment is development, preparation and delivery of the training for self-employment and start-up businesses, aimed at improved job preparedness through building the entrepreneur capacities of individuals. The plan for implementation of the trainings has encircled all 900 candidates in period of June 22 till July 28, 2009 combined and distributed according the Employment Center and cycles. All necessary preparation were previously completed by the consultants and documents produces (Agenda, Training material, selection Criteria, as well as the substantial material for candidates)

6. Advising system through vouchers for preparation of business plans- This step has been successfully implemented for candidates in all 30 Employment Centers with assistance of the Agency for Promotion of Entrepreneurship regional centers. The step has involved previous information workshops where the basic information related to voucher system were provided and matching beneficiary-consultant has been conducted. During the whole implementation out of 704 originally projected and invited to prepare the business plans 704 were produced in Self-employment . While in Formalization the candidates have conducted their own business plans according the approved template , during this stage 276 business plans were submitted.

7. Ranking of the 654 best business plans that will receive grants for self-employment- The ranking has been conducted by the Experts Committee² based on the approved criteria where 704 business plans, as it has been projected, have been ranked while 654 approved and supported. The process has been reviewed by the Selection Panel in three cycles, while for Formalization 250 the first ranked have been approved for further implementation.

8. Registration of a family business and employment registration- As in previous steps this one as well has been implemented in three cycles. By the end of the third cycles the target 500 business have been registered and 654 self-employment realized and 250 formalized. Prior to the actual registration the information workshops were held in EC's where the candidates were provided with Information sheets³. This step has required a enormous coordination with all the institution that have been involved in supporting this activity, including: Ministry of Agriculture, Central Registry and Crafts Chambers. The registration started in August and was finished in mid October, when the 904 candidates were registered from both measures.

9. Signing of the Contracts for grants in a form of equipment/materials- The signing of Grant Agreements has been conducted with those candidates that have registered their business and have registered their employments, after which the procurement has been initiated

10. Procurement of the equipment / materials for the self-employed – The procurement has been completed for 904 new established businesses. The procurement process is based on the UNDP standard procurement policies and procedure. The procured goods are of very wide spectrum and by the end of December around 2500 procurements were conducted for 904 businesses.

Achievements Self-employment /Formalization :

- Number of Employment Centers included:30
- Number of received applications: 1517 self-employment /426 formalization
- Number of eligible applications: 1517 self-employment /426 formalization
- Number of approved applications: 900/281
- Number of candidates attended the training : 841
- Number of business ideas developed:763
- Number of business plans prepared: 704/276
- Number of business registered: 654/250
- Number of self employments : 654/250

FINANCIAL SUMMARY

Source of funds	Annual budget (S' 000)	Estimated annual expenditure (S' 000)	Delivery rate (%)
TRAC (1 and 2)	125,000	124,789	99,83%
TRAC 3			

² Experts Committee for Ranking of Business Plans has been consisted by two experts' fro micro landing from Stropanska and Alfa Banka and the representative of APE.

³ Information sheet contains the steps, procedures and contacts needed to facilitate the registration process

Other			
Cost-sharing: Government Financial institution Third party Trust funds AOS (where applicable)	4,101,748.72	3,870,632	94,4 %

Programme support objectives (PSOs) or immediate objectives		Indicators	Achievements
Obj. 1	Train interested unemployed (from the eligible target groups)	<ul style="list-style-type: none"> Number of trainees Number of trainings delivered Quality of training curricula Number of business ideas developed 	40 Trainings delivered to 841 candidates (out of 900 approved) candidates on two days training ; 763 business ideas developed 276 business plans prepared by the candidates in Formalization
Obj. 2	Preparation of solid business plans by the consultants engaged through APE	<ul style="list-style-type: none"> Number of business plans prepared Quality of prepared business plans 	704 business plans prepared 654 the best business plans ranked by Experts' Committee
Obj. 3	Registration of family business and self-employments	<ul style="list-style-type: none"> Number of business registered Number of self-employment registered Number of formalized business 	654 business registered and self-employments by the end of the year and 250 formalized
Obj. 4	Financial support to new established business and formalization of existing ones	<ul style="list-style-type: none"> Number of Grant Agreements signed Number of procurements completed 	904 Grant Agreements signed with the new established companies in both measures 2500 procurements completed
Obj. 5	Capacity building and technical assistance to Employment Centers and institutions	<ul style="list-style-type: none"> Number of EC involved Implementation procedures transferred to the EC employees 	30 EC involved in the implementation (at least 2 employees from EC involved in the process) Permanent involvement of EC employees in all steps of implementation; Technical assistance provided by MO's.
Annual output targets		Achievement of outputs	Proposed output targets for the next year

<p>Obj. 1 Reduce unemployment, by assisting 600 self-employments and new businesses to be registered and 250 formalized , as well as train interested for deficient skills on labor market</p> <p>Output 01 Applicant trained (841) Output 02 Prepared business planes (704) Output 03 business registered and in process of financial support (654)</p> <p>Obj.2 Model for formalization of existing business piloted Output 01 Number of applicants (426) Output 2 Number of formalized businesses (250)</p>	<p>All foreseen activities toward achievement of this outputs have been implemented ;654 business and self – employment registered; Created an environment for future employment generation</p>	
<p>Obj. 3 Strengthen institutional capacity to effectively define (develop) and implement employment interventions</p> <p>Output 01 Developed capacity, partnership/coordination and knowledge on implementing the ALMMs Output 02 Procedures transferred Output 03 Management Information System(MIS) to be transferred</p>	<p>Coordination of institutions involved in Training and retraining measure; Support to the national institutions on Training certification ensured ; An intensive communication among UNDP Project office and EC's established, transfer of procedures done, Management Information System (MIS) indicators created in cooperation with ESA and transferred;</p>	<p>Monitoring and transfer of equipment conducted along with EC employees</p>