1. Basic information

1.1 CRIS Number: 2010/022-264

1.2 Title: Strengthening the capacities for effective implementation of the _acquis_ in the field of freedom of movement for workers

1.3 ELARG Statistical code: 03.02

1.4 Location: Skopje, with nation wide activities

**Implementing arrangements:**

1.5 Implementing Agency: The Central Financing and Contracting Department (CFCD) will be the contracting authority and will be responsible for all administrative and procedural aspects of the tendering process, contracting matters and financial management including payment of project activities. The Head of CFCD will act as the Programme Authorising Officer (PAO) of the project.

Ms. Radica Koceva (PAO)
Central Financing and Contracting Department
Ministry of Finance
Tel: +389 2 3231 219
Fax: +389 2 3106 612
E-mail: radica.koceva@finance.gov.mk

1.6 Beneficiary (including details of SPO): Main beneficiary and coordinator of the project will be the Ministry of Labour and Social policy (MLSP).

Other beneficiaries of the project will be:
- Employment service agency (ESA);
- Pension and disability insurance Fund (PDIF);
- Health fund (HF).

Contacts:
Mr. Deni Gjorcevski
Senior Programming Officer in MLSP
Tel: + 389 2 3106 595
E-mail: dgorcevski@mtsp.gov.mk

Ms. Irena Risteska
Head of Department for Pension and Disability Insurance in the MLSP
Tel: + 389 2 3106 441
E-mail: iristeska@mtsp.gov.mk

Mrs. Veljka Juran
Financing:
1.7 Overall cost (VAT excluded)\(^1\): EUR 950 013.68

1.8 EU contribution: EUR 902 513

1.9 Final date for contracting:
Two years from the date of the conclusion of the Financing Agreement.

1.10 Final date for execution of contracts:
Two years from the final date for contracting.

1.11 Final date for disbursements:
One year from the final date for execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective:
The overall objective of the Project is to prepare the national institutions for successful fulfilment of the obligations for membership in the area of Freedom of movement of workers.

2.2 Project purpose:
The purpose of the Project is to strengthen the national institutional and administrative capacities for coordination of social security systems and for participation in EURES (European Employment Services Network).

2.3 Link with AP/NPAA/EP/SAA

The National Programme for Adoption of the Acquis 2009 with regard to future participation in the European Employment Services Network (EURES), anticipates short-term and medium-term priorities aimed at preparation of the necessary capacities for future participation in the EURES network. The priorities include drawing up an Action Plan of measures and activities for participation of the country in EURES and its implementation, as well as undertaking all necessary measures (of organisational and technical nature) for gradual introduction of administrative and technical capacity in the Employment Agency and the Employment Centres, for the participation in the EURES System.

Additionally, short-term focus will be put on approximation of the national legislation with the Decision 32003D0008 for free movement of workers and the corresponding Charter 52003XX0503(02) as regards the clearance of vacancies and applications for employment. In relation to the coordination of social security systems, the NPAA also includes priority actions in the field, such as initiation of procedures for conclusion of bilateral agreements on social security with a number of European countries, as well as activities aimed at improvement of administrative capacity for full application of Regulations 31971R1408 and

\(^1\) The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated.
31972R0574 in the area of social security, staffing of the Sector for Pension and Disability Insurance within the Ministry of Labour and Social Policy, the Pension and Disability Insurance Fund, the Health Insurance Fund and the Employment Service Agency.

The programme will contribute towards the implementation of the Stabilisation and Association Agreement commitment on free movements of workers i.e. Article 44, Article 45 and Article 46 on social security system.

2.4 Link with MIPD
The project is in-line with 2009-2011 MIPD priority axis 3: Ability to assume the obligations of membership. Namely: “In the field of internal market and competition, areas of attention include…implementation of the Community rules on the co-ordination of social security schemes, further alignment with EU legislation in the fields of occupational health, safety and labour law…”.

2.5 Link with National Development Plan
N/A

2.6 Link with national/ sectoral investment plans
N/A

3. Description of project

3.1 Background and justification:

Coordination of social security schemes
The country has created the conditions for the direct application of the provisions of Article 42 (ex Art. 51) of the EC Treaty, which have been further specified in the Council Regulation 1408/71 and Council Regulation 574/72 establishing the procedure of implementing Regulation (EEC) 1408/71. The legislative framework (Law on pension and disability insurance, Law on health insurance, and Law on employment and insurance in case of unemployment.) governing social security benefits defined in the aforementioned regulations has been established. The country’s social security system covers the general social security scheme including the employed, self-employed, farmers and their dependants. For this purpose, payments of benefits abroad are already made in accordance with the national laws.

From the aspect of coordination of social security schemes, the country has signed 15 bilateral agreements for social security. These agreements mainly include the provisions for social security stipulated in the Regulation 1408/71. The Pension and Disability Insurance Fund and the Health Fund are involved in the implementation of these agreements.

Taking into consideration the importance of the Regulation 1408/71 for accession of the country to the EU coordination of social security, this Project will help in strengthening the capacities of the competent institutions, i.e. the Ministry of Labour and Social Policy, Pension and Disability Fund, Health Fund and the Ministry of Health, in practical implementation of this Regulation, through application of administrative procedures, forms, etc. The existing administrative capacities need further training and expertise in effective implementation of the relevant legislation, as well as the need for coordination and cooperation from all relevant stakeholders in-charged for its practical implementation. In addition to that, there is a clear need for development of appropriate data collection and data management system to best
serve the purposes of social schemes coordination in general and export of benefits in particular. Therefore, it will be of great importance to get the proper expertise from the EU MS country, transfer of know-how and best practices in sound implementation of the legislation in this field.

The implementation of the Law on employment and work of aliens started from 13 September 2007. For the purpose of enforcement of the new Law and its unimpeded application, the Ministry of Labour and Social Policy organised presentations and training for the employees of the Employment Centres. The Ministry of Foreign Affairs prepared Guidance for proceeding in the process of issuance of work permits. This law transposes the Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services. In accordance to the Law on employment and work of aliens and the Law on aliens, the Parliament adopted Resolution for migration. In addition to that, in March 2008, the Government started the implementation of the project for establishment of database on aliens in the Ministry of Interior Affairs in cooperation with its partners (Ministry of Labour and Social Policy and Ministry of Foreign Affairs).

All of these activities and undertaken steps represent a solid base for further upgrade and strengthening of the administrative and institutional capacities for future readiness of all relevant national institutions to fully comply with the requirements and obligations in the area of coordination of social security schemes within the EU. And it is precisely in this area that the Project intends to substantially contribute.

The need of strengthening the existing capacities in this field is also emphasised within the latest Progress Report of the European Commission for 2009, which outlines that: “…There has been progress in the area of coordination of social security systems...however, the capacity available remains insufficient to coordinate social security schemes. In this area, the country is moderately advanced…”. This project will be of a great importance in overcoming the problems linked with the insufficient capacity of the people dealing with this issue and better coordination among them. At the same time it will contribute in finding the best possible modules for transposing the relevant Directives in the national legal framework and improve the system for data collection.

**Free movement of workers and EURES**
The Employment Service Agency (ESA) has a significant role and large responsibility to contribute successfully towards overcoming unemployment, increasing employment of the citizens, as well as to provide employers with quality and qualified labour force. In the social conditions in which the solution of the problem of unemployment and increasing employment is a priority for complete development and progress, it undoubtedly holds an arduous and a responsible task. However, the ESA employees, throughout their everyday work, have the necessary capacities and motivation to face the changes and needs on the labour market with success, successfully realise the programme aims and improve the existing and find new efficient work models adequate to current economic trends and the needs of its customers. The New Service Model is designed and harmonised with the possibilities and capacities of ESA, both in terms of its technical possibilities and equipment, as well as its available human resources. It should contribute towards the successful realisation of the objectives of ESA: increasing employment rate, decreasing unemployment rate, increasing the flexibility on the labour market, human resources development and strengthening the institutional and legal
framework. In that context a model of services has been designed completely oriented towards the needs of job seekers and employers for the purpose of increasing employment.

Modern IT systems provide support to all work processes of ESA and are based on the following principles: central database on national level, module from a web oriented application for access to the central database, Intranet – internal web page that will encompass all information useful for the ESA employees, exchange of data with related institutions.

ESA has participated, together with other institutions, in the development of the National Classification System of Occupations (NCO) based on ISCO-88 for coding occupation into job vacancies. In addition, ESA has undertaken activities for integration of the NCO into the administrative routines during the years 2006 and 2007. Likewise, ESA has introduced the NCO into four main records and surveys: Register of the unemployed, Register of job vacancies, Skill Needs Analysis, Electronic CVs.

The ISCO-88 system is now continuously being developed into the new ISCO-08. The elaboration of the IT system and connection with the Internet makes the system even more functional.

Taking into account its role, tasks and responsibilities, the Employment Service Agency will be the institution which will represent the country in EURES network, as an organisational structure co-ordinated by European Commission, which hosts the authorised organisations from all EU Member States, usually represented by the public employment services. For that reason capacities of the people working on this issue will need to be strengthened, ESA will have to develop the two main channels for delivery of information and services to customers (the network of EURES advisers and the EURES on-line information system for job vacancies), and promotion campaign will need to be accomplished in order to inform the citizens on the rules and regulations for participation in EURES.

In order for ESA to successfully implement its activities, tasks and responsibilities upon accession it is of great importance to also perform detailed revision of the national legislation in area of free movement of workers in order to achieve its alignment with EU legislation.

In this respect, the European Commission Progress Report for 2009 outlines that: “…There has been some progress towards preparing for participation in the EURES (European employment services) network. Implementing legislation was adopted that allowed the Employment Agency to bring into operation an electronic system ensuring on-line access to all job vacancies communicated to the agency. The classification of vacancies complies with the EURES requirements. However, the human resources available are insufficient to implement the system. Preparations in the area of EURES are on track…”.

This Project will strongly contribute towards meeting the identified needs and weaknesses in this field, as well as towards improving and strengthening the capacities of ESA for future successful and effective integration into the EURES network.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact
The Project is expected to have a strong impact on the further strengthening of the overall capacities of the competent institutions in the field of free movement of workers and coordination of the social security schemes, and therefore will greatly contribute towards the commitment to fully implement and accomplish the obligations of membership into the EU in the field of freedom of movement for workers.
Through the implementation of the proposed project activities the competent authorities, i.e. the Ministry of Labour and Social Policy, the Employment Service Agency, Pension and Disability Insurance Fund, Ministry of Health, Health Fund, will be assisted by conducting detailed assessment and analysis of their current situation, existing capacities, available resources, which will be followed with intensive capacity building activities, development of necessary institutional arrangements, procedures, manuals, transfer of knowledge and expertise for the staff that will be involved in practical implementation of the activities in this field.

The particular attention, planned to be given by the proposed Project to the promotional and awareness raising activities, will also contribute in achieving greater publicity and transparency of the project activities and issues related to free movement of workers, coordination of social security and joining the EURES network upon accession.

Moreover, the extensive program of training, coaching, familiarising with the EU experiences and practices in this area and other envisaged capacity development activities for the relevant staff of the competent institutions, will undoubtedly lead to the greater sustainability of the project activities and the achieved results. The staff from the relevant institutions involved in the project activities will have the responsibility to practice, in their daily activities, all the knowledge and skills gained through the provided trainings and other capacity building activities. This personnel will also have to transfer the knowledge to all newly employed staff through on the job trainings, providing them with the training materials and handing over all necessary documentation in case of leaving the job position.

3.3 Results and measurable indicators:

**Results and measurable indicators for Component 1: Coordination of social security**

**Results:**
- Established administrative infrastructure with the necessary capacities and expertise, to meet the requirements of the Regulations 1408/71, 574/72 and 883/2004 on coordination of social security schemes and export and payment of benefits in other countries, covering the health care costs where necessary;
- Practical implementation of export of benefits is ensured;
- A modern data collection and data management system for the purpose of coordination of social security schemes is fully functional;
- Established procedures with regards to posted workers and self-employed persons, in line with the EU Regulations.

**Measurable indicators:**
- Developed Institutional Development Strategy with regard to implementation of EU social security coordination rules;
- Drafted Multi-annual working programmes;
- List of recommendations for improvement of data collection and data management system;
- Developed training materials and conducted trainings for the experts/staff from the competent institutions;
- Number of trained staff in the national competent institutions (MLSP, PDIF, ESA, MH, HF);
- Number of developed and disseminated manuals/guidelines, forms and other documents for applying EU acquis in the field of coordination of social security schemes;
- Number of the awareness raising events and materials distributed to the target audience;
- Report on analysis and procedures regarding posted workers and self-employed persons, developed.

Results and measurable indicators for Component 2: Free movement of workers and EURES

Results:
- National legislation improved and harmonised with the EU acquis in the field of free movement of workers;
- Established necessary structures with required administrative capacity fulfilling the preconditions for future integration in EURES network;
- Raised general awareness for the issues related to freedom of movement for workers and for the future joining of the national employment services into the EURES network.

Measurable indicators:
- A number of legal acts in the field of free movement of workers revised and improved/amended, to ensure compliance with the EU acquis;
- Developed Plan of actions for participation in EURES network upon accession, including the concepts related to the network of EURES advisers and EURES on-line information system for job vacancies;
- Developed training materials and conducted trainings for the experts/staff from MLSP, ESA and other parties concerned;
- Number of trained staff in the national competent institutions (MLSP, ESA);
- Number of developed and disseminated manuals/guidelines on issues related to participation in EURES and on application of legislation in the field of free movement of workers;
- Number of published and disseminated informational materials, the number of held seminars and other public awareness raising events for the relevant stakeholders.

3.4 Activities:

Component 1: Coordination of social security
- Conducting analysis and assessment of the existing institutional set up in relation to the social security coordination and elaboration of recommendations for needed steps and actions for improvements;
- Elaboration of Institutional Development Strategy/Plan and preparation of multi-annual working programmes with regards to the implementation of the EU coordination rules and execution of bilateral agreements for every branch of social security, including posting and benefits payouts from the fully funded pension insurance;
- Conducting training needs assessment for the relevant staff from all competent institutions;
- Development of training plan, training materials, self-study materials and other relevant documents for decision makers and for social security personnel carrying out
specific tasks in the implementation of the EC co-ordination legislation. (These materials should contain relevant legislative texts, i.e. regulations, decisions/recommendations etc., general information and overview of the EU co-ordination rules, a detailed learning part in accordance with all branches of social security, including legislative (e.g. case-law) and administrative aspects (handling forms and procedures), the rules concerning the applicable legislation, non contributory benefits);

- Analysis of the national situation and development of procedures with regards to posted workers and self-employed persons, in line with the EU acquis;
- Delivery of trainings for the staff on issues related to co-ordination regulations, including terminology thereof, the way they operate and the specificities of the national social security system in relation to the coordination mechanism;
- Conducting analysis of the existing data sets and formats used with regards to social security, analysis of the paper and electronic channels through which data are transferred; examining the system of data protection in social security and elaboration of recommendations for development of data collection and data management system;
- Development and production of web page, leaflets, brochures and other promotional materials and organisation of awareness raising events (workshops, seminars etc.) on general and specific issues related to national implementation of EU co-ordination rules;
- Study visit to one EU Member State to exchange experience and good practice in the field of coordination of social security schemes.

Component 2: Free movement of workers and EURES

- Conducting thorough assessment of the existing national legislation in the field of free movement of workers and its compliance with EU regulation;
- Providing assistance in drafting identified necessary legislative changes, in accordance with the findings of the activity 1;
- Conducting detailed analysis of the existing situation (including training needs assessment) and identifying all necessary steps and actions needed to be undertaken in the competent institutions (ESA, MLSP), in view of the participation in EURES network upon accession;
- Development of training plan, training materials and organising trainings for the relevant staff, with particular focus on acquiring knowledge and expertise needed for participation of ESA in EURES;
- Development of written procedures, manuals, guidelines, forms and other materials if needed, for implementation of free movement of workers legislation and integration in EURES;
- Development and production of leaflets, brochures and other promotional materials and organisation of awareness raising events (workshops, seminars etc.);
- Study visit to one EU Member State to exchange experience and good practice in the field of free movement of workers and participation in EURES.

Management and contracting arrangements

The capacities for effective implementation of the acquis in the field of freedom of movement for workers will be strengthened through a twinning arrangement. The twinning arrangement will follow the regular operational instructions as documented in the Twinning Manual. A project steering committee will be established to oversee the implementation process of the project activities, while it is expected that the MS twinning partner(s) will bring in expertise in
the required area. The twinning arrangement will also allow for administrative capacity
building, training, integrity, legal development and addressing the cross-cutting issues.

The project leaders will be responsible for the overall management, representation (co-
ordination with the EU and other international bodies) as well as reporting to the Contracting
Authority.

Contact persons and contact details

Beneficiary Country (BC) Project Leader
To be defined prior to launching the Twinning Fiche.

Resident Twinning Advisor (RTA) counterpart
RTA will be defined following a selection procedure organised by the Contracting Authority
from the MS countries responding to the launched fiche.

The expected contracting arrangements are:
One Twinning Contract will be concluded between a MS partner(s) and the final
beneficiaries, with two RTAs for conducting the above-mentioned two components of the
project. The contract has an expected implementation period of 18 months. The contract value
will be EUR 950 013,68. The IPA contribution will be EUR 902 513 and the national co-
financing will be EUR 47 500,68.

Means/Input from the MS Partner Administration
The project will be implemented in the form of a Twinning contract between the beneficiary
country and EU Member State(s). The implementation of the project requires one Project
Leader with responsibility for the overall coordination of project activities, two Resident
Twinning Advisers to manage project activities under the two different components, and a
number of short-term experts (number to be proposed by the Member State). It is essential
that the team has sufficiently broad expertise to cover all the areas included in the project
description. The interested Member State(s) institution shall include in its proposal the CVs of
the designated Project Leader, Resident Twinning Advisers and the proposed short-term
experts and the specific tasks to which they will be assigned. Provided that consistency within
a consortium can be secured, two Member States may form a consortium.

Profile and Tasks of the Project Leaders
MS Project Leader
The MS project leader will detail, coordinate and control the overall thrust of the project, lead
project activities, and ensure attainment of the projected output. He/she is expected to ensure
that all the support from the management and staff of the MS side is available for the project.
The MS project leader is fully responsible for co-ordination of the work of the experts. The
MS project leader will co-manage the implementation of the project with the BC project
leader. He/she should be a senior official from an EU Member State structure with proven
experience in implementation of EU legislation in the area of freedom of movement for
workers (coordination of social security schemes, EURES etc.) and is expected to devote a
minimum of 3 days per month to the project in his/her home administration with an on-site
visit at least every 3 months. In addition, he/she should coordinate, from the Member State
side, the Project Steering Committee (PSC), which will meet in Skopje at least every three
months.
**BC Project Leader**
The BC Project Leader will act as the counterpart of the Member State PL and will ensure close cooperation in the overall steering and co-ordination of the project. The PL's seniority will ensure his/her ability to mobilise the necessary staff in support of the efficient implementation of the project. He/she will also coordinate the Project Steering Committee (PSC) from the BC side. The role of the BC Project Leader and the MS PL counterpart are complementary. A BC RTA Counterpart will be assigned as well.

**Profile and Tasks of the Resident Twinning Adviser**
There will be two Resident Twinning Advisers responsible for each Component of the Project. The Resident Twinning Advisers will coordinate and implement project activities on the ground under the overall supervision of the Project Leader.

RTA(s) will be civil servants or equivalent staff (mandated body) seconded to work and to be based in the BC throughout the overall duration of the project. RTAs are made available by MS’ administrations and mandated bodies to counterparts in BCs through EU funding. The seconded experts covered by these provisions remain in employment in their national administration or mandated body throughout the period of secondment.

One RTA should be a senior official from an EU Member State structure dealing with coordination of social security schemes (with minimum 3 years work experience as civil servant) and the second RTA should be a senior official from an EU Member State structure (e.g. MS Public Employment Service) dealing with issues regarding free movement of workers and EURES (with minimum 3 years work experience as civil servant). It is expected that both persons will be working on a permanent basis in the beneficiary country for the duration of the project. Fluency in English is required.

All additional qualifications, skills, assets of the RTA(s) and the short-term experts would be determined in the process of drafting the Twinning Fiche, to be submitted to the MSs.

**RTA Counterpart**
A RTA Counterpart will be assigned by the Ministry of Labour and Social Policy, in coordination with the relevant beneficiaries, targeted with the two different components.

**3.5 Conditionality and sequencing:**
The project includes the following conditionalities:
- Timely endorsement by all key stakeholders of the Terms of Reference for the contract;
- National co-financing available;
- Appointment of counterpart personnel by the beneficiary institutions before the launch of the tender process;
- Allocation of working space and facilities by the beneficiary for the RTA(s) before the award of the contract;
- Participation by the beneficiary in the tender process as per EU regulations;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiary as per work plan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- Sufficient managerial and technical human resources allocated to the relevant Departments;
EU procedures strictly adhered to with regards to the contracting of technical assistance and training financed from the pre-accession funds.

If the conditions are not met, suspension or cancellation of the project will be considered.

3.6 Linked activities

The European Commission and the Council of Europe have embarked upon the implementation of a three-year programme in the Western Balkan/CARDS region, in order to support the modernisation of social policies and institutions, and to promote regional social security coordination. During the period of its implementation the Social Institutions Support Programme has implemented a number of activities, among which: Conference of State Secretaries coming from the Ministries of Labour and Social Policy, national training events, regional summer schools on Social Security for staff working in the public administration on the issues related to social security and social security coordination; study visits in Prague and Strasbourg and an Experts Conference in Skopje. In the framework of the Social Institutions Support Programme national reports on the present and future state of social security in the beneficiary countries were prepared on the basis of a uniform description template and the information collecting phase.

The Regional Programme on Social Security Reforms and Social Security Co-ordination has started in March 2008 and will last until November 2010. This Programme is the integral continuation of the Social Institutions Support Joint Programme of the European Commission and the Council of Europe under the CARDS Regional Action Programme (2004-2007).

The purpose of this Social Security Co-ordination and Social Security Reforms Joint Programme between the European Commission and the Council of Europe is to continue assisting the Beneficiary Parties in the South-East Europe in further enhancing the regional coordination of the social security systems and facilitating institutional, legislative and administrative reforms in the field of social protection according to Council of Europe and EU standards. By the end of this Programme, further general and specialised training for the actors working in the social security field in the region, on Council of Europe standards in the field of social security, as well as on the principles and regulations governing the social security coordination in the EU, will be provided.

In the period 2008/2009 the CARDS financed project "Technical Assistance to Support Employment Policy – Phase III" was implemented. This Project, aiming at strengthening the capacities for relevant staff and stakeholders in charge of planning, implementation, monitoring and evaluation of employment policies, among others, had also the objective of further modernisation of the Employment Service Agency (ESA) and its 30 local offices with an ultimate view to provide quality services to employers and unemployed persons. Under this component, the Project implemented a wide set of activities aimed at strengthening and improving the ESA capacities. Among these, in January 2009 one training related to EURES has been implemented. This training was targeted to staff of MLSP and ESA and was aimed to increase the knowledge on EURES and requirements in setting the EURES system in a country. The training elaborated the topics like: history of EURES and legal base; European Job Mobility Portal; EURES guidelines 2007-2010 and Activity Plans; EURES adviser’s profile etc.

3.7 Lessons learned
The current situation and the existing experience in the area of free movement of workers and social coordination show that the bases for effective implementation of policies and regulation in this field have been established. Social security coordination is implemented by the relevant institutions in which necessary data and a database exist. However, the necessity for strengthening and capacity building of the relevant institutions that work on these issues is evident and expertise is expected to be reached within this project.

The recommendations generated from the implementation of the relevant project "TA to Support employment policy – Phase III" suggest that the training of staff within the MLSP and ESA regarding employment policy should be continued, and it is recommended that the staff continues to be exposed to the international exchange of policy approaches and practices.

In the area directly related to EURES, the recommendation of the Project asserted that:
- A strategy for creating EURES network in the country need to be introduced;
- A research on present/future cross-border mobility trends (in regions bordering with Bulgaria, Greece) could be carried out in order to examine the need for establishing specialised EURES offices for cross-borders;
- Cooperation with EURES network in terms of information exchange could be initiated (under EURES Guidelines 2007 – 2010 priority No. 9. „Contribute to identifying labour shortages and bottlenecks which can be attenuated by trans-national labour mobility, including the possibility of broadening the scope of information provision to workers coming from other parts of the world“);
- Specialised training could be provided to the staff members of ESA to prepare them to be EURES advisers in the future (foreign language training, public speaking training, communication skills, computer skills training etc.);
- Knowledge on international labour mobility issues within responsible bodies still needs to be improved in particular in such fields like social security in EU, taxation in EU transnational and cross-border co-operation within EURES network).
### 4. Indicative Budget (amounts in EUR)

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>IB (1)</th>
<th>INV (1)</th>
<th>IPA COMMUNITY CONTRIBUTION</th>
<th>NATIONAL PUBLIC CONTRIBUTION</th>
<th>PRIVATE CONTRIBUTION</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>EUR (a) (b) (e)</td>
<td>EUR (b) (c) (d)</td>
<td>EUR (c)</td>
<td>% (2)</td>
<td>Total EUR (d) = (x) (y) (z)</td>
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<td>Twinning Contract</td>
<td>X</td>
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<td>950 013,68</td>
<td>902 513</td>
<td>95</td>
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<td>TOTAL IB</td>
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<td>950 013,68</td>
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<td>–</td>
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<td>TOTAL PROJECT</td>
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<td>950 013,68</td>
<td>902 513</td>
<td>95</td>
<td>47 500,68</td>
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</tbody>
</table>

**Note:** DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW.

**Amounts net of VAT**

(1) In the Activity row use "X" to identify whether IB or INV.

(2) Expressed in % of the Public Expenditure (column (b)).

(3) Expressed in % of the Total Expenditure (column (a)).
5. Indicative Implementation Schedule (periods broken down per quarter)

<table>
<thead>
<tr>
<th>Contracts</th>
<th>Start of Tendering</th>
<th>Signature of contract</th>
<th>Project Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twining contract</td>
<td>Q4 2011</td>
<td>Q4 2012</td>
<td>Q2 2014</td>
</tr>
</tbody>
</table>

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA.

6. Cross cutting issues
The cross-cutting issues will be addressed throughout the project. Up to 10% of the budget of the service contract for tender support supervision and training may be allocated to assist the different beneficiaries to comply with European standards and best practices, implement relevant existing Government strategies and develop internal measures to ensure each cross-cutting issue is appropriately mainstreamed. Throughout the project cycle, in particular when developing project ToR, state actors specifically addressing (one of) the cross cutting issues shall be consulted.

The mainstreaming of the cross cutting issues is regarded on two different levels: (a) Ensuring that the internal policies, structure or operating procedures of the beneficiary agency will conform to and promote the relevant principles outlined per section below and (b) ensuring that the products, outputs produced by the beneficiaries (e.g. laws, regulations, policies, and strategies) will conform to and promote the relevant principles outlined per section below.

6.1 Equal Opportunity and non-discrimination
Equal opportunity principles and practices in ensuring equal gender participation in the Project will be guaranteed. The competent institutions involved in the project execution will observe equal opportunity of women and men in the human resources development and capacity building activities. The beneficiary will ensure equal access of men and women to the project activities and results and all other forms of discrimination will be eliminated.

Moreover, the mainstreaming equal opportunities will be considered and monitored in the process of implementation, i.e. the outputs and results indicators, will be broken down by gender, where appropriate, for the purposes of project monitoring.

6.2 Environmental considerations
The environmental issue will be taken into account in the implementation of the project, where relevant, having in mind that the project mainly includes capacity building activities. Furthermore, all activities carried out in the framework of this project should be carried out in compliance with EU environmental legislation.

6.3 Support to minorities and vulnerable groups
Equal representation of minorities and vulnerable groups will be the guaranteed project principle. The institutions involved in the project execution will observe equal opportunity for all citizens regardless of their ethnic, religious background or other type of social risk they face, in the sphere of human resources development.

6.4 Civil Society development and dialogue
Having in mind the important role of the social partners and the civil society, especially in the fields related to the employment policies, labour market, social insurance etc., substantial
efforts will be dedicated with the purpose of regular informing and involvement, whenever possible, of the social partners, as well as the Pensioners Associations, as parties concerned, regarding the project implementation, outcomes and achieved results.

6.5  Good governance, with particular attention to fight against corruption
The Government is strongly determined to fulfil all criteria needed for EU accession and membership, and all the necessary actions are being taken to reach the aim. Through transparent policies and involvement of different stakeholders in the process of policy design the accountability and responsiveness vis-a-vis the citizens will be being strengthened.
## ANNEX I - Log frame in standard format

**LOGFRAME PLANNING MATRIX FOR Project Fiche: Strengthening the capacities for effective implementation of the *acquis* in the field of freedom of movement for workers**

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| To prepare national institutions for successful fulfilment of the obligations of membership in the area of Freedom of movement for workers. | Positive opinion of the EC about the achieved progress in the country in implementation of pre-accession commitments in the field of freedom of movement for worker. | - Regular annual progress reports of the European Commission;  
- Regular national reports - contribution to the Progress Report;  
- Monthly monitoring progress report from SPO to CFCD. | Strengthening national institutional and administrative capacities for coordination of social security systems and for participation in EURES network upon accession. | - Increased administrative capacities and institutional set-up of the competent national authorities/institutions for effective application of the regulation regarding social security coordination and successful integration into the EURES network;  
- Relevant staff from the competent institutions has the necessary knowledge and expertise and is | - Project reports;  
- SPO’s Annual/ Final Progress Reports;  
- Records and reports form the relevant institutions;  
- European Commission reports;  
- Evaluation reports from the organised trainings for the staff from the relevant institutions. | - The Government maintains consistent policy and commitment to the EU accession;  
- The management and the key staff of the competent authorities/institutions has acquired the necessary knowledge and expertise and in ready to fully implement the requirements of the acquis in the field of freedom of movement for workers. |

Programme name and number: National Programme for the former Yugoslav Republic of Macedonia under the IPA Transition Assistance and Institution Building Component for 2010

CRIS number:

Contracting period expires two years from the date of the conclusion of the Financing Agreement

Execution period expires two years from the final date for contracting

Disbursement period expires one year from the final date for execution of contracts.

<table>
<thead>
<tr>
<th>Total Budget</th>
<th>IPA budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 950 013,68</td>
<td>EUR 902 513</td>
</tr>
</tbody>
</table>

IPA budget:
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| **Component 1: Coordination of social security**                       | - Established administrative infrastructure with the necessary capacities and expertise, to meet the requirements of the Regulations 1408/71, 574/72 and 883/2004 on coordination of social security schemes and export and payment of benefits in other countries, covering the health care costs where necessary;  
  - Practical implementation of export of benefits is ensured;  
  - A modern data collection and data management system for the purpose of coordination of social security schemes is fully functional;  
  - Established procedures with regards to posted workers and self-employed persons, in line with the EU Regulations.                                                                 | - Developed Institutional Development Strategy with regard to implementation of EU social security coordination rules;  
  - Drafted Multi-annual working programmes;  
  - List of recommendations for improvement of data collection and data management system;  
  - Developed training materials and conducted trainings for the experts/staff from the competent institutions;  
  - Number of trained staff in the national competent institutions (MLSP, PDIF, ESA, MH, HF);  
  - Number of developed and disseminated manuals/ guidelines, forms and other documents for applying EU acquis in the field of coordination of social security schemes.  
  - Number of the awareness raising events and materials distributed to the target audience;  
  - Report on analysis and procedures regarding posted workers and self-employed persons, developed.                                                                 | - Project reports and other project documents;  
  - Reports and attendance lists from the organised training events;  
  - Reports and information from the relevant national institutions (ESA, MLSP, MH, HF, PDIF);  
  - Annual revisions of the NPAA;  
  - European Commission annual progress reports.                                                                                                                                                                                                                       | - Commitment of the management of competent beneficiary institutions to support and fully implement expert’s recommendation and findings for institutional and administrative changes and improvements;  
  - The representatives of the competent institutions are available and interested to participate in the various training and capacity building activities;  
  - Active and consistent co-operation of all involved institutions.                                                                                                                                                                                                 |
### Component 2: Free movement of workers and EURES

- National legislation improved and harmonised with the EU *acquis* in the field of free movement of workers;
- Established necessary structures with required administrative capacity fulfilling the preconditions for future integration in EURES network;
- Raised general awareness for the issues related to freedom of movement for workers and for the future joining of the national employment services into the EURES network.

- A number of legal acts in the field of free movement of workers revised and improved/amended, in compliance with the EU acquis;
- Developed Plan of actions for participation in EURES network upon accession, including the concepts related to the network of EURES advisers and EURES online information system for job vacancies;
- Developed training materials and conducted trainings for the experts/staff from MLSP, ESA and other parties concerned;
- Number of trained staff in the national competent institutions (MLSP, ESA);
- Number of developed and disseminated manuals/guidelines on issues related to participation in EURES and on application of legislation in the field of free movement of workers;
- Number of published and disseminated informational materials, organised seminar, i.e. other public awareness raising events for the relevant stakeholders.

## Activities

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1: Coordination of social security</td>
<td>1 Twinning contract</td>
<td>- Tender dossier developed in timely manner;</td>
</tr>
<tr>
<td>- Conducting analysis and assessment of the existing of the institutional set up in relation to the social security coordination and elaboration of recommendations for needed steps and actions for improvements;</td>
<td>Total EUR 950 013,68 (EUR 902 513 from IPA and 47 500,68 national contribution).</td>
<td>- Adequate and timely technical assistance and expertise is provided by twinning partner;</td>
</tr>
</tbody>
</table>
- Elaboration of Institutional Development Strategy/Plan and preparation of multi-annual working programmes with regard to the implementation of the EU co-ordination rules and execution of bilateral agreements for every branch of social security, including posting and benefits payouts from the fully funded pension insurance;
- Conducting training needs assessment for the relevant staff from all competent institutions;
- Development of training plan, training materials, self-study materials and other relevant documents for decision makers and for social security personnel carrying out specific tasks in the implementation of the EC co-ordination legislation;
- Analysis of the national situation and development of procedures with regards to posted workers and self-employed persons, in line with the EU acquis;
- Delivery of training for the staff on issues related to co-ordination regulations, including terminology thereof, the way they operate and the specifics of the national social security system in relation to the coordination mechanism;
- Conducting analysis of the existing data sets and formats used with regard to social security, analysis of the paper and electronic channels through which data are transferred; examine the system of data protection in social security and to elaborate recommendations for development of data collection and data management system;
- Development and production of web page, leaflets, brochures and other promotional materials and organisation of awareness raising events (workshops, seminars etc.) on

| - Nominated representatives from the relevant institutions are available and willing to actively cooperate with the project team; |
| - Good cooperation among the relevant stakeholders in implementation of project activities. |
general and specific issues related to national implementation of EU co-ordination rules;
- Study visit to one EU Member State to exchange experience and good practice in the field of coordination of social security schemes.

**Component 2: Free movement of workers and EURES**
- Conducting thorough assessment of the existing national legislation in the field of free movement of workers and its compliance with EU regulation;
- Providing assistance in drafting identified necessary legislative changes, in accordance with the findings of the activity 1;
- Conducting detailed analysis of the existing situation (including training needs assessment) and identifying all necessary steps and actions needed to be undertaken in the competent institutions (ESA, MLSP), in view of the participation in EURES network upon accession;
- Development of training plan, training materials and organising training for the relevant staff, with particular focus on acquiring knowledge and expertise needed for participation of ESA in EURESS;
- Development of written procedures, manuals, guidelines, forms and other materials if needed, for implementation of free movement of workers legislation and integration in EURES;
- Development and production of leaflets, brochures and other promotional materials and organisation of awareness raising events (workshops, seminars etc.);
- Study visit to one EU member state to
Preconditions:
- Timely endorsement by all key stakeholders of the Terms of Reference for the contract;
- National co-financing available;
- Appointment of counterpart personnel by the beneficiary institutions before the launch of the tender process;
- Allocation of working space and facilities by the beneficiary for technical assistance before the award of the contract;
- Participation by the beneficiary in the tender process as per EU regulations;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiary as per work plan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- Sufficient managerial and technical human resources allocated to the relevant Departments;
- EU procedures strictly adhered to with regards to the contracting of technical assistance and training financed from the pre-accession funds.

In the event that conditionalities are not met, suspension or cancellation of project will be considered.
ANNEX II - Amounts (in EUR) Contracted and disbursed per Quarter over the full duration of Programme

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th></th>
<th>2013</th>
<th></th>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Contracted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning Contract</td>
<td>950 013,68</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulated</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Disbursed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning Contract</td>
<td>475 006,84</td>
<td>380 005,47</td>
<td></td>
<td>950 013,68</td>
<td>95 001,37</td>
<td>855 012,31</td>
</tr>
</tbody>
</table>
ANNEX III - Description of Institutional Framework

COMMISSION FOR BILATERAL SOCIAL INSURANCE AGREEMENTS
The Commission for bilateral social insurance agreements is comprised of the Ministry of Labor and Social Policy, Ministry of Health and Ministry of Foreign Affairs as competent Government institutions. The Ministry of Labour and Social Policy perceives the necessities, requirements and obligations for signing social insurance agreements. The bilateral social insurance agreements are realised within the Implementation and Liaison Bodies in which the Pension and Disability Insurance Fund and the Health Insurance Fund are associated. The Pension and Disability Insurance Fund has Department for International Agreements within the Sector for Implementation of Pension and Disability Insurance Rights. This Department is located in the central office of the fund and has 19 employees. Their commitments are the implementation of the bilateral agreements, exchanging data in the area of pension and disability insurance, pension payments and etc. 20 branch offices of the Pension and Disability Insurance Fund are responsible for the implementation of the Bilateral Agreements with the republics from former Yugoslavia. The Sector for Implementation of International Agreements within the Health Insurance Fund through its 20 branch offices is supervising and implementing the bilateral agreements.

Considering the fact that these agreements are international, the Ministry of Foreign Affairs supervises the legal framework and the juridical of the agreements.
ORGANISATIONAL SCHEME OF THE EMPLOYMENT SERVICE AGENCY

The Law on Employment and Insurance Against Unemployment establishes the Employment Service Agency as a public service in the country, which is responsible for professional, organisational, administrative and other activities, that relate to employment and insurance in case of unemployment. The Ministry of Labour and Social Policy has a supervising role over the work of the ESA and over the creation of employment policies.

The ESA has overview of the situation in the labour market and needs of customers (unemployed and employers), maintains database of unemployed people, employers, beneficiaries, training providers and has an excellent geographical coverage on the whole territory of the country.

ESA organisation consists of Central Office, the Employment Centre in Skopje and 30 local employment centres covering one or more municipalities. There are 510 permanently employed persons in the ESA and according to the revised NPAA two more people will be additionally employed.

The organisational structure of the Central Office is as follows:
- Office of the director;
- Sector for active employment policies;
- Sector for human resources, legal affairs and personnel administration;
- Sector for finance and accounting affairs;
- Sector for research and analysis of the labour market;
- Sector for insurance and rights in case of unemployment;
- Sector for IT;
- Unit for internal audit.

The Central Office provides all organisational units and offices with information regarding analytical issues, legal, financial and accounting issues, development policies and operational support for implementation.

Local employment centres cover the whole territory of country. At local level the employment centres are the basic organisational form. They are responsible for the professional and operational tasks in their respective area. They monitor the trends of employment and unemployment. In addition, they provide mediation for employment, by establishing direct contact with customers, provide services for employment, counselling and professional orientation for job seekers. They also ensure the implementation of employment programmes and handle applications for unemployment benefit.
ANNEX IV - Reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations
- Law on pension and disability insurance;
- Law on health insurance;
- Labour law;
- Law for employment and work of aliens;
- Law on contribution from mandatory social insurance;
- Law on employment and insurance in case of unemployment.

Reference to AP/NPAA/EP/SAA

Reference to AP
N/A

Reference to NPAA
NPAA envisages development of Action Plan of measures and activities for the country’s participation in EURES as a short-term priority and implement the Action Plan as a mid-term priority. Additionally, short-term focus will be put on approximation of the national legislation with the Decision 32003D0008 for free movement of workers and the corresponding Charter 52003XX0503(02) as regards the clearance of vacancies and applications for employment.

Reference to EP
N/A

Reference to SAA
The programme will contribute towards the implementation of the Stabilisation and Association Agreement commitment on free movements of workers i.e. Article 44, Article 45 and Article 46 on social security system.

Reference to Progress Report for 2009
In the latest European Commission Progress Report is stated that: ”...There has been some progress towards preparing for participation in the EURES (European employment services) network. Implementing legislation was adopted that allowed the Employment Agency to bring into operation an electronic system ensuring on-line access to all job vacancies communicated to the agency. The classification of vacancies complies with the EURES requirements. However, the human resources available are insufficient to implement the system. Preparations in the area of EURES are on track.

There has been progress in the area of coordination of social security systems. Bilateral social security agreements with Belgium and Luxembourg were ratified, bringing the total to ten. However, the capacity available remains insufficient to coordinate social security schemes. In this area, the country is moderately advanced...”.

Reference to MIPD
The project is in-line with 2009-2011 MIPD priority axis 3: Ability to assume the obligations of membership, in the area of Social policy, employment and education. As well, the MIPD indicates implementation of one of the Community rules on the co-ordination of social
security schemes. Therefore, the markets will have to become more efficient and competitive as a result of closer compliance with the EC acquis and EU best practice.

Reference to National Development Plan
N/A

Reference to national / sector investment plans
N/A
ANNEX V- Details per EU funded contract

Management and contracting arrangements
The capacities for effective implementation of the acquis in the field of freedom of movement for workers will be strengthened through a twinning arrangement. The twinning arrangement will follow the regular operational instructions as documented in the Twinning Manual. A project steering committee will be established to oversee the implementation process of the project activities, while it is expected that the MS twinning partner(s) will bring in expertise in the required area. The twinning arrangement will also allow for administrative capacity building, training, integrity, legal development and addressing the cross-cutting issues.

The project leaders will be responsible for the overall management, representation (co-ordination with the EU and other international bodies) as well as reporting to the Contracting Authority.

Contact persons and contact details

Beneficiary Country (BC) Project Leader
To be defined prior to launching the Twinning Fiche.

Resident Twinning Advisor (RTA) counterpart
RTA will be defined following a selection procedure organised by the Contracting Authority from the MS countries responding to the launched fiche.

The expected contracting arrangements are:
One Twinning Contract will be concluded between a MS partner(s) and the final beneficiaries, with two RTAs for conducting the above-mentioned two components of the project. The contract has an expected implementation period of 18 months. The contract value will be EUR 950 013,68. The IPA contribution will be EUR 902 513 and the national co-financing will be EUR 47 500,68.

Means/Input from the MS Partner Administration
The project will be implemented in the form of a Twinning contract between the beneficiary country and EU Member State(s). The implementation of the project requires one Project Leader with responsibility for the overall coordination of project activities, two Resident Twinning Advisers to manage project activities under the two different components, and a number of short-term experts (number to be proposed by the Member State). It is essential that the team has sufficiently broad expertise to cover all the areas included in the project description. The interested Member State(s) institution shall include in its proposal the CVs of the designated Project Leader, Resident Twinning Advisers and the proposed short-term experts and the specific tasks to which they will be assigned. Provided that consistency within a consortium can be secured, two Member States may form a consortium.

Profile and Tasks of the Project Leaders
MS Project Leader
The MS project leader will detail, coordinate and control the overall thrust of the project, lead project activities, and ensure attainment of the projected output. He/she is expected to ensure that all the support from the management and staff of the MS side is available for the project. The MS project leader is fully responsible for co-ordination of the work of the experts. The
MS project leader will co-manage the implementation of the project with the BC project leader. He/she should be a senior official from an EU Member State structure with proven experience in implementation of EU legislation in the area of freedom of movement for workers (coordination of social security schemes, EURES etc.) and is expected to devote a minimum of 3 days per month to the project in his/her home administration with an on-site visit at least every 3 months. In addition, he/she should coordinate, from the Member State side, the Project Steering Committee (PSC), which will meet in Skopje at least every three months.

**BC Project Leader**
The BC Project Leader will act as the counterpart of the Member State PL and will ensure close cooperation in the overall steering and co-ordination of the project. The PL's seniority will ensure his/her ability to mobilise the necessary staff in support of the efficient implementation of the project. He/she will also coordinate the Project Steering Committee (PSC) from the BC side. The role of the BC Project Leader and the MS PL counterpart are complementary. A BC RTA Counterpart will be assigned as well.

**Profile and Tasks of the Resident Twinning Adviser**
There will be two Resident Twinning Advisers responsible for each Component of the Project. The Resident Twinning Advisers will coordinate and implement project activities on the ground under the overall supervision of the Project Leader. RTA(s) will be civil servants or equivalent staff (mandated body) seconded to work and to be based in the BC throughout the overall duration of the project. RTAs are made available by MS’ administrations and mandated bodies to counterparts in BCs through EU funding. The seconded experts covered by these provisions remain in employment in their national administration or mandated body throughout the period of secondment. One RTA should be a senior official from an EU Member State structure dealing with coordination of social security schemes (with minimum 3 years work experience as civil servant) and the second RTA should be a senior official from an EU Member State structure (e.g. MS Public Employment Service) dealing with issues regarding free movement of workers and EURES (with minimum 3 years work experience as civil servant). It is expected that both persons will be working on a permanent basis in the beneficiary country for the duration of the project. Fluency in English is required. All additional qualifications, skills, assets of the RTA(s) and the short-term experts would be determined in the process of drafting the Twinning Fiche, to be submitted to the MSs.

**RTA Counterpart**
A RTA Counterpart will be assigned by the Ministry of Labour and Social Policy, in coordination with the relevant beneficiaries, targeted with the two different components.