

SOCIAL INSURANCE ADMINISTRATION PROJECT

Republic of North Macedonia

Project Operational Manual

March, 2020

TABLE OF CONTENTS

Contents

1. INTRODUCTION	4
	4
2. PROJECT DESCRIPTION	4
3. PROJECT COSTS AND FINANCING PLAN	8
4. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS	9
5. PROCUREMENT REGULATIONS	12
5.1 General	12
5.2 Procurement Planning and Responsibilities	13
5.3 Procurement Responsibilities	13
5.4 Procurement Arrangements	14
5.5 Procurement Methods and Thresholds	15
5.6 Tendering timeframe:	17
6. FINANCIAL MANAGEMENT	22
7. MONITORING AND EVALUATION	30
7.1 Project Development Objective Indicator and Results Indicators	30
8. ADMINISTRATIVE PROCEDURES	31
8.1 Personnel Management and PMU employment conditions	31
8.2 Information management, disclosure, dissemination and public awareness	35
8.3 Project documentation handling	36
8.4 PMU Staffing	39
9. PROCUREMENT METHOD	53
9.1 Selection methods for Goods, Works and Non-consulting Services:	53
9.2 Selection methods for Consulting Services	55
9.3 Notification of Intention to Award	60
9.4 Standstill Period - The period following the Notification of Intention to Award	62
9.5 Debriefing	63
9.6 Conclusion of the Standstill Period and Contract Award	63
9.7 Procurement-related Complaints	64
ANNEX 1: Detailed Project Description	69
ANNEX 2: Terms of reference	88
ANNEX 3: Interim un-audit Financial Management Reports	93
ANNEX 4. Results Framework and Monitoring	95
ANNEX 5. Initial Procurement Plan	102

ABBREVIATIONS AND ACRONYMS	
EA/AVRM	Employment Agency of North Macedonia/Agencija za Vrabotuvanje (
CDCCU	Central Disability Certification Coordination Unit
DEF	Disability Employment Fund
ESP	Extended Service Period
FM	Financial Management
HIF/FZO	Health Insurance Fund of North Macedonia/Fond za Zdravstveno Osiguruvanje
GDP	Gross Domestic Product
GoNM	Government of North Macedonia
GRM	Grievance Redress Mechanism
ICF	International Classification of Functioning, Disability, and Health
ICT	Information and Communication Technology
IFR	Interim Financial Report
ISP	Implementation Support Plan
M&E	Monitoring and Evaluation
MAPAS	Agencija za Supervizija na Kapitalno Finansirano Penzisko Osiguruvanje (Agency for Supervision of Fully Funded Pension Insurance of North Macedonia)
MLSP/MTSP	Ministry of Labor and Social Policy
MoH/MZ	Ministry of Health
MoF	Ministry of Finance
NBRNM	National Bank of the Republic of North Macedonia
PDO	Project Development Objective
PAD	Project Appraisal Document
PDF/PIOM	Pension and Disability Insurance Fund of North Macedonia/Fond na Penziskoto i Invalidskoto Osiguruvanje
PMU	Project Management Unit
POM	Project Operational Manual
PPSD	Project Procurement Strategy for Development
SIAP	Social Insurance Administration Project
SPD	Standard Procurement Document
SSIP	Social Services Improvement Project
STEP	Systematic Tracking of Exchanges in Procurement
SURS	Single Unified Registry System
TSA	Treasury Single Account
PRO/UJP	Public Revenue Office of North Macedonia/Uprava za Javni Prihodi
UNDP	United Nations Development Programme

1. INTRODUCTION

1.1. PURPOSE OF OPERATIONS MANUAL

This Project Operations Manual (POM) outlines operational guidelines and procedures to be followed in implementing the Social Insurance Administration Project (SIAP or “the Project”), including the processes of identifying, preparing, selecting, procuring, managing and monitoring the implementation of all other related Project activities. The Manual will be used by staff of the MLSP Project Management Unit (SIAP PMU). All supporting documents, forms, and templates required for the implementation of the components and management activities are included in annexes to this POM, and form an integral part of the Manual. The POM sets out the guidelines for:

- The financial management of allocated resources;
- The technical management, monitoring and evaluation of the components activities;
- The procurement and contracting of required goods, works and services.

1.2. LEGAL FRAMEWORK

The guidelines and procedures laid out in the POM are part of the legal documents of the SIAP with the terms and conditions set out in the Project Appraisal Document of the World Bank (or the “Bank”), Loan Agreement between the Government of the Republic of North Macedonia and the World Bank for Social Insurance Administrative Project. The guidelines and procedures are also in accordance with national laws.

2. PROJECT DESCRIPTION

A. Project Development Objectives

The Project Development Objective (PDO) is to improve the quality of services in administering social insurance, and strengthen the regulatory framework for people with disabilities and hazardous occupations.

B. Project Beneficiaries

Beneficiaries of the project will be all categories of socially insured individuals, contribution declarers and payers (employers), pensioners, persons with disabilities, as well as staff at the social insurance and tax agencies (PRO, PDF, HIF, EA, and the MLSP). The project will finance activities in the entire territory of North Macedonia, with administrative capacity building activities focusing in Skopje.

The support of activities under Component 1 is targeted to all beneficiaries of the social insurance

system. It should result in a more reliable and simpler system serving the insured individuals (easy access to information about the status, paid contributions, second pillar contributions, etc.), contribution payers and employers (single registration and status reporting point), pensioners (reliable payment of pensions and recordkeeping), as well as the staff in the social insurance and tax agencies. Direct beneficiaries of Component 2 include persons with disabilities and employees in hazardous and arduous occupations. Activities under Component 2 will enable faster and simpler disability assessment, realization of disability services and benefits, and identify the occupations with high and irreversible health risk.

C. PDO-Level Results Indicators

PDO Results Indicators are as follows:

- (a) Single unified registry of socially insured individuals developed and functional;
- (b) Proportion of insured population whose social insurance information is centrally available to all social insurance agencies (Percentage);
- (c) Proportion of disability certificate applicants during the past month who had at least one previously issued and currently valid disability certificate (Percentage);
- (d) Average time to issue a disability certificate;

D. Project Components

The project will include **two main components and five subcomponents, with an additional third component related to project management**

Component 1. Improving the quality of the social insurance administration services (approximate credit amount: 8.92 million EURO / US\$9.81 million equivalent).

This component supports the establishment of the central registry of socially insured individuals (Single Unified Registry System - SURS) and modernization of pension administration. Based on the Government's decisions (No. 45-5503/1, August 20, 2019, and No. 45-8738/1 of November 26, 2019) the existing systems of insured persons' registration and contributor databases managed in the social insurance agencies would cease operation and be replaced by SURS in an independent entity under MLSP. In the SURS system the registration to all or any branch of social insurance will be a one-stop-shop process and involve a unified, simplified, standardized, and centralized function. All persons registered in SURS will be visible to all social insurance agencies and to PRO – thereby reducing the opportunity for contribution or tax evasion by selectively registering with one agency and not others. The SURS database will be used by all social insurance agencies and by the tax administration (PDF, HIF, EA, PRO), and by MAPAS (on behalf of second pillar pension funds). SURS will also be used by the MLSP's Social Assistance cash benefits database system. SURS will be hosted, managed, and maintained by the independent entity under MLSP. This project component will assist MLSP/SURS to integrate and centralize existing social insurance registries), develop the organizational structure and business processes for SURS, and establish client connections with all system users. Centralized registration and recordkeeping by SURS will provide a single, unified, standardized, accurate, and timely stream of information on employers, insured individuals, and all social contributions. Centralization of

these services would release capacities in EA, PDF and HIF currently engaged in registration and recordkeeping administration; establish an accurate database and information flow to PRO in the process of contribution collection and control; and significantly reduce the scope for contribution and payroll tax evasion. Moreover, the SURS would provide timely information to Pillar 2 Funds on membership and payment of second pillar contributions, and would allow the precise and direct transfers of the Pillar 2 contributions from the employers to the insured persons, thus preventing delays of the assets capitalization by the Pillar 2 Funds. This would provide a permanent solution to the problems of missing, underpaid, and overpaid contributions to the Pillar 2. The key advantage of the SURS system is in abolishing and practically preventing multiple entry points for registration/deregistration of insured persons. In addition, the participating agencies and Governmental institutions (Government, MLSP, MoF, MoH, State Statistical Office etc.) would benefit from accurate, periodical and aggregate reporting. In that regard, the insured persons' interest, rights and responsibilities would be exercised in a legal and proper manner.

This component will also have a subcomponent supporting the strengthening of business processes and administrative capacity of PDF to serve the insured individuals in the first pillar more efficiently and effectively. Activities supported by this project will have a direct impact on PDF's operations. Centralizing the social insurance registry in SURS and disability assessment in CDCCU will relieve PDF from performing these tasks and enable PDF to utilize resources to strengthen its other functions. Developing SURS' data centralizing and warehousing functions and integration of existing social insurance registries will require the consolidation of past earnings records, utilized mainly by PDF. Individual earnings histories in PDF experience shortfalls including incomplete records of service periods, contribution bases or contributions paid, with paper-based archives, which are detected only at the point of benefit request and determination. It is estimated that there are up to 20% of missing data in the earnings records history, related to different periods and data categories. For future smooth processing of pension requests and providing the information to all insured individuals via SURS these records should be reconciled, digitized and made available to the social insurance agencies and insured individuals. This subcomponent will engage in the initial analysis of the earnings history problem in PDF and the campaign of completing all past records within the SURS development process. It is envisaged that this subcomponent would in parallel engage in a functional analysis of PDF and its processes - to detect the areas, paths, and dynamics for institutional upgrade. Areas of engagement will depend on the results of the functional analysis and are expected to include business process modernization, ICT capacity buildup, and HR strengthening through training.

The list of activities includes:

- SURS business function needs analysis in each participating agency.
- Design of SURS system and business operations model
- Development of Single Unified Registry System for social insurance – investment in organization structure, equipment, software, and business processes, and training staff
- Development of new legislation and harmonization of the existing legislation
- Migration of client and insurance data from multiple registries to the new SURS, and cleanup of such data
- Adjustment of HIF, EA, PDF, PRO, MAPAS, and MLSP, to SURS – investment in data links and interfaces with SURS, adjustment of business processes, ICT, training particular internal and external

- Consolidation of PDF's database of historical earnings of insured individuals
- A functional review of the PDF and investment in PDF modernization, including business processes, technical capacity, ICT, HR training, client services
- A public information and education campaign on SURS functionalities, benefits for users, and operations

Component 2. Strengthening the regulatory framework for persons with disabilities and for hazardous occupations (approximate credit amount: 4.20 million EURO / US\$4.62million equivalent).

This component envisages three subcomponents supporting the implementation of the reformed system:

- *Establishing a unified disability assessment system and Central Disability Certification Coordination Unit (CDCCU).* The Government's decision to simplify, unify and streamline the parallel processes envisages establishment of a Central Disability Certification Coordination Unit (CDCCU) in MLSP responsible for initiating, organizing, performing and reporting on all disability assessments in the country. CDCCU will organize the certification teams from a network of medical and other experts licensed for disability certification on a case-by-case basis. This subcomponent of the project will support the establishment of the CDCCU, including investment in its business processes, technical equipment and human capacity, and the system of monitoring and evaluation, licensing, supervision, and control. Investment would also include public information and education on the reform and using new user-friendly disability certification processes.
- *Reforming the system of employment of persons with disabilities.* The policy objective of the Government to widen employment opportunities for persons with disabilities and raise their inclusiveness into the labor markets will require a broad public debate of policy options for employment of persons with disabilities, legal preparatory work, and a public information and education campaign. Policy options analysis, especially those considering the redistribution of current "sheltering" subsidies towards professional rehabilitation and activation programs for inclusion of persons with disabilities in the open labor market will have to be prepared prior to the public debate. The public debate should result in a modern and sustainable Law on employment of persons with disabilities in 2021. The need for setting a National Register of persons with disabilities has been emphasized for decades. Its development and maintenance by the MLSP would enable designing the appropriate policy measures and their monitoring and evaluation. Activities expected to be supported within this subcomponent thus include technical assistance to discuss and develop the new legislative framework, organizing national information and education campaign, especially targeted towards the persons with disabilities, and the establishment of the National Registry of persons with disabilities and system of monitoring and evaluating in the MLSP.
- *Revision of the list of hazardous occupations eligible for early retirement with extended service period (ESP).* The objective of the reform considered by the Government is to revise the ESP list, reassess the risk hazards for each of the workplaces, limit the early retirement option only to the work conditions with high

health hazards and potentially irreversible acute health consequences, and establish early retirement system that would incentivize longer activity in the labor market. The main activity supported by this subcomponent would be to engage a team of ergonomic, medical and other experts to revise all workplaces and work conditions in North Macedonia with currently declared health hazards. The subcomponent will also support analysis of the reform options and development of the reform proposal including the legal changes.

Component 3: Project management (0.65 million EURO / US\$0.71 million equivalent).

This component will support the day-to-day management of project implementation and the monitoring and evaluation (M&E) of its objectives and outcomes. This component will finance the activities that would ensure effective administration and implementation of the project by supporting (a) the establishment and operation of the Project Management Unit (PMU), including the provision of operating costs and (b) development and implementation of an M&E system for the project.

Detailed project description is given in Annex 1 to this POM

3. PROJECT COSTS AND FINANCING PLAN

Overall project size is USD 15.17 or app EUR 13.8 million, entirely provided by the World Bank. The closing date of the project is April 30, 2023.

Project Cost and Financing

Project Components	Project Cost (Euro, millions)	IBRD Financing (%)
Improving the quality of the social insurance administration services	8.92	100
Strengthening the regulatory framework for persons with disabilities and for hazardous occupations	4.20	100
Project management	0.65	100
Front-end Fee	0.0345	100
Total Project Costs	13.8	
Total Financing Required	13.8	

4. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

This section describes the respective roles and responsibilities of the SIAP stakeholders in the implementation of the Project.

The project will be implemented over a period of three years, with the MLSP as the key implementing agency.

The Project's key implementing agency will be the Ministry of Labor and Social Policy (MLSP), but it would closely collaborate with MOF, MOH, PDF, HIF, EA and PRO The implementation of Component 1 would require strong coordination between MLSP, MOH, and MOF, while Component 2 would be implemented by the MLSP and require coordination between MLSP and MOH.

Given that day-to-day SURS development would be managed by an independent entity under MLSP and providing services to all social insurance and tax agencies, the operative coordination would be assured through a **Project Steering Committee led by MLSP**, comprised of key ministries and agencies participating in the project. **Project Steering Committee** would facilitate high-level policy agreements, resolve matters of disagreement, help with approving deliverables, help mobilize resources, and ensure that the project stays on course. The implementation of the proposed project would require the availability of dedicated technical, operational, and fiduciary staff at the MLSP. That Ministry will establish and maintain a PMU within its administrative structure reporting to the Minister/Board.

The capacity of the MLSP to carry out the fiduciary and monitoring and evaluation functions for the Project is weak. It will thus be vital that MLSP initially relies on the existing and very well-functioning Project Management Unit (PMU) which is currently implementing the SSIP. The PMU would be responsible for procurement, disbursement, monitoring, and reporting on the use of loan proceeds. **The PMU** will comprise a PMU Director, PMU Manager, SIAP Coordinator, specialists supporting the MLSP on key activities, an FM and disbursement specialist, a procurement specialist, monitoring and evaluation specialist, as well as IT engineers .

The current PMU within the MLSP already engages environmental and social safeguards specialists who would be responsible for implementation of provisions of ESF documents (SEP, LMP and ESCP). However, given that the procurement and FM specialists would be responsible for the fiduciary aspect of two operations in parallel, a procurement and FM assistant would be hired once the Project becomes effective. Implementation arrangements would assure continuous strengthening of MLSP's capacity, to promote long-term sustainability of the reforms.

While the Government and its implementing agencies remain responsible for program implementation, the responsibility for effective supervision and monitoring support will be shared by the Government and the World Bank, to jointly review progress toward achievement of the PDO. To regulate the PMU staff responsibilities the PMU staff shall enter into contract with

MLSP using the standard WB time based form of contract for small assignments. These contracts prescribe in detail scope of work for each PMU consultant, rights and responsibilities for both contractual parties, and both contractual parties must respect and behave accordingly while conducting project activities and tasks. The PMU contracts have to be approved by the WB.

Main responsibilities of PMU fall into the following groups of activities but are not limited to:

Manage and administer SIAP implementation that includes (i) coordination of overall project implementation activities; (ii) coordination of involved institutions in order to make sure that the project activities are implemented in a technically and timely harmonized manner, (iii) coordination of international and local consultants and (iv) act according the WB team's requirements.

Planning and budgeting that includes precise assessment of the activities related to project preparation and implementation from their technical, financial and procurement viewpoint.

Procurement that includes (i) ensuring compliance with the procurement rules and procedures as defined in the applicable Regulations, Legal Agreement, POM, PPSD and Procurement Plan of the Project; (ii) preparation of annual procurement plans approved by the WB; (iii) preparation or coordination the preparation with respective units in the Ministry and the respective institutions of the specification for goods, works and services to be procured and resulting bidding and tender documents in accordance with the agreed procurement plan; (IV) contract signing, implementation and monitoring implementation of signed contracts; (v) using the electronic platform for Systemic Tracking of Exchanges in Procurement (STEP); and (vi) preparing progress reports on procurement as part of the Project progress reports.

Financial management and accounting that includes organization and operation of the Project financial management system acceptable to the WB. The system is being established for the SSIP project and with small adjustment will be used for SIAP project. The system is to include an accounting and control module with the capability to record and retrieve in a timely manner all financial transactions under the project. In addition, the financial management and accounting will follow the national financial management, accounting and reporting requirements.

Ensure compliance with environmental and social requirements. The PMU, the MLSP, MF, MH and all other involved institutions respectfully shall ensure that the daily implementation of the project is according to the environmental and social requirements as given in the published SIAP Project Environmental and Social Commitment Plan (ESCP).

Auditing includes external annual audit of project accounts and financial records in accordance with the WB requirements.

Monitoring and evaluation includes establishment of arrangements for systematic comparison of actual project activities against plan on the basis of agreed indicators and objectives. The PMU has to monitor the SIAP according the result framework of Monitoring and Evaluation placed in

Annex 4. The PMU should also supervise the implementation of the Environmental and Social Commitment Plan (ESCP) of the overall project.

Reporting includes establishment of a regular reporting system that is able to produce information about the Project as stipulated in the Loan Agreement, PAD, in this POM or as may be from time to time requested by the WB, MLSP, MOF or authorized officials from the project beneficiaries.

Stakeholders engagement. The stakeholders' engagement element shall take an important role during the project implementation. The MLSP with help of the PMU members shall be responsible for planning and conducting the Stakeholders engagement activities.

The PMU will establish and institutionalize a comprehensive Grievance Redress Mechanism (GRM), which will be developed as described below, to allow all comments, suggestions, and/or complaints or provide any form of feedback on all project-funded activities (not just safeguards).

Grievance Redress Mechanism

The PMU shall maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism as a separate form published on the MLSP website www.mtsp.gov.mk

The form shall enable the interested parties to submit questions, comments, suggestions, and/or complaints or provide any form of feedback on all project-funded activities, and also shall enable the interested parties to express their satisfaction or non satisfaction from the designed grievance mechanism

The form shall have the following fields that should be filled up by the interested party

Name

Surname

e-mail address

Telephone

question

Satisfied/Not Satisfied

SUBMIT

The field “submits” shall be automatically connected to one or more mail addresses of PMU members that shall review the questions and send them to the respective persons for answering. After the answer is received, they shall send it to the mail address given in the form by the interested party

The form shall include information such as telephone number and address of the PMU in order the interested parties that wish to call or to come and to express their opinion and /or complain directly to the PMU members

5. PROCUREMENT REGULATIONS

5.1 General

Efficient procurement in World Bank financed projects is a prerequisite for the attainment of project objectives and timely disbursement of loan funds.

The procurement under the Project includes procurement of Goods, Works, Non-Consulting and Consulting Services and shall be carried out in accordance with the World Bank Procurement Regulations for Investment Project Financing (IPF) Borrowers – Procurement in IPF of Goods, Works, Non-Consulting and Consulting Services, (Regulations) issued in July 2016, revised November 2017 and August 2018, the provisions of the Loan Agreement, Project procurement Strategy for Development (PPSD) and the Procurement Plan.

The latest Standard procurement documents applicable to the Procurement regulations, available on its external website at www.worldbank.org/procurement/standarddocuments shall be used for all the procurements under the Project, irrespective of their value. In exceptional cases and for small value procurements, altered bidding documents can be used based on prior approval from the WB.

The rights and obligations of the Implementing Agency (MLSP) and the providers of Goods, Works, Non-consulting Services and Consulting Services for IPF operations are governed by the relevant request for bids/request for proposals document and by the contracts signed by the Implementing Agency and the providers of Goods, Works, Non-consulting Services, and Consulting Services, and not by these Procurement Regulations or the Legal Agreement

The World Bank will exercise its procurement oversight through a risk-based approach comprising prior and post review and independent procurement reviews, as appropriate. The post reviews in accordance with the applicable thresholds and review arrangements in the Procurement Plan

will be conducted on the procurement processes undertaken by the MLSP/PMU to determine whether they comply with the requirements of the Legal Agreement.

5.2 Procurement Planning and Responsibilities

The PMU shall use the Systemic Tracking of Exchanges in Procurement (STEP) -the Bank's online procurement planning and tracking tools to record all procurement actions under IPF operations, including preparing, updating and clearing its Procurement Plan, and seeking and receiving the Bank's review and No-objection to procurement actions as required.

A detailed procurement plan for the Project has been prepared and is given in the Annex 5. During project implementation, the procurement plan in agreement with the Bank project team will be updated at least annually by the PMU and in consultation with the involved stakeholders. The World Bank shall approve such updated procurement plan, and any bidding to select suppliers or consultants shall be implemented in accordance with the agreed procurement plan or which has been agreed in writing with the Bank prior to the formal update of the Procurement plan in which this item should be reflected. It is not allowed by the WB to procure any item that is not contained in the Procurement Plan.

To ensure efficient Project implementation, preparation of the Procurement Plan shall be coordinated with preparation of the annual Work Program and budget. The project will be implemented based on annual work programs and budgets prepared by the PMU. Based on inputs from all participating agencies, the PMU will prepare consolidated WPs, incorporating specific activities to be undertaken during the succeeding year. The investment costs included in the WPs shall be clearly spelled out. The WPs will include, inter alia: (a) statement of the objectives to be pursued for the coming year; (b) description by component/sub-component of the activities to be pursued during the year and their detailed budget; (c) equipment to be procured during the year; (d) financing plan; (e) conclusions and recommendations; (f) updated procurement plans.

The Working Plans shall be approved by the Minister of Labor and Social Policy and submitted to the Bank by December 30, each year for the upcoming year.

5.3 Procurement Responsibilities

The MLSP is the executing agency for this project. PMU, which was already established within the MLSP as a temporary structure for the implementation of the SSIP, will be responsible for the whole cycle of procurement of all goods, works and services under the Project, including filing/record keeping of all related operations and activities, and coordinating the delivery of technical assistance provided by international and local consultants. This includes the following operations (as applicable in accordance with the procurement procedures concerned):

- Preparation of procurement plans and lot numbering;
- Finalization of technical specifications and terms of reference and their submission to the Bank for review and no-objection, in the format acceptable to the WB;

- Preparation of General Procurement Notices, Specific Procurement Notices and Requests for Expressions of Interest and submission for publication;
- Preparation of bidding documents/requests for proposals, and their clearance with the WB;
- Receipt of expressions of interest;
- Preparation of short list if required;
- Dissemination of bidding documents/requests for proposals;
- Public opening of bids for goods and works and public opening of financial proposals for consulting services if required ;
- Recording and keeping original copies of bidding / performance / advance payment guarantees, bonds or securities;
- Submission of the Letters of expression of interests (LOEI)/bids/proposals/CVs to the Evaluation Committee for evaluation;
- Preparation of evaluation reports and their submission to the Bank for “no-objection” if required;
- Preparation of contracts;
- Notifications to unsuccessful bidders and returning of bid guarantees / securities if applicable;
- Contract management; review of contract execution documentation (reports, acceptance certificates and delivery documents, etc.) and ensuring its compliance with contract conditions;
- Record keeping. All documentation with respect to each procurement will be retained by the MLSP/PMU according to the requirements of the Legal Agreement. The MLSP/PMU will furnish such documentation to the World Bank upon request for examination by the World Bank or by its consultants/auditors. Documents with respect to procurement subject to post review will be furnished to the World Bank upon request.
- Providing assistance, procurement related documents and information during implementation support and post review missions of the Bank;
- Preparing progress reports on procurement as part of the overall project progress reports.

5.4 Procurement Arrangements

Procurement management is the responsibility of the PMU staff. The PMU procurement staff is responsible for management of all steps of procurement cycle.

The PMU procurement staff is supported and coordinated by other PMU staff/Institutions in the following way:

- Project Director, Project Manager and SIAP Coordinator are responsible for general coordination of the procurement work on the project;
- Specialists are responsible for the coordination of the procurement work among the involved stakeholders and for obtaining the draft TORs and TS for the respective component activities,

- The Financial staff ensures that all project financial obligations are met in timely manner, this includes the payment for goods and services, the accounting and book keeping of all activities and ensuring the Project is carried out within the specified budget,
- Authorized representatives of the involved institutions may participate in evaluation of bids and technical and financial proposals. Their membership in the Evaluation Committee should be approved after a submission of a request for membership in the evaluation committee by the PMU to the involved institutions for whom the procurement is organized or that are to benefit from the procurement. The proposal shall be made by the authorized representatives of the involved institution and approval to the proposed list by the Minister of Labor and Social Policy. Also, the Minister of LSP can appoint additional members in the Evaluation Committee upon his/her discretion but limited to one independent expert.

5.5 Procurement Methods and Thresholds

A) Selection methods for Goods, Works and Non-consulting Services:

- Request for Proposals (RFP);
- Request for Bids (RFB);
- Request for Quotations (RFQ); and
- Direct Selection.

B) Selection methods for Consulting Services

- Quality Cost Based Selection (QCBS);
- Fixed Budget Based Selection (FBS);
- Least Cost Based Selection (LCS);
- Quality Based Selection (QBS);
- Consultant's Qualifications Based Selection (CQS); and,
- Direct Selection.

**The Thresholds for Procurement Approaches and Methods and the Review Arrangements-
prior review by the WB are as follows:**

Thresholds for Procurement Approaches and Methods in EUR		
Works	Goods, IT and non-consulting services	Shortlist of national consultants

Open international ≥	Open national <	RfQ ≤	Open international ≥	Open national <	RfQ ≤	Consulting services ≤	Engineering and construction supervision ≤
5,000,000	5,000,000	200,000	1,000,000	1,000,000	100,000	300,000	N/A
Review Arrangements							
First contract for each approach and method and all >3,000,000 Direct Selection all > 80,000			First contract for each approach and method and all >3,000,000 Direct Selection all > 80,000		First contract for each approach and method, all TORs and all contracts > 1, 000,000 Individual consultants all TORs and all contracts > 300,000 Direct Selection all >10,000 QCBS shall be used for procurements > 300,000		

The requirement for a prior or post review shall be specified in the Procurement Plan.

Prior Review: is a process undertaken by WB during the Project implementation in which the WB reviews “a-priori” full documentation for major contracts.

Full documentation should be submitted to the WB for prior review on the following procurement contracts:

- for all **Works, Goods, IT and non-consulting services** contracts above 3,000,000 EUR, first contract for each approach and method (RFP, RFB, RFQ, Direct Selection), and for all contract awarded under “Direct selection method” above 80,000 EUR);
- for all **Consulting company services** all TORs, all contracts above 1,000,000 EUR, first contract for each approach and method (QCBS, LCS, FBS, QBS. CQS and Direct Selection), and for all contract awarded under “Direct selection method “ above 10,000 EUR;
- for all **Individual consulting services** all TORs, contracts above 300,000 EUR, first contract for each approach and method, and for all contract awarded under “Direct selection method “ above 10,000 EUR;

Ex-Post Review: All other contracts below the Bank’s prior review threshold are subject to the Bank’s selective ex-post review. Periodic ex-post reviews by the Bank are undertaken during regular supervision missions. Procurement documents, such as bidding documents, bids, bid evaluation reports and correspondence related to bids and contracts are kept readily available for Bank’s ex-post review during supervision missions or at any other points in time.

5.6 Tendering timeframe:

- a. Procurement of Goods, IT and Works:
 - i. International Competitive Procurement: Estimated duration: 4 months, including the period necessary to prepare and agree on the technical and bidding documentation.
 - ii. National Competitive Procedure:
Estimated duration: 3 months, including the period necessary to prepare and agree on the technical and the bidding documentation.
- b. Procurement of Consulting Services (Firms):
 - i. Quality and Cost-based Selection(QCBS)
Estimated duration: 3 months, including the period necessary to prepare and agree the ToRs.
 - ii. Least Cost-based Selection (LCS)
Estimated duration: 3 months, including the period necessary to prepare and agree the ToRs.
 - iii. Fixed-budget based Selection (FBS)
Estimated duration: 3 months, including the period necessary to prepare and agree the ToRs.
 - iv. Consultant’s Qualification-based Selection (CQS)
Estimated duration: 2 months, including the period necessary to prepare and agree the ToRs.
 - v. Direct Selection
Estimated duration: 1 months, including the period necessary to prepare and agree the ToRs.
- c. Procurement of Individual Consultants:
 - i. Open Competitive Selection
Estimated duration: 1.5 months
 - ii. Limited Competitive Selection
Estimated duration: 1.5 months
 - iii. Direct Selection
Estimated duration: 1.5 months

5.7 Retention of Procurement Documents

The PMU shall maintain the procurement documentation depending on the procurement method, as following: copies of all public advertisements, pre-qualification documents (if used), evaluation reports, bidding documents, bid opening minutes, evaluation report (that shall include a detailed record of the reasons used to accept or reject each bid, original Bids/Proposals; all

documents and correspondence related to the procurement and execution of the contract, including those in support of the evaluation of Bids/Proposals; and the recommendation for award made, complaints against procedures or recommendation for award, signed copy of the contract and all subsequent amendments or addenda, securities, payment invoices or certificates, as well as the certificates for the inspection, delivery, completion, and acceptance of Goods, Works, and Non-consulting Services, for contracts awarded on the basis of direct procurement (the documentation shall include justifications for using the method etc.).

5.8 Advertisements

For international procedures the procurement notices will be published automatically through STEP on the Bank's external website and UNDB, as well as locally on the Ministry's website, on the portal of Public Procurement Bureau at: (<https://e-nabavki.gov.mk/PublicAccess/home.aspx#/notices>) and daily newspaper as relevant (not mandatory).

The PMU shall advertise the Specific procurement notices on the Ministry's website, on the portal of Public Procurement Bureau at: (<https://e-nabavki.gov.mk/PublicAccess/home.aspx#/notices>) and daily newspaper as relevant (not mandatory),

5.9 Formation of Evaluation Committees

For procurement of all contracts financed from the Loan an Evaluation Committee (EC) shall be established by the MLSP (The EC will have odd number of members because of voting rights.)

For procurement of goods, works and services above Euro 100,000 equivalent per contract, financed from the Loan, an Evaluation Committee (EC) comprising of minimum 5 members.

EC (with voting rights) will be consisted of:

- 1-3 representatives of the stakeholder
- 1-3 representatives from the MLSP
- PMU staff (optionally)

For procurements of goods, works and services below Euro 100,000 equivalent per contract, the EC shall comprise of minimum 3 members:

- 1-2 representative from the MLSP
- 1-2 representative of the stakeholder.
- PMU staff (optionally)

The Minister may appoint as a member of the EC at most 1 independent expert with relevant knowledge.

The Project Director/Manager/Coordinator shall appoint one PMU staff to act as a secretary to the EC. The secretary is responsible for preparation of the minutes from the meetings held and is a non-voting member.

Members of the EC will be appointed by the Minister of Labor and Social Policy of the Republic of North Macedonia or the Project Director in writing.

At least one member of the EC shall be expert with relevant knowledge in the subject matter of the procurement.

5.9.1 Anti Corruption Measures

Mitigation of Conflict of Interest. Each person serving as a member of a selection committee, or who is otherwise involved in a procurement process, shall disclose to the Project Director if they, or any of their immediate family members, are related or otherwise connected to any of the members of the boards of directors or commissioners of the bidders and/or consultants participating in any of the procurement packages ("Interested Member"). Any Interested Member shall exempt himself or herself from further participation in the evaluation process; and any Interested Member who is an Official shall refuse himself or herself from any decisions relating to the evaluation process or contract award.

Each Member of the Evaluation committee before the evaluation process starts, will sign a Declaration of impartiality and confidentiality (sample of the Declaration is given below-point 5.9.1.1)

5.9.1.1 Declaration of impartiality and confidentiality-Sample

Declaration of impartiality and confidentiality

Publication ref: (*Name of the assignment*)

I, the undersigned, hereby declare that I agree to participate in the evaluation of the above-mentioned procurement procedure for selection of a firm for the assignment " _____ ", ref. no. _____. By making this declaration, I confirm that I have familiarized myself with the information available to date concerning this procurement procedure. I further declare that I shall execute my responsibilities honestly and fairly.

I am independent of all parties which stand to gain from the outcome of the evaluation process. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, which might call into question my independence in the eyes of any party; and, should it become apparent during the course of the evaluation process that such a relationship exists or has been established, I will immediately cease to participate in the evaluation process.

I agree to hold in trust and confidence any information or documents ("confidential information") disclosed to me or discovered by me or prepared by me in the course of or as a result of the

evaluation and agree that it shall be used only for the purposes of this evaluation and shall not be disclosed to any third party. I also agree not to retain copies of any written information or prototypes supplied.

Confidential information shall not be disclosed to any employee or expert unless they agree to execute and be bound by the terms of this Declaration.

Name	
Signed	
Name	
Signed	
Date	

5.10 Training Activities

Training is an integral element of the project’s capacity building objective. The Loan finances training programs, including training workshops, study tours and local training and other training activities not included under goods or service provider’s contracts, including training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainer’s fees and other training related miscellaneous input. Training programs may be included in larger contracts with firms to reduce administrative burden on the PMU. The PMU would be responsible for administration of workshops and study tours for the PMU and other staff as well. Expenditure items for training activities, including study tours, would be reported under SOEs.

5.11 Operating Costs

“Operating Costs” means the incremental expenses incurred by the Project Management Unit, on account of Project implementation and includes the costs for office rent and utilities, insurance, operation and maintenance of vehicles, office equipment and supplies, communication costs, dissemination of information, publications, support for information systems, translations, photocopying, bank charges, travel and per diem costs related to the Project, office administration costs, costs for fixed and mobile telephones, internet costs, representation costs and other reasonable expenditures directly associated with the carrying out of the Project, based on an annual budget approved by the Bank. The following procedures will apply: In all cases where applicable, such as for procuring office suppliers or for translation the Borrower would request quotations from at least 3 suppliers for any given type of goods and services and would award a “framework contract” for supply of those particular goods and services for a given period of time, which can be extended by signing a contract amendment. For

other one-off expenditures such as advertising and other similar expenditures the payment shall be based on a received invoice and no contract shall be signed. Operating cost will not include salaries of civil servants.

5.12 Review by the Bank of the Procurement Decisions

For procurement that has been determined in the Procurement Plan to be subject to prior review, the following documents shall be submitted by the PMU through STEP for Bank's prior review and no objection:

- The GPN and SPN, as appropriate;
- For Consulting Services, the REoI, including the complete TOR, and the Shortlist assessment report;
- The request for bids/ request for proposals documents, including any amendment to them;
- The first request by the Borrower to Bidders/Proposers/Consultants to extend the Bid/Proposal validity period, if it is longer than four (4) weeks, and all subsequent requests for extension, irrespective of the period;
- The Bid/Proposal evaluation report and recommendations for contract award, including documents demonstrating that any procurement complaints have been addressed to the satisfaction of the Bank.
- All requests for cancellation of a procurement process and/or rebidding/re-invitation of Proposals;
- The PMU shall not proceed with the next stage/phase of the procurement process, including with awarding a contract without receiving from the Bank confirmation of satisfactory resolution of Complaint. If, after the Bank's prior review and no-objection, analysis of a complaint leads the Borrower to change its contract award recommendation, it submits for the Bank's no-objection the reasons for that decision and a revised evaluation report;
- One conformed copy of the contract, and of the advance payment security and the performance security if they were requested, shall be furnished to the Bank promptly after its signing and prior to the making of the first payment.
- The terms and conditions of a contract shall not, without the Bank's prior review and no objection, materially differ from those on which Bids/ Proposals were requested or Prequalification/Initial Selection, if any, was invited.
- For contracts subject to prior review to be awarded using Direct Selection, the Borrower shall submit to the Bank, for its review and no objection, a sufficiently detailed justification, prior to inviting the firm/consultant to negotiations. The justification shall include the rationale for direct selection instead of competitive procurement process and the basis for recommending a particular firm/consultant
- Modifications of the signed Contract

For contracts subject to prior review, the PMU shall seek the Bank's no objection before agreeing to:

- an extension of the stipulated time for execution of a contract that has an impact on the planned completion of the project;
- any material modification of the scope of the Works, Goods, Non-consulting services or Consulting Services, or other significant changes to the terms and conditions of the contract;
- any variation order or contract amendment (except in cases of extreme urgency), including due to extension of time, that singly or combined with all previous variation orders or amendments, increases the original contract amount by more than 15% (fifteen percent); or
- the proposed termination of the contract.

Description of the initial procurement plan is given in Annex 5.

6. FINANCIAL MANAGEMENT

6.1 Financial Resources

The Republic of Macedonia has received a Loan from the International Bank for Reconstruction and Development (IBRD for implementation of Macedonia Social Insurance Administration Project (SIAP) in total amount of USD 15.17 or app EUR 13.8 million. The project will be implementing over the period of three years.

The closing date of the project is April 30, 2023.

The table below sets the allocations of the amounts of the Loan to each Category shown in USD and EUR.

Category	Amount of the Loan Allocated (in USD)	Amount of the Loan Allocated (in EUR)	Percentage of Expenditures to be Financed with loan funds including VAT.
1) Goods, works, non-consulting services, and consulting services, training and Operating Costs under the Project	15.132.075,00	13.765.500,00	100%
(2) Front-end Fee	37.925,00	34.500,00	<i>Amount payable pursuant to Section 2.03 of this Agreement in</i>

			<i>accordance with Section 2.07 (b) of the General Conditions</i>
(3) Interest Rate Cap or Interest Rate Collar premium			<i>Amount due pursuant to Section 4.05 (c) of the General Conditions</i>
Total amount:	15.170.000,00	13.800.000,00	

The activities in the project that qualify for funding by the World Bank are known as “eligible” expenditures.

By default, any expenditure that is not eligible for World Bank financing is deemed “ineligible” and therefore can’t be paid by the Loan funds.

6.2 Financial Management and accounting principles

6.2.1 Accounting Policies and Procedures

The accounting books and records will be maintained on the cash basis with additional information of signed contracts, in conformity with related requirements of the World Bank’s financial reporting guidelines. The cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred.

Project financial statements will be presented in Euros, and will encompass all transactions financed under the project.

The project accounts are kept in local currency i.e. in Macedonian denars (“MKD”) and for reporting purposes will be converted in EUR.

In addition, the PMU will apply in practice a set of acceptable accounting procedures and internal controls including authorization and segregation of duties for the project and will ensure that it’s accounting policies and procedures also comply with accounting principles and methodologies for budget users set by the local regulation.

6.2.2 Accounting standards

The accounting systems - for the project will:

- Reliably record and report all financial transactions, assets and liabilities of the project;
- Provide adequate financial information for SIAP managing and monitoring activities
- Ensure that its accounting policies and procedures also comply with the accounting principles and methodologies set up by the local regulation.

6.2.3 Accounting Management

Day to day project accounting is the responsibility of PMU Financial staff who reports directly to the SIAP Project manager. The accounting for the project shall be on cash basis with additional information provided for commitments on signed contracts.

6.3 Project Financial Management System

The PMU will establish a project Financial Management System acceptable to the Bank, for administrating the accounts for the Project. This shall be designed to accomplish the following objectives:

- Regular and Precise record keeping and denoting of all project financial accounting transactions according to the requirements, needs and applications of the legislative of the Republic of Macedonia and the WB;
- Produce financial reports for two separate groups of users: 1) World Bank reporting requirements – as per forms and principles laid down in the WB guidelines, and 2) statutory reporting requirements – in accordance with the Macedonian legislative.

This system shall be upgraded and designed to provide relevant, reliable and complete accounting and procurement information followed the consistently from one period to another, so that financial reporting is comparable. In that context **relevant** means that accounting information is relevant when accounting transactions are recorded and reported in timely fashion; all accounts should be updated and reconciled on a monthly basis and reports should be issued no less frequently than each quarter; **reliable** means that information is reliable when it is free from material error, when it is neutral and free from bias; **complete** means that all appropriate transactions have been recorded in accordance with the accounting procedures manual; **comparable** means that users must be able to compare the financial statements of the Project over time in order to identify trends in its financial position and performance.

The Financial Management System will include:

- Proper accounting system;
- Internal control system;
- Reporting and monitoring System /Interim un-audit Financial Reports (IFRS);
- Auditing of Project activities;
- Financial Control System;
- Disbursement arrangements and cash flows.

6.3.1 Accounting System

MLSP uses the treasury system for its accounting and reporting. The treasury system was assessed by the World Bank and found to be sound with reliable reporting and ex ante controls. This system also will be used by the project for accounting and reporting purposes.

The developed software by the local company “Edusoft” that is used for accounting and reporting of the ongoing SSIP project will be used also for the SIAP Project. This software will be adjusted, tailored, to be beneficial for financial transparency and reliability of the project data.

PMU financial management staff will be responsible to record, classify, report and interpret project financial data in to the software, to keep necessary financial records and prepare financial statements.

The software shall enable sufficient transparency of the use of project funds and generate financial information for proper and easy preparation of project financial statements, as well as

for quarterly IFRs on cash basic in the agreed format. The software should provide reliable accounting and procurement information, and be transparent with easily accessible information. The accounting structure of the software should reflect the sources of funds, project component, disbursement categories, and relevant expense accounts, broken down into the various types of expenditures for the project. The accounting structure should be able to produce financial reports that show budgetary items related to the current project financial data.

The PMU financial staff will follow the accounting cycle i.e. a six-step process including:

- Analysis of transactions from source documents into an appropriate number of debits and credits to be entered into accounting records;
- Recording transactions in a journals for later posting to the general ledger;
- Posting the general ledger at the end of each month of operations;
- Adjusting general ledger at the end of each quarter;
- Closing and balancing the ledger at the end of the year;
- Preparing financial statements in IFMR format

6.3.1.1 Back-up of financial Data

The accounting data shall be backed up on regular basic. Prior to closing of the fiscal year a back up of the accounting records should be taken. This will ensure that record is kept of all the transactions of that fiscal year.

6.3.2 Internal Control System

Internal control should be seen as a process designated to provide reasonable assurance that the objectives of the Project are being achieved in the following categories: effectiveness and efficiency of operations; reliability of financial and operational reporting and compliances with applicable laws and regulations.

Key internal controls to be applied for the project include *inter alia*:

1. appropriate authorizations and approvals;
2. segregation of duties;
3. different persons being responsible for different phases of transaction;
4. reconciliations between records and actual balances, as well as with third parties should be performed on regular basis;
5. Complete original and orderly supporting documentation should exist to support project transactions.

Adequate system of internal controls and procedures was instituted as part of the finished CCT Project and current SSIP Project. Such a system is assessed as reliable and during the appraisal it is agreed that it will continue to be applied for SIAP.

6.3.3 Reporting and Monitoring

6.3.3.1 Interim Financial Reports

Project management-oriented Interim un audited Financial reports (IFRs) will be used and provided for project monitoring and supervision in accordance with the World Bank requirements, as well as the reports requested by the Government of the Republic of Macedonia.

The format of the IFRs was agreed with the Bank at negotiations and the format of these reports is attached as an Annex 3 to this POM.

The PMU will produce a full set of cash-based IFRs, covering all project components and sources of financing for each calendar quarter throughout the life of the project. They will be due 45 days after each quarter end.

The IFRs will comprise the following reports presented in the agreed format (see ANNEX 3) :

- Statement of Sources and Uses of Funds;
- Uses of Funds by Activity;
- Designated Account statement;
- Unit of Output by Activity; and
- Narratives to the reports.

6.3.4 Auditing of Project activities

The project's financial statements will be audited in accordance with terms of reference acceptable to the Bank (see ANNEX 2), conducted in accordance with the International Standards of Auditing issued by the IAASB. The audit will be carried out every year by an audit company acceptable to the Bank. The audit report and audited financial statements will be submitted to the Bank not later the six months after the end of the audited period.

The Project Audits shall be financed by project funds

6.3.5 Financial Control System

All transactions must be reflected by supporting documentation. The process of registering the supporting documents is the first step for record keeping.

6.3.5.1 Cash Control

In order to facilitate the smooth running of the Project the small Petty Cash float in MKD should be established to pay for minor expenses incurred during daily operations of the office. Whenever the petty cash funds drop below a certain balance it should be replenished through a withdrawal from Designated Account. All disbursements from the petty cash fund must be documented with a corresponding receipt and previously approved by the Project director/Project manager coordinator. The PMU Financial Manager is responsible for maintaining the petty cash and is responsible to document all disbursements from the petty cash according to the local legal provisions covering the petty cash accounting operations.

A system of internal control shall be established to ensure that petty cash amount is protected from theft or embezzlement. The Project manager shall periodically appoint a PMU member to conduct cash control.

Internal control for petty cash includes the following:

- Cash is under lock;
- Statements of cash flow reflecting the both cash receipts and cash disbursement records;
- Regular maintenance of cash counts sheet by the financial staff and periodical entranced of each petty cash expenditures into general bookkeeping ledger with allocation of appropriate account;
- Statement of cash flow reflecting the both cash receipts and cash disbursement record;

- Regular reconciliation between the physical cash, accounting and cash counts records;

6.3.5.2 Fixed Asset Control

The internal control of fixed assets such as furniture, equipment and office accessories and any other asset procured for the purposes of the Project will be maintained by the MLSP and PMU. All employees/consultants are responsible and accountable for fixed assets in their possession. The controls over fixed assets include: maintaining an assets register, verifying the existence and condition of assets periodically and developing policies for authorization of asset disposal.

- An Assets register will be established by PMU with an entry for each asset. Each asset shall be given a unique number for identification purposes. The register will contain information about where and when the item was purchased; how much it cost; reference number or serial number and depreciation. The Assets Register shall be checked by an inventory committee at the end of each calendar year and any discrepancies will be reported and appropriate action taken.
- Regular maintenance (e.g. vehicles and equipment) will help to improve safety and prolongs the life the assets, as well as preserving their value.

Any acquired or donated assets will be recognized in a Fixed Asset Record if the item has value of EUR 100 or more. This record will include a description of the asset, date received, cost or estimated value, location and an indication if it was purchased or donated.

6.3.6 Disbursement Arrangements

6.3.6.1 Project accounts

In order to enable smooth implementation of the Project and timely payments for expenditures incurred under the Project, once the project become effective, PMU will open and maintain:

- Designated Account (DA) for loan funds denominated in EUR in National Bank of Republic of Macedonia (NBRM) to which the funds will be transferred. These will be a separate account used for withdrawals and payments of the project funds only.
- A mirror Denar account will be opened within the Treasury Single Account to serve as an operating account for withdrawals from the foreign currency account. All transfers will take place through this account with a corresponding transfer of the denar-equivalent amount from the DA. The account in Denars will be transit account an immaterial or zero balance

Payment for project activities will be made from DA through Treasury single denar account to the final suppliers.

6.3.6.2. Disbursement procedures

The DA will be replenishment under transaction – based disbursement method or by direct payment on the basis of direct payment withdrawal applications, or via special commitment, issued on the basis of withdrawal applications supported with the relevant letters of credit.

Documentation requirements for replenishment would follow standard Bank procedures as described in the Disbursement Handbook. The application for replenishment will be supported by the necessary documentation, DA statements and reconciliation of these Bank statements. The World Bank will disburse funds for the Project using traditional methods such as Statements of Expenditure (SOE). Method of disbursement of funds by the World Bank includes application for withdrawal for advances and replenishments to a Designated Account. Prior to sending the application for Withdrawal to the Bank it should be checked against the following:

- Application shows the currency and amount required;
- Signed by the Borrower's duly authorized person to withdraw funds;
- Sufficient funds exist in the specific disbursement category of the Loan Account;
- Is in compliance with the Loan Agreement conditions;
- Procurement regulations have been followed.

The PMU financial staff is responsible for the preparation of Application for withdrawal (WA) SOE, summary sheets, DA reconciliation as required. These documents should be reviewed and signed by the Minister of MLSP as authorized signer of the Loan Funds. The documentation will be sent to the World Bank Regional disbursement center in Zagreb, Croatia.

Applications for replenishment of the DA will be submitted quarterly or more frequently, if needed. The ceiling for the DA is 1.500.000 EUR in accordance with the Disbursement letter.

The Withdrawal application (with supporting documents) will be delivered electronically through the Bank's web-based portal (<https://clientconnection.worldbank.org>) "Client Connection". This option will be effected when: (a) the MLSP has designated in writing, its officials who are authorized to sign and deliver Applications and to receive Secure Identification Credentials ("SIDC") from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of "Client Connection". The designated officials may deliver Applications electronically by completing the Form 2380, which is accessible through "Client Connection".

Or the MLSP may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the MF/MLSP. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the MF/MLSP confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, available in the Bank's public website at <https://worldbank.org> and "Client Connection"; and (b) to cause such official to abide by those terms and conditions.

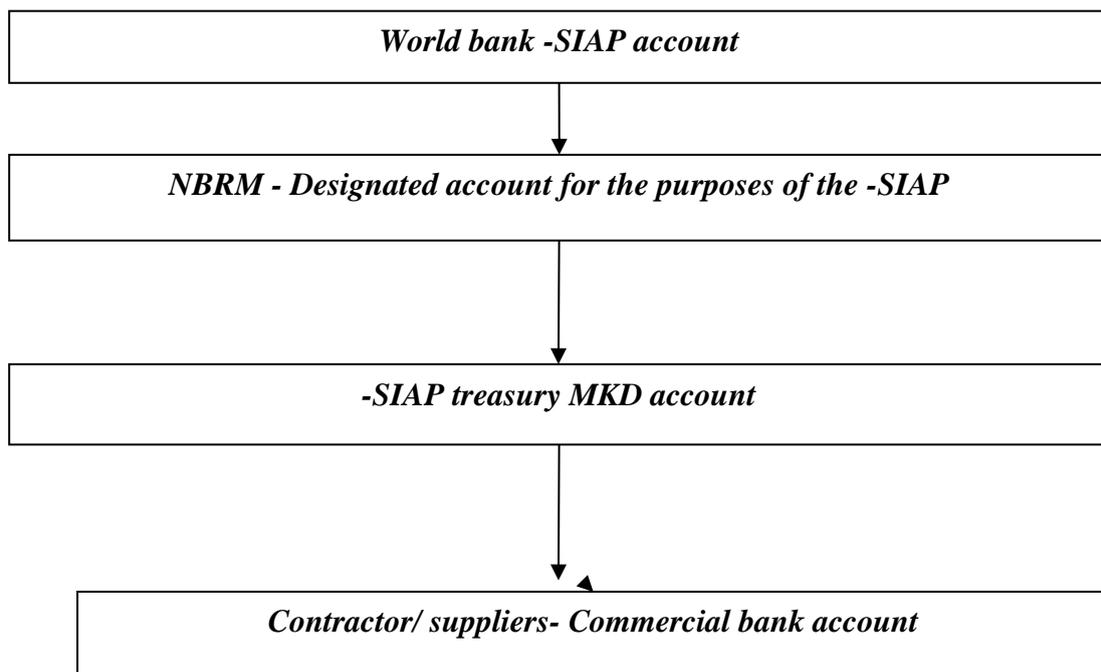
6.3.7 Flow of funds

Project Loan funds will flow from the World Bank – as an advance, via DA through the Treasury Single Account to the final suppliers/recipients.

In case when payments to local suppliers/providers are made, then a corresponding amount of foreign currency is exchanged in Denars and credited to the Denar mirror account. From there, the amount is transferred to the respective supplier.

If a payment needs to be made to a foreign supplier/provider in foreign currency, then the foreign currency equivalent amount is converted to Denars and credited to the mirror Denar account. The Denar account is then debited with the transaction amount, the Denars are converted to the appropriate foreign currency, and the respective amount transferred to the supplier. This flow of funds is followed even if the Designated Account and the payment due to the supplier are in the same currency. This ensures that the mirror Denar account, as part of the Single Treasury Account, captures all amounts paid to suppliers in the Treasury system.

The cash flow for this case is shown in the picture 1. Bellow



Project foreign expenditures will be made in an original currency and for reporting purposes converted into EUR.

6.3.7.1 Flow of documents & Payment execution

The project activities will be paid from DA through Treasury mirror account directly to the final suppliers.

Responsibility for the invoice and supporting documentation verification and payment procedure rests with the overall PMU staff.

The verification of the invoices and supporting documentation received shall follow the following procedure:

1. All invoices and respective supporting documentation shall be submitted to the PMU Financial staff for invoice registration and processing.
2. The Financial staff checks and confirms whether the:

- Invoice and supporting documentation is in compliance with contract financial terms;
 - There is available budget for payment of the invoice
3. The PMU member responsible for monitoring the implementation of the contract checks and confirms that:
 - The conditions for contract payment are met
 - The contract has been implemented according to the contract terms, i.e the goods/works/services are being delivered according to the contract and the requested documentation has been submitted in line with the contract terms
 4. The PMU procurement staff reviews the documents to see whether they are in line with the template given in the bidding documents
 5. Control and Prior approval of the invoice and supporting documents is done by the PMU Project manager.
 6. The documentation approved for payment is submitted to the PMU Director for approval
 7. The prepared documents for payment are submitted to the authorized signatory to be signed.
 8. The Financial Staff makes the payment;

The verification deadline for invoices (check of compliance with contract terms) and respective supporting documentation (availability check) is 10 business days after the invoice reception date, provided there are no remarks.

Any change of the submitted invoice or a communication with the supplier that submitted the invoice must be done in writing.

7. MONITORING AND EVALUATION

This part deals with the monitoring and evaluation of the overall SIAP of which the PMU is responsible for.

Monitoring will include:

- Overall SIAP monitoring;
- Monitoring and evaluation of components outcomes including social and environmental monitoring during the implementation phase
- Ensure timely collection of data for measurement of the results indicators.
- Take the necessary corrective actions needed to sustain or improve progress;
- Coordination with all relevant stakeholders;
- Reporting to the World Bank

7.1 Project Development Objective Indicator and Results Indicators

The Project Development Objective (PDO) of SIAP is to expand access to and improve the quality of services in administering social insurance and strengthen the regulatory framework for people with disabilities and hazardous occupations.

PDO Results Indicators are as follows:

- Single unified registry of socially insured individuals developed and functional (Text)
- Proportion of insured population whose social insurance information is centrally available to all social insurance agencies (Percentage)
- Proportion of disability certificate applicants during the past month who had at least one previously issued and currently valid disability certificate (Percentage)
- Average time to issue a disability certificate (Number)

The main responsible entities for collection of data are the MLSP, the PMU and the PDF, HIF, EA, PRO, MAPAS.

The PMU is responsible for monitoring and evaluation of project achievements and will be a focal point to collect all the data and communicate with the WB according to the frequency of reports described in the monitoring arrangement matrix.

The PDO level and intermediate results indicators would be monitored using the following sources and methodologies: (a) regular data collection process, including existing administrative data systems; (b) baseline and follow-up surveys; and (c) evaluation reports.

Further details are described in Annex 4. Results Framework and Monitoring of this POM

8. ADMINISTRATIVE PROCEDURES

8.1 Personnel Management and PMU employment conditions

PMU is responsible for coordination and all day-to-day Project implementation activities on behalf of MLSP. PMU is responsible for the technical, financial and procurement aspect of the project implementation.

The PMU staff is to be administered in accordance with the contract signed between them and the MLSP, WB requirements and the Macedonian legislation governing Employment Relations.

The PMU members are directly subordinated to the Project Manager and Project Director.

On project progress and problems and challenges the PMU reports to the Minister through the Project Manager and Project Director.

The PMU staffs are retained in full for the lifetime of the Project, subject to satisfactory performance. The establishment of the PMU is supported by Loan funds and PMU staff shall be remunerated on competitive rates in order to avoid fluctuation of the skilled staff. The PMU is built on the basis of the SSIP PMU. The SIAP project Director is an MLSP employee.

The PMU personnel (except the members of the SSIP PMU which are already hired) shall be selected on a competitive basis in accordance with the TOR for each position. The staff of the existing PMU established under the MLSP to coordinate and monitor SSIP project activities shall be hired on the SIAP by signing contract amendments with them.

All candidates for a SIAP PMU position must be able to speak, read and write Macedonian and English (good working knowledge of English and be able to fully understand spoken or written communications and/or documents). No SIAP PMU staff can hold another position in another public sector entity.

In implementing their tasks the PMU staff will adopt the following code of conduct:

- PMU staff acts by the principles of professional impartiality, responsibility, honesty, transparency, openness, efficiency and effectiveness in relations with third parties (i.e. consultants, suppliers of goods, persons or institutions involved in any way in activities or results of those activities), and may not practice any form of discrimination or preferential treatment;
- PMU staff is expected to accord equal and fair treatment to the users of the services supplied by the Project;
- PMU staff shall use the available resources in the manner of a good host, and maximum cost-effectiveness in relation to the general objectives of Project, maximum cost-effectiveness should always be sought in decision-making within the PMU and in the practical application of its procedures;
- PMU staff shall not use available official information for private purposes;
- PMU staff may not directly, or through an intermediary, hold any interest in companies, or have responsibilities in public or private institutions having commercial relations with the PMU or benefiting from its activities, and they may not receive any gifts, remuneration, commission or fee of any kind from such companies or institutions. Compliance with this obligation is an express condition of engagement with the PMU;
- PMU staff should not be engaged in political propaganda;
- The MLSP Minister, the Project Director, the Project Manager and the SIAP coordinator are the only authorized person to issue work instructions to PMU staff,

PMU work is based on following principles:

- Conformity with the Constitution of the Republic of Macedonia and other local laws;
- Autonomy of PMU - In terms of making decisions related to the Project, according to the delegation of the full authority in day-to-day management by the Minister to the Project Director, Project manager and SIAP Coordinator;
- Impartiality in relations with third parties - The PMU shall not practice any form of discrimination or preferential treatment and shall exclusively apply the decision making criteria and selection procedures described in the approved documents such as Loan Agreement, PAD; POM;
- Transparency -The Project implementation methods are transparent, and goods, and services are procured on competitive way following the WB procurement rules. The public and potential suppliers of goods and service providers are informed properly about the availability of funds. The reporting to all partners should be accurate;
- Quality - Contracts are be made only with those suppliers and service providers that undertake to ensure that their goods and services meet high quality standards. Technical proposals offered by suppliers and service providers would need to include credible quality assurance mechanisms. These mechanisms are evaluated by the PMU, as part of their overall evaluation of the proposals;

- Cost effectiveness - The resources are used at maximum efficiency; the results are monitored and evaluated on the basis of agreed indicators;
- Monitoring – Project monitoring activities should be carried out to ensure that project activities are being implemented timely and in accordance to the document signed
- Goods and services are delivered in the quantities specified and according to the schedule and quality standards established in the contract;
- Problems are identified early, and any corrections necessary are applied quickly and effectively;
- Financial transactions are carried out in a proper and timely manner, and are supported by the necessary documentation;
- Effective coordination exists between suppliers/service providers and other interested parties;
- The overall program is implemented in a transparent manner through widely drawn public disclosure of program information.

Employment conditions

Organization of the work in the PMU is based on the principle of organizational unity and division of duties according to professional qualifications and other skills needed for the determined positions in the PMU.

Besides the professional qualifications the PMU staff should meet the following criteria:

- Is a citizen of Republic of Macedonia, aged 18 or above,
- Meets other criteria set by law of the Republic of Macedonia.

New PMU staff is hired in accordance with the WB Regulations

The PMU working week is 40 hours, Monday through Friday, and working hours are between 7:30/8:30 am and 15:30/16:30 pm, with a half hour paid lunch break. Saturdays, Sundays and National holidays of Republic of Macedonia, as defined in the Law on Labor relations of Republic of Macedonia, are non-working days. The Project Manager can determine that the staff should work longer or in non working days in order to complete the assignment that cannot be delayed if it cannot be completed within the regular working hours. PMU staff remuneration includes occasional overtime, and no additional remuneration will be provided, but equal or proportional leave should be given.

PMU staff is paid once a month, generally between the first and fifth day of the next month.

PMU staff earns their annual vacation at the rate of 2 days per month, i.e. 24 vacation (working) calendar year prorated monthly from starting date. All vacation time must be approved in written in advance by the Project Manager / Project Director. The Project Manager prepares the plan for annual leaves of the staff, respecting to the extent possible the needs of staff and based on the plan issues the separate decisions on approval of the annual leave for each PMU member.

PMU staff is entitled to paid leave (annual and sick) as per conditions of individual contracts. Staff may accrue up to six (6) sick days per year employed. Extended absences, inclusive of extended

travel for official purposes, will be approved by the PMU Project Manager/ Director only on a case-by-case basis. Employees are entitled to leave without pay only with the approval of the PMU Project Manager/Director, who shall decide on a case by case. Health and pension benefits shall not be paid by PMU and will be staff member's responsibility.

Training days (for training included in the implementation plan and approved by the Project Manager/Director designated in the contract) are counted as working days. Travel and participation in meetings and seminars will be approved in written on a case-by-case basis by the PMU Project Manager/Director. PMU will pay regular economy class air fare for employees traveling to official meetings. Overnights-Per Diem will be paid according to regulations.

The performance evaluation of PMU employees is the responsibility of the Project Manager, who discusses and documents the performance and professional development of the staff. Progress in the previous year, functions and goals for the succeeding year, and suggestions for enhancing the individual's personal and professional development are discussed.

Project Manager and Project Director encourage employees to improve and develop their job-related professional skills. Job-related training includes, but is not limited to, academically accredited courses, training seminars and language study. Staff development activities are for the benefit of the organization and decisions will be made accordingly. In addition, Project Manager and Project Director offer employees a range of other opportunities for professional development. For example, seminars and workshops conducted by staff, local or foreign consultants, public and governmental agencies on topics relevant to the PMU mission as Project management courses, procurement with special emphasis on IT, works and services, financial management courses and other courses which may be found by the Project Manager and Project Director as beneficial for increasing the PMU competence.

PMU staff keeps the business confidential information during the engagement in the PMU and after its termination in accordance with the confidentiality clause of the contract.

PMU ensures accurate and on-time preparation, sending, receiving and archiving of all business documentation and follow-up of its circulation. The business documentation is understood as:

- All the documentation that PMU makes or receives from the third persons, related to project (i.e. agreements, invitations to bid, bids, minutes, evaluation reports, contracts, reports, guarantees, bills, evidences, no-objections, etc.);
- Contracts and general acts regulating the legal status of PMU;
- Financial documentation;
- Staff dossiers and evidences related to staff contracts;
- Other documents.

Correspondence

Correspondence management comprises: receiving, opening, reading and distribution of mails and acts, grouping and forwarding for processing, administrative-technical processing, sending,

classification by subject and archiving. Project manager is responsible for receipt, review and distribution of mail, track record of documents, delivery of mail and filing.

The exception for the above rule is the treatments of bids/proposals if properly marked, are immediately submitted unopened to the Procurement Manager for safekeeping.

Every act for official communication will have the common interface, with memo of the MLSP, name and address of recipient, title, text, official seal and signature.

Mails sent from the staff individual address have to be copied to the Project Manger's, SIAP Coordinator and Project Director's address.

The use of electronic mail is encouraged. Mails should be copied to all concerned staff inside the PMU.

The official paper correspondence (by mail, by hand) between the PMU and the WB is mostly sent by the Project Manager and copied to the Project Director and SIAP Coordinator, while other PMU staff can also maintain the official correspondence in the field of expertise but must always copy the Project Manager and Project Director.

Communication inside the PMU

All forms of internal communication are organized on a liberal basis. This means that management trusts each staff a priori, and that each staff is expected to act responsibly and reasonably in all forms of written and spoken communication, until the demonstration of the opposite has been made. The objective is to minimize internal bureaucracy by limiting prior authorizations or straight prohibitions; any detected abuse, negligence, etc. is severely repressed.

Communication with the Media

All communication and contact with the media should be organized through the Project Manager, Project Director, the Minister and the Public Relations Unit within the MLSP. The individual communication of the PMU staff and the members of the Working Groups with the media representative is forbidden.

8.2 Information management, disclosure, dissemination and public awareness

Competent information management is essential for successful implementation of the Project. A central component of information management is the proactive disclosure of sufficient information to the public, as well as transparency of decision-making and project activities. This is vital for building trust and support for the Project among stakeholders.

There are both national and international requirements for information disclosure and public participation. It is a World Bank policy to disclose information to the public and involve civil society.

On the other hand, not all information can be freely shared with all stakeholders due to a number of constraints. These include, for example, a need for confidentiality during the competitive bidding process, restricted dissemination of information during project preparation and negotiation, etc.

When planning information disclosure and dissemination, it is important to define the target audience for this information, in order to tailor the format and mechanisms of dissemination. Target audience may not always be comprised of the same groups and it has to be considered prior to disseminating any information.

Selection of the Bank's most relevant policies on information disclosure is given below:

Confidential Information

Without prejudice to the principle of transparency and other obligations pursuant to these Procurement Regulations, in particular those relating to the publication of the Contract Award Notice and debriefing of unsuccessful Bidders /Proposers /Consultants, the Borrower shall not disclose information provided by Applicants /Bidders /Proposers /Consultants in their Applications/Bids/Proposals, which they have marked as confidential or which can be identified as confidential. This may include proprietary information, trade secrets and commercial or financially sensitive information.

Release of Evaluation Information

The Borrower shall treat information relating to the examination, clarification, and evaluation of Applications/Bids/Proposals in such a way as to avoid disclosure of their contents to any other Applicant/Bidder/Proposer/Consultant participating in the selection process, or any other party not authorized to have access to this type of information, until the Borrower notifies the outcome of evaluation of Applications/Bids/Proposals, in accordance with the procedures in the applicable Procurement Documents.

Communications

Communications between the Borrower and Applicants/ Bidders/ Proposers/ Consultants during the different stages of the Procurement Process shall be In Writing. The Borrower shall keep a written record of meetings, such as: contract finalization meeting and exploratory/clarification meetings.

8.3 Project documentation handling

In the course of project preparation, implementation, evaluation and monitoring, a number of documents shall be used. These documents comprise the Bank's policies, procedures and guidelines, as well as project-specific materials. The PMU staff is mostly concerned with the management of the latter. Generally, each project document or material should be assigned an appropriate disclosure category, as specified below. The three main categories are:

1. **Public documents:** require full routine disclosure;
2. **Internal documents:** may be disclosed partly, or to selected parties upon request;
3. **Confidential documents:** not disclosed to the general public; access granted only to those directly concerned with the issue.

Examples of project documents with assigned disclosure category and access details are shown below. The list of documents is not exhaustive and may be extended or modified in line with the project development circumstances.

Categories of document disclosure

No	Document category	Examples of documents	Comments on access/disclosure
1	<i>Public</i>	Project Appraisal Document (PAD); Project Operational Manual (POM); and Environmental and Social Commitment Plan (ESCP); Labor Management Procedures (LMP); Stakeholders Engagement Plan (SEP); Terms of Reference for consultants and subcontractors, information on procurement opportunities and contract awards (after signature); selected final reports; selected draft documents prepared specifically for public consultation.	<ul style="list-style-type: none"> ● Routinely disclosed in full to all parties; ● Proactively disseminated to key stakeholders
2	<i>Internal</i>	Draft PAD and other draft documents under negotiation; most of the financial information except that, which is contained in the public documents above; staff recruitment, remuneration and appraisal; selected final reports that may not be fully disclosed; other documents with sensitive information.	<ul style="list-style-type: none"> ● Restricted access; ● May be disclosed partially or fully to selected parties or general public on request
3	<i>Confidential</i>	Selected financial information; bidding documentation before official notification of the award; selected proceedings of the Project Board meetings; other documents of confidential nature.	<ul style="list-style-type: none"> ● Access allowed to specified parties only

It is possible, and often likely, that different sections of the same document are assigned different disclosure categories. Also, it is likely that certain documents change disclosure categories over time. For example, many draft documents for negotiation in the “internal” category become

“public” documents after negotiation is completed. If in doubt which category to assign, the issue should be referred to the relevant Task Team Leader at the World Bank.

Roles and responsibilities

The responsibilities for information handling, disclosure and proactive dissemination reside with PMU as suggested in the table below:

PMU staff responsibilities for information management

No	Staff title	Key responsibilities
1	Project Director, Project Manager and SIAP Coordinator	Planning and implementation of information dissemination and public awareness building activities; day-to-day communication with stakeholders; media liaison
2	Project Director, Project Manager and SIAP Coordinator	Supervision of disclosure and dissemination activities; participation in high profile dissemination activities and selected meetings with stakeholders; designation of disclosure category; liaison with the World Bank Task Manager on these issues
3	Procurement Manager	Information handling in planning and implementation of competitive bidding

The PMU staff should work closely with the PR unit within the MLSP. No disclosure of the sensitive information is permitted without prior approval by the PMU staff.

8.4 PMU Staffing

Position	Subordinated to	Qualifications	Tasks
Project Director	Minister of Labor and Social Policy	MLSP employee	<p>the Project Director is responsible for:</p> <ul style="list-style-type: none"> ○ Overall project implementation planning and coordination ○ Delegation of duties among PMU staff and supervision of their performance ○ Oversee the activities related to SIAP implementation ○ Approve the annual project budget and procurement plan ○ Liaise with the World Bank, donors and other governmental and international financial institutions ○ Approve internal Project documents, TORs and bidding documentation , evaluation committees and reports,

			<p>contracts and agreements</p> <ul style="list-style-type: none"> ○ Coordinate activities of the various studies (current and future) ○ Represent MLSP and PMU in all decision making bodies ○ Liaise with other projects ○ Maintain contacts with mass media as appropriate
Project Manager	Minister and Project Director	<p><u>Minimum</u></p> <ul style="list-style-type: none"> ○ University-level degree in social policy, economics, finance, or related discipline, Master or PhD degree in the relative discipline shall be considered as an advantage ○ Practical experience in procurement and financial management ○ Min three years Experience as Project Manager ○ Computer literate (MS Word, MS Excel, MS Project, Power Point, e-mail, Internet) 	<p>the Project Manager is responsible for:</p> <ul style="list-style-type: none"> ○ overall management responsibility for the daily implementation of the project ○ Coordination of duties among PMU staff; ○ Oversee the activities related to implementation of SIAP; ○ Manage development of the annual project budget and procurement plan; ○ Manage preparation of internal

		<ul style="list-style-type: none"> ○ Excellent verbal and writing communication skills in Macedonian and English 	<ul style="list-style-type: none"> project documents, TORs and bidding documentation , evaluation committees and reports, contracts and agreements; ○ Ensure accurate financial, procurement and accounting records and maintain financial and procurement discipline; ○ Develop and establish an appropriate communication and information dissemination system to facilitate project preparation and coordination arrangements between the PMU, MLSP and stakeholders; ○ Ensure proper stakeholder consultations on all issues related to project preparation; ○ Liaise with the World Bank,
--	--	---	---

			<p>donors and other governmental and international financial institutions;</p> <ul style="list-style-type: none"> ○ Liaise with other projects; ○ Any other activities in correlation with the implementation of the SIAP project;
SIAP Coordinator	Minister , Project Director and Project Manager	<ul style="list-style-type: none"> ○ University-level degree in social policy, economics, finance, or related discipline, Master or PhD degree in the relative discipline shall be considered as an advantage ○ At least 10 years of experience in analysis and research preferably in the area of pension and social issues; ○ Experience in the public financial management shall be considered as an advantage 	<p>the SIAP Coordinator is responsible for:</p> <ul style="list-style-type: none"> ○ Technical coordination and implementation of the daily project activities ○ Manage preparation of internal project documents, TORs and bidding documentation , evaluation committees and reports, contracts and agreements; ○ Ensure accurate financial, procurement

		<ul style="list-style-type: none"> ○ Experience in work with ministries and other state institutions is an asset; ○ Excellent analytical skills; ○ Excellent verbal and writing communication skills in Macedonian and English 	<ul style="list-style-type: none"> ○ and accounting records; ○ Ensure proper stakeholder consultations on all issues related to project preparation; ○ Any other activities in correlation with the implementation of the SIAP project;
Procurement Manager	Project Director, Project Manager and SIAP Coordinator	<p><u>Minimum</u></p> <ul style="list-style-type: none"> ○ University-level degree in economics, finance, or related discipline. Master's degree in the relative discipline shall be considered as an advantage ○ Three year of practical experience as a procurement specialist on a WB projects ○ Computer literate (MS Word, MS Excel, MS Project, Power Point, e-mail, Internet) ○ Excellent verbal and writing communication skills in Macedonian and English 	<p>the Procurement Manager is responsible for:</p> <ul style="list-style-type: none"> ○ Managing day-to-day project procurement activities; ○ Based on the work plan prepare an annual procurement plan; ○ Coordinate the procurement process for each contract by guiding preparation of bidding documents, receiving no-objections from the WB where necessary, sending invitations of bids and

			<p>clarifications to bidders;</p> <ul style="list-style-type: none"> ○ Arrange advertising for the procurement of goods and services ○ Organize and coordinate procurement evaluations including evaluation criteria, evaluation committees selection (to be approved), contract award/rejection notices and all other documentation associated with the evaluation process; ○ Provide guidance in bid evaluation to nominated committees; ○ Using Bank's online procurement planning and tracking tools to record all procurement actions under IPF operations, including preparing, updating and clearing its Procurement Plan, and
--	--	--	---

			<p>seeking and receiving the Bank's review and No-objection to procurement actions as required;</p> <ul style="list-style-type: none"> ○ Provide assistance during the project implementation activities in respect to the procurement issues. ○ Liaise with the World Bank procurement staff; ○ Interact with other PMU members in order to support overall project activities ○ Any other activities in correlation with the implementation of the SIAP project;
Pension administration specialist	Project Director, Project Manager and SIAP Coordinator	Shall be additionally defined	Shall be additionally defined
Disability assessment specialist	Project Director, Project Manager and SIAP Coordinator	Shall be additionally defined	Shall be additionally defined
Financial Manager	Project Director and Project Manager	<p><u>Minimum</u></p> <ul style="list-style-type: none"> ○ University-level degree in 	the Financial Manager is responsible for:

		<p>economics, finance, or accounting</p> <ul style="list-style-type: none"> ○ Three years of practical experience as a financial specialist on a WB project ○ Computer literate (MS Word, MS Excel, MS Project, Power Point, e-mail, Internet) ○ Excellent verbal and writing communication skills in Macedonian and English 	<ul style="list-style-type: none"> ○ all the accounting and disbursement aspects of the project; ○ all financial management functions, including financial reporting, disbursement, consolidation, budgeting, planning, accounting and auditing aspects of the project; ○ ensuring that all project transactions are recorded in the consolidated project's financial statements, meet the WB, the Ministry of Finance and the Ministry of Labor and Social Policy financial requirements; ○ establishing and maintaining close links with the WB, NBRM, Ministry of Finance and the Ministry of Labor and Social Policy
--	--	---	--

			<p>and to ensure that all sources of financing are available for the project;</p> <ul style="list-style-type: none"> ○ preparing and submitting for approval to the Project Director, Project Manager, SIAP Coordinator MLSP and MOF all financial statements, budgets, financial projections, cash flow forecasts and all other Project reports as requested by the World Bank and the Macedonian Government; ○ cooperate closely with the PMU Procurement Manager to ensure that all accounting, procurement and disbursement aspects are properly linked; ○ preparing financial statements, budgets, financial projections
--	--	--	--

			<p>and cash flow, as well as all project reports;</p> <ul style="list-style-type: none"> ○ in a cooperation with the Procurement Manager lead the annual work plan and budget formulation process with selected PMU staff and the loan end-users staff, and prepare final plans for approval by the Project Director, Project Manager. SIAP Coordinator and the Minister of Labor and Social Policy; ○ ensuring that payments are made in a proper and timely manner, that all sources of financing are available for the Project and that a contract payments' monitoring system is operational, working in close cooperation
--	--	--	--

			<p>with the procurement specialist;</p> <ul style="list-style-type: none"> ○ preparation of documents required for audit of the project accounts; ○ controlling incoming invoices and preparing documents for payments; ○ keeping and updating accounting records, essential for the generation of reports; ○ Any other activities in correlation with the implementation of the SSIP project;
Environmental /social safeguards specialist	Project Director, Project Manager and SIAP Coordinator	<p><u>Minimum</u></p> <ul style="list-style-type: none"> ○ Minimum University Degree in environmental sciences, environmental engineering, or equivalent; ○ At least 3 years of relevant experience; ○ Work experience as an 	Shall be additionally defined

		<p>environmental specialist in/ with World Bank funded activities and knowledge of the World Bank safeguard policies and requirements will be an advantage;</p> <ul style="list-style-type: none"> ○ Excellent verbal and writing communication skills in Macedonian and English ○ Driving license 	
Financial officer	Project Director, Project Manager and Financial and disbursement manager	<p><u>Minimum</u></p> <ul style="list-style-type: none"> ○ University-level degree in economics, finance, or accounting ○ Knowledge of the WB financial procedures ○ Experience of work with the International Accounting Standards and Macedonian tax and banking regulations ○ Computer literate (MS Word, MS Excel, MS Project, Power Point, e-mail, Internet) ○ Excellent verbal and writing communication skills in 	Shall additionally be defined

		Macedonian and English	
M&E Specialist	Project Director, Project Manager and SIAP Coordinator	<p>Minimum</p> <ul style="list-style-type: none"> ○ University-level degree in social studies, economics, or business administration including tertiary studies in monitoring and evaluation design ○ Minimum 3 years experience in program monitoring and evaluation. ○ Work experience as M&E Officer in/ with World Bank funded activities will be an advantage ○ Excellent verbal and writing communication skills in Macedonian and English 	<p>The M&E Officer is responsible for:</p> <ul style="list-style-type: none"> ○ Continuous monitoring of the program operational activities aiming to guarantee their effectiveness and timely detection of the shortcomings and suggestions for their improvement; ○ Creation of tools and instruments for the monitoring of the activities; ○ Using the set of indicators, monitor the overall project effectiveness ○ Conduct evaluations using spot checks or other methodologies; ○ Manage the contracting and studies of the impact evaluations ○ Other responsibilities required by the various actors of the program.

IT experts	Project Director, Project Manager and SIAP Coordinator	○ Shall be additionally defined	Shall be additionally defined
------------	---	---------------------------------------	-------------------------------------

9. PROCUREMENT METHOD

9.1 Selection methods for Goods, Works and Non-consulting Services:

- a. Request for Proposals (RFP);
- b. Request for Bids (RFB);
- c. Request for Quotations (RFQ); and
- d. Direct Selection.

a. Request for Proposals (RFP)

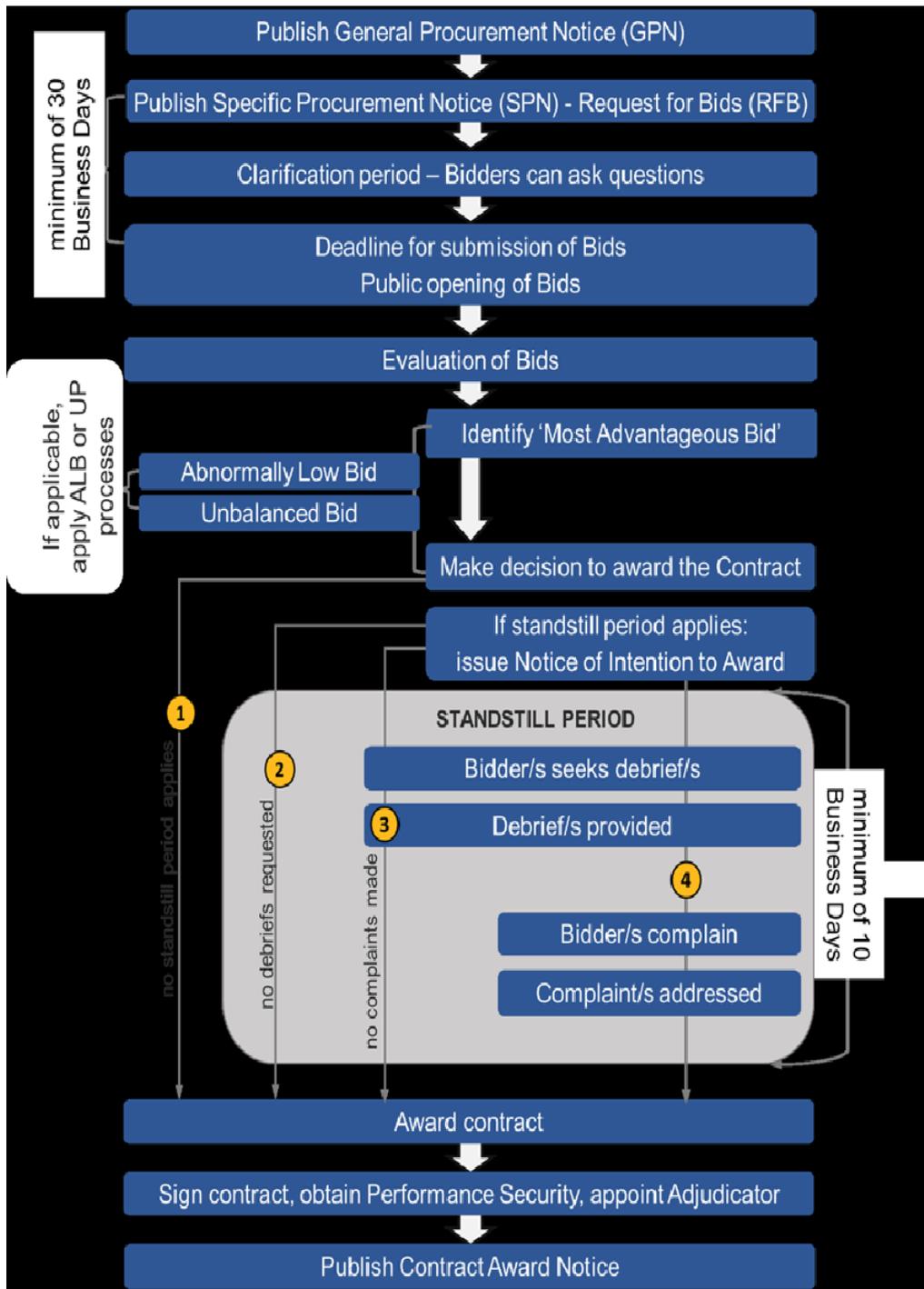
RFP is a competitive method for the solicitation of Proposals. It should be used when, because of the nature and complexity of the Goods, Works, or Non-consulting Services to be procured, the MLSP/PMU/ Implementing agency's business needs are better met by allowing Proposers to offer customized solutions or Proposals that may vary in the manner in which they meet or exceed the requirement of the request for proposals document. During the preparation of the PPSD, usage of this type of procurement method was not identified. If during the project implementation, the need for using this method is envisaged, the steps to be followed are described in the applicable procurement regulation.

b. Request for Bids (RFB)

RFB is a competitive method for the solicitation of Bids. It should be used when, because of the nature of the Goods, Works, or Non-consulting Services to be provided, the MLSP/PMU/Implementing agency is able to specify detailed requirements to which Bidders respond in offering Bids.

Procurement under this method shall be conducted in a single-stage process. Qualifying criteria (minimum requirements normally evaluated on a pass/fail basis) are normally used with RFB. Rated-type evaluation criteria are normally not used with RFB.

Figure : Process flow chart: RFB One-envelope process (without Prequalification)



c. Request for Quotations (RFQ)

RFQ is a competitive method that is based on comparing price quotations from firms. This method may be more efficient than the more complex methods for procuring limited quantities of readily available off-the-shelf Goods or Non-consulting Services, standard specification commodities, or simple civil Works of small value.

- Quotations should be obtained through advertisement or, when limited competition is justified (to be properly justified), through a request for quotations (RFQ) to a limited

number of firms. To ensure competition, the PMU should request quotations normally from not fewer than three (3) firms.

- Firms shall be given sufficient time to prepare and submit their quotations, not less than 5 business days.
- The evaluation of the quotations and contract award shall be carried out according to the criteria specified in the RFQ. The terms of the accepted quotation shall be incorporated in a contractually binding document. The MLSP/PMU shall keep records of all proceedings regarding RFQs.

d. Direct Selection.

Proportional, fit-for-purpose, and VfM considerations may require a direct selection approach: that is, approaching and negotiating with only one firm. This selection method may be appropriate when there is only one suitable firm or there is justification to use a preferred firm (more details are given in the applicable Procurement Regulations).

Use of Brand Names

Specifications shall be based on relevant technical characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications shall be avoided. If it is justified to specify a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words 'or equivalent' shall be added after such a reference to permit the acceptance of offers for Goods that have similar characteristics and performance at least substantially equivalent to those specified.

9.2 Selection methods for Consulting Services

- a. Quality Cost Based Selection (QCBS);
- b. Fixed Budget Based Selection (FBS);
- c. Least Cost Based Selection (LCS);
- d. Quality Based Selection (QBS);
- e. Consultant's Qualifications Based Selection (CQS); and,
- f. Direct Selection.

a. Quality and Cost-based Selection

QCBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services.

The request for proposals document shall specify the minimum score for the technical Proposals. The relative weight to be given to the quality and cost depends on the nature of the assignment. Among the Proposals that are responsive to the requirements of the request for proposals document and are technically qualified, the Proposal with the highest combined (quality and cost) score is considered the Most Advantageous Proposal. More details are given in the applicable procurement regulations.

b. Fixed Budget-based Selection

Like QCBS, FBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. In the request for proposals document, the cost of services is specified as a fixed budget that shall not be exceeded. FBS is appropriate when:

- the type of Consulting Service required is simple and can be precisely defined;
- the budget is reasonably estimated and set; and
- the budget is sufficient for the firm to perform the assignment.

The request for proposals document specifies the budget and the minimum score for the technical Proposals. The Proposal with the highest technical score that meets the fixed budget requirement is considered the Most Advantageous Proposal. More details are given in the applicable procurement regulations.

c. Least Cost-based Selection

Similar to QCBS, LCS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. LCS is generally appropriate for assignments of a standard or routine nature (such as engineering designs of non-complex Works), for which well-established practices and standards exist.

The request for proposals document specifies the minimum score for the technical Proposals. Among the Proposals that score higher than the minimum technical score, the Proposal with the lowest evaluated cost is considered the Most Advantageous Proposal.

d. Quality-based Selection

Under QBS, the Proposal quality is evaluated without using cost as an evaluation criterion. If the request for proposals requests both technical and financial Proposals, the financial Proposal of only the highest technically qualified firm is opened and evaluated to determine the Most Advantageous Proposal. However, if the request for proposals document requests only technical Proposals, the firm with the highest-ranked technical Proposal is invited to submit its financial Proposals for negotiations.

QBS is appropriate for the following types of assignments:

- a. complex or highly specialized assignments for which it is difficult to define precise TOR and the input required from the firm, and for which the MLSP/PMU expects the firm to demonstrate innovation in its Proposals;

- b. assignments that have a high downstream impact; and
- c. assignments that can be carried out in substantially different ways, so that Proposals will not be comparable.

e. Consultant's Qualification-based Selection

The PMU shall request expressions of interest (REOI), through advertisement or, through direct targeting, by attaching the TOR to the REOI. At least three qualified firms shall be requested to provide information about their relevant experience and qualifications. From the firms that have submitted an EOI, the MLSP/PMU selects the firm with the best qualifications and relevant experience and invites it to submit its technical and financial Proposals for negotiations.

CQS is appropriate for small assignments or Emergency Situations in which preparing and evaluating competitive Proposals is not justified.

f. Direct Selection

Proportional, fit-for-purpose, and VfM considerations may require a direct selection (single-source or sole-source selection), approach, that is: approaching and negotiating with only one firm. This selection method may be appropriate when only one firm is qualified, a firm has experience of exceptional worth for the assignment, or there is justification to use a preferred firm (more details are given in the applicable procurement regulations).

B.1 Selection Procedures for Consulting Firms when using QCBS, FBS or LCS method

1. Prepare and Publish the Request for Expressions of Interests (REOI). The REOI includes the complete TOR;
2. Submission of Expressions of Interests: give firms sufficient time to respond to the REOI, normally no less than 10 Business Days. Late submission of an expression of interest (EOI) is not a cause for its rejection unless the MLSP/PMU has already prepared a Shortlist of qualified firms based on EOIs received;
3. Shortlisting: assess the expressions of interest to determine the Shortlist. The criteria to be used for short listing may normally include: core business and years in business, relevant experience, technical and managerial capability of the firm. Key personnel are not evaluated at this stage. The final Shortlist is communicated to all firms that expressed interest, as well as any other firm or entity that requests this information. The invitation to Shortlisted firms to submit Proposals includes the names of all Shortlisted firms.

The Shortlist shall include not fewer than five (5) and not more than eight (8) eligible firms. The Bank may agree to Shortlists comprising a smaller number of firms when not enough qualified firms have expressed interest in the assignment, not enough qualified firms could be identified, or the size of the contract or the nature of the assignment does not justify wider competition.

The following is not normally be included in the same Shortlist with private sector firms:

- UN Agencies; or
 - SOEs or institutions and not-for-profit organizations (such as NGOs, and universities), unless they operate as commercial entities.
 - If such entities are included in the list, the selection should normally be made using QBS or CQS. The Shortlist shall not include individual Consultants.
4. Issue request for proposals document to all the Shortlisted firms. The firms should be given sufficient time s to prepare their Proposals depending on the nature and complexity of the assignment (not less than 4 weeks);
 5. Proposal Submission,
 6. Technical Proposal Opening and evaluation of technical proposals:
 7. Evaluation of Technical Proposals: the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the request for proposals document;
 8. Communications of results. once the evaluation of technical Proposals is complete, the PMU shall inform all firms that submitted Proposal of their score and whether they met the minimum qualifying technical score specified in the request for proposals document. The PMU shall simultaneously notify the firms that have met the technical Proposal requirements of when the financial Proposal shall be opened.
 9. Financial Proposals Opening. Financial Proposals shall not be opened earlier than seven (7) Business Days from the communication of technical evaluation results to the Consultants.
 10. Evaluation of Financial Proposals: shall meet the requirements indicated in the request for proposals document;
 11. Combined Quality and Cost Evaluation: shall meet the requirements set out in the request for proposals document;
 12. Negotiations: Negotiations shall include discussions of the TOR, the methodology, MLSP/PMU's inputs, and special conditions of the contract. These discussions shall not substantially alter the original scope of services under the TOR or the terms of the contract;
 13. Notification of Intention to Award and Standstill Period: as per Procurement regulations.;
 14. Award of Contract and publication of contract award: shall meet the requirements of given in the Procurement regulations; and
 15. Debriefing: as per Procurement regulations.

B.2 Selection Procedures for Consulting Firms when using QBS method

1. Shortlisting –same as when using the methods QCBS, FBS or LCS method
2. Issue Request for Proposals document to all the Shortlisted firms;
3. Proposal preparation period: the MLSP/PMU shall allow sufficient time for the firms to prepare their Proposals depending on the nature and complexity of the assignment;

4. Proposal Submission: the MLSP/PMU shall choose between the following two (2) alternatives:
 - i. the technical and financial Proposals shall be submitted at the same time in two (2) separate and sealed envelopes; or
 - ii. only the technical Proposal shall be submitted and after evaluating the technical Proposals, the MLSP/PMU shall request the firm with the highest ranked technical Proposal to submit a detailed financial Proposal for negotiations;
5. Technical Proposal opening and Evaluation of Technical Proposals: the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the request for proposals document;
6. Communications of Results: the MLSP/PMU shall:
 - i. notify the consulting firm that has the highest score for the technical Proposal as to when the financial Proposal shall be opened or when to submit the financial Proposal; and
 - ii. simultaneously inform the other firms who submitted Proposals of their technical scores and that their technical Proposal has not been evaluated as the highest ranked;
7. Financial Proposals Opening: (if technical and financial Proposals have been submitted):
 - i. Financial Proposals shall not be opened earlier than seven (7) Business Days from the communication of technical evaluation results to the consulting firms;
 - ii. the PMU shall conduct the opening of the financial Proposal of the consulting firm with the highest ranking technical Proposal in the presence of the firms who submitted Proposals and wish to attend; and
 - iii. the PMU shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted Proposals.
8. Financial Proposals Opening (if only technical Proposal was initially invited):
 - i. Invitation to the highest technically evaluated firm to submit financial Proposals shall not be earlier than seven (7) Business Days from the communication of technical evaluation results to the Consultants; and
 - ii. Negotiate the financial Proposal submitted by the highest technically evaluated firm.
9. Evaluation of Financial Proposals and Negotiations
10. Notification of Intention to Award and Standstill Period: as per procurement regulations
11. Award of Contract and Publication of Contract Award
12. Debriefing

B.3 Non-profit Organizations

Not-for-profit organizations such as NGOs may be uniquely qualified to assist in the preparation, management, and implementation of projects or carrying out other project activities, because of their involvement in and knowledge of local issues and community needs, or their participatory approaches. Such organizations may be included in the Shortlist if they express interest and if the

Implementing agency and the Bank are satisfied with their qualifications. For these assignments the Shortlist may be made up entirely of NGOs. In such a case, the procurement follows an appropriate selection method (QCBS, FBS, LCS, or CQS), based on the nature, complexity, and size of the assignment, and the evaluation criteria reflect the unique qualifications of NGOs, such as local knowledge, scale of operation, and prior relevant experience. MLSP/PMUs may also select the NGO on a single-source basis, provided the criteria set out for the direct selection of consulting firms above are met.

B.4 Selection methods for Individual Consultants

Individual Consultants selected to be employed by the MLSP/PMU shall be the most experienced and best qualified among the candidates, and shall be fully capable of carrying out the assignment. The evaluation shall be based on the relevant qualifications and experience of the individual Consultant. In case of Limited competitive selection (directly inviting individual consultants) there should be min 3 candidates on the short list

Advertisement through REoIs is encouraged. REoIs shall include complete TOR. Individual Consultants are selected from those that expressed interest in response to a REoI. When the Implementing agency has knowledge of experienced and qualified individuals and their availability, instead of issuing a REoI, it may invite those individual Consultants that it deems qualified to provide the required Consulting Services. The complete TOR shall be sent with the invitation. Individual Consultants shall be selected from those that expressed interest in response to the invitation. Individual Consultants may be selected on direct selection basis, with due justifications. More details are given in the Procurement regulations.

9.3 Notification of Intention to Award

9.3.1 Goods, Works and Non-consulting Services

Following the decision to award the PMU shall promptly and simultaneously provide, by the quickest means available, and as further specified in the request for bids/request for proposals document, written notification of the intention to award the contract to the successful Bidder/Proposer (Notification of Intention to Award). Such notification shall be sent to each Bidder/Proposer that submitted a Bid/Proposal, (unless the Bidder/Proposer has previously received notification of exclusion from the process at an interim stage of the procurement process).

For contracts subject to prior review by the Bank, the MLSP/PMU shall transmit the Notification of Intention to Award only after receiving the Bank's no-objection to the evaluation report.

The Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as applicable to the selection method, and as further specified in the relevant request for bids/request for proposals document:

- the name and address of the Bidder(s)/Proposer(s) submitting the successful Bid/Proposal;

- the contract price, or where the successful Bid/Proposal was determined on the basis of rated criteria (where price and technical factors are rated), the contract price and the total combined score of the successful Bid/Proposal;
- the names of all Bidders/Proposers that submitted Bids/Proposals, and their Bid/Proposal prices as read out, and as evaluated;
- a statement of the reason(s) why the recipient's Bid/Proposal was unsuccessful, unless the price information, already reveals the reason. The Implementing agency shall not divulge any other Bidder's/Proposer's confidential or proprietary information such as: cost breakdown, trade secrets, manufacturing processes and techniques, or other confidential business or financial information;
- instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the request for bids/request for proposals; and
- the date the Standstill Period is due to end.

9.3.2 Consulting Services

Following the initialing of the draft negotiated contract by the successful Consultant, the PMU shall promptly and simultaneously provide, to each Consultant who's financial Proposal was opened, the Notification of Intention to Award to the successful Consultant with whom the MLSP/PMU successfully negotiated the contract.

For contracts subject to prior review, such Notification of Intention to Award shall be provided promptly after receiving the Bank's no-objection to the draft negotiated contract initialed by the successful Consultant.

The Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as relevant to the selection method, and as further specified in the request for proposals document:

- the name and address of the Consultant with whom the Implementing agency successfully negotiated a contract, and the contract price;
- the names of all Consultants included in the short list, indicating those that submitted Proposals;
- where the selection method requires, the price offered by each Consultant as read out and as evaluated;
- the overall technical scores and scores assigned for each criterion and sub-criterion to each Consultant
- the final combined scores and the final ranking of the Consultants;
- Statement of the reason(s) why the recipient's Proposal was unsuccessful, unless the combined score already reveals the reason. The Implementing agency shall not divulge any other Consultant's confidential or proprietary information such as: cost breakdown, trade secrets, methodology or other confidential business or financial information
- instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the request for proposals document; and
- the date the Standstill Period is due to end.

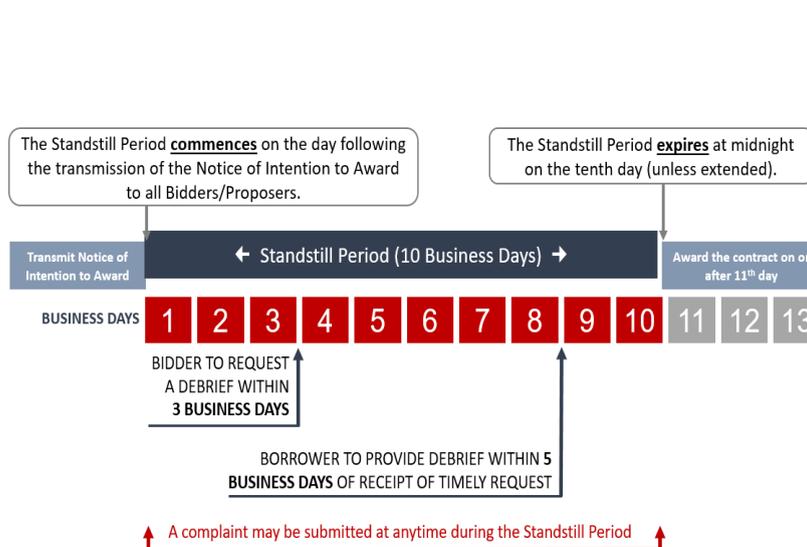
9.4 Standstill Period - The period following the Notification of Intention to Award

To give Bidders/Proposers/Consultants time to examine the Notification of Intention to Award and to assess whether it is appropriate to submit a complaint, a Standstill Period shall apply, Transmission of the MLSP/PMU's Notification of Intention to Award, begins the Standstill Period. The Standstill Period shall last ten (10) Business Days after such transmission date, unless otherwise extended in accordance with the Procurement guidelines. The contract shall not be awarded either before or during the Standstill Period.

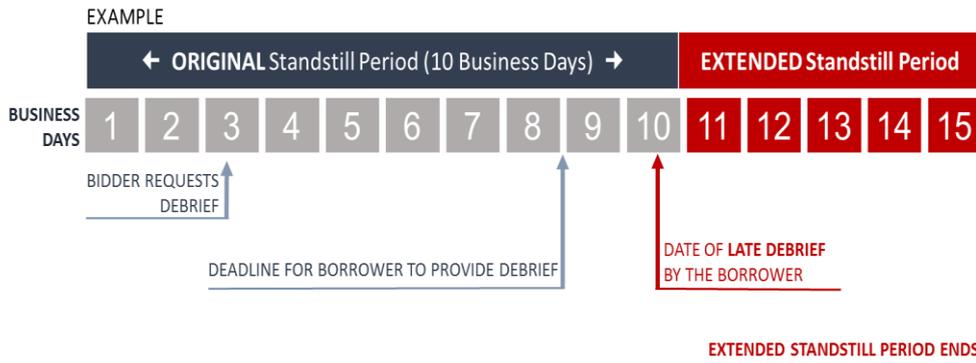
Notwithstanding above, there shall not be a requirement for a Standstill Period in the following situations:

- a. only one Bid/Proposal was submitted in an open competitive process;
- b. direct selection, selection of individual consultant and selection based on consultant qualifications;
- c. call-off process among firms holding FAs; and
- d. Emergency Situations recognized by the Bank.

Standstill Period



Extended Standstill Period-After the Debriefing



9.5 Debriefing

- On receipt of the Notification of Intention to Award, the unsuccessful Bidder/Proposer/Consultant has three (3) Business Days to make a written request to the PMU for a debriefing.
- Where a request for debriefing is received within the deadline, the PMU shall provide a debriefing within five (5) Business Days, unless the PMU decides, for justifiable reasons, to provide the debriefing outside this timeframe. In that case, the Standstill Period shall automatically be extended until five (5) Business Days after such debriefing is provided. If more than one debriefing is so delayed, the Standstill Period shall not end earlier than five (5) Business Days after the last debriefing takes place.
- The PMU shall promptly inform, by the quickest means available, all Bidders/Proposers/Consultants of the extended Standstill Period.
- For contracts subject to prior review, the PMU shall simultaneously send the information on the extended Standstill Period to the Bank.
- Where a request for debriefing is received by the MLSP/PMU later than the three (3) Business Day deadline, the PMU shall provide the debriefing as soon as practicable, and normally no later than fifteen (15) Business Days from the date of publication of Contract Award Notice. Requests for debriefing received outside the three (3) Business Day deadline shall not lead to an extension of the Standstill Period.
- Debriefings of unsuccessful Bidders/Proposers/Consultants may be done In Writing or verbally.
- As a minimum, the debriefing shall repeat the information contained in the Notification of Intention to Award, and respond to any related question(s) from the unsuccessful Bidder/Proposer/Consultant. The debriefing shall not include:
 - point-by-point comparisons with another Bidder's/ Proposer's/ Consultant's Bid/ Proposal ; and
 - information that is confidential or commercially sensitive to other Bidders/Proposer.
- A written summary of each debriefing shall be included in the official procurement records, and copied to the Bank for contracts subject to prior review

9.6 Conclusion of the Standstill Period and Contract Award

- At the end of the Standstill Period, if the MLSP/PMU has not received any complaint from an unsuccessful Bidder/Proposer/Consultant, the PMU shall proceed to award the contract in accordance with its decision to award, as previously communicated through the Notification of Intention to Award.
- For contracts subject to prior review, when no complaints are received by the MLSP/PMU within the Standstill Period, the MLSP/PMU shall proceed to award the contract in accordance with the award recommendation that had previously received the Bank's no-objection. The PMU shall inform the Bank within three (3) Business Days of such award.
- The PMU shall transmit the notification of award to the successful Bidder/Proposer/Consultant, along with other documents as specified in the request for bids/request for proposals document for the contract.
- If the MLSP/PMU does receive a complaint from an unsuccessful Bidder/Proposer/Consultant within the Standstill Period, the PMU shall not proceed with the contract award (or conclusion of a FA), until the complaint has been addressed, as set forth under paragraph 3.6 of Annex III, Procurement-related Complaints of the respective Procurement regulation.
- For contracts subject to prior review by the Bank, the PMU shall not proceed with contract award without receiving the Bank's confirmation of satisfactory resolution of complaint.
- For all contracts, whether subject to the Bank's prior review or post review, the PMU shall publish a public notice of award of contract (Contract Award Notice) within 10 (ten) Business Days from the MLSP/PMU's Notification of Contract Award to the successful Bidder/Proposer/Consultant.
- The Contract Award Notice shall include, at a minimum, the following information as relevant and applicable for each selection method:
 - a. name and address of the MLSP/PMU's Project Implementing Unit undertaking the procurement, and if different, the MLSP/PMU's contracting agency;
 - b. name and reference number of the contract being awarded, and the selection method used;
 - c. names of all Bidders/Proposers/Consultants that submitted Bids/Proposals, and their Bid/Proposal prices as read out at Bid/Proposal opening, and as evaluated;
 - d. names of all Bidders/Proposers/Consultants whose Bids/Proposals were rejected either as nonresponsive or as not meeting qualification criteria, or were not evaluated, with the reasons therefore;
 - e. the name of the successful Bidder/Proposer/Consultant, the final total contract price, the contract duration and a summary of its scope; and

9.7 Procurement-related Complaints

9.7.1 General requirements for Procurement-related Complaints

- Complaint may challenge:
 - The selection documents, including: prequalification, initial selection, request for bids, requests for proposals documents;
 - the decision to exclude an Applicant/Bidder/Proposer/Consultant from a procurement process prior to award; and/or

- the decision to award the contract following transmission of unsuccessful Bidder/Proposer/Consultant in the Notice of Intention to Award.
- Complaints should be submitted by ‘interested parties.’ An interested party for this purpose means an actual Bidder/Proposer/Consultant seeking to obtain the contract at issue (including an Applicant for Prequalification/Initial Selection, if the complaint challenges the Applicant’s disqualification). Potential Applicants/ Bidders/Proposers/Consultants are also interested parties in relation to complaints challenging the Prequalification/Initial Selection document, request for bids/ request for proposals document, or any other MLSP/PMU document requesting bids/Proposals or Applications.
 - Complaints shall be submitted to the MLSP/PMU in a timely manner, as described in paragraph point G.2 given below.
 - The content of a Complaint is subject to the following requirements. Complaints shall be submitted In Writing to the MLSP/PMU and shall identify the name, contact details, and address of the complainant. In addition, the Complaint shall:
 - generally identify the complainant’s interest in the procurement
 - identify the specific project, the procurement reference number, the current stage of the procurement process, and any other relevant information;
 - specify any previous communication between the complainant and the MLSP/PMU on the matters addressed in the complaint;
 - specify the nature of complaint, and the perceived adverse impact on them; and
 - state the alleged inconsistency with or violation of the applicable procurement rules.
 - The PMU shall give prompt and fair consideration to each Complaint that meets the requirements of the above provisions, and is submitted within the timelines set forth under point G.2 given below.
 - Complaints that do not meet the requirements shall be addressed within a reasonable time. If such Complaints relate to contracts subject to prior review by the Bank, they shall be shared by the PMU with the Bank in order to determine an appropriate course of action.

9.7.2 Timeline and process for review and resolution of Complaints

- Complaints that meet the requirements are subject to the timelines and procedures set out below. The Implementing agency shall not proceed with the next stage/phase of the procurement process, including the contract award, until it has properly addressed any such Complaint.
- Complaints challenging the terms of prequalification/initial selection documents: request for proposals documents, and any other MLSP/PMU document requesting Bids, Proposals or Applications should be submitted to the MLSP/PMU at least ten (10) Business Days prior to the deadline for submission of Applications/ Bids/Proposals, or within five (5) Business Days after the issuing of any amended terms, whichever is later.
- The MLSP/PMU shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, and shall review the Complaint and respond to the complainant not later than seven (7) Business Days from the date of receipt of the Complaint. If as a result of the MLSP/PMU ’s review of the Complaint, the MLSP/PMU decides to modify the prequalification/initial selection, request for bids/ request for proposals, or other documents, the MLSP/PMU shall issue an addendum, and if necessary, extend the application/Bid/Proposal submission deadline.

- Complaints challenging the exclusion from a procurement process prior to contract award should be submitted to the MLSP/PMU within ten (10) Business Days following the MLSP/PMU's transmission to the interested party of notice of such exclusion. The MLSP/PMU shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, and shall review the Complaint and respond to the complainant not later than seven (7) Business Days from the date of receipt of Complaint. If as a result of the MLSP/PMU's review of a Complaint, the MLSP/PMU changes the results of the earlier stage/phase of the procurement process the MLSP/PMU shall promptly transmit a revised notification of evaluation results to all relevant parties advising on the next steps.
- Complaints following transmission of the Notification of Intention to Award the contract (, shall be submitted to the MLSP/PMU within the Standstill Period. The MLSP/PMU shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, shall review the Complaint and respond to the complainant, not later than fifteen (15) Business Days from the date of receipt of Complaint. If, as a result of the MLSP/PMU's review of a complaint, the MLSP/PMU changes its contract award recommendation, it shall notify the revised intent to award to all previously notified Bidders/Proposers/Consultants, and shall proceed with the contract award.

9.7.3 Complaints where the contract is subject to prior review

For contracts subject to prior review, the MLSP/PMU shall promptly inform the Bank of any Complaints received, and shall provide for the Bank's review all relevant information and documentation, including a draft response to the complainant once this is available.

If the MLSP/PMU's review of the Complaint results in:

- a. modification of the prequalification/initial selection, request for bids/request for proposals, or other document;
- b. the MLSP/PMU's changing its decision to exclude an Applicant/Bidder/Proposer/Consultant; or
- c. the MLSP/PMU's changing its contract award recommendation;

the MLSP/PMU shall, upon confirmation by the Bank of the satisfactory resolution of the Complaint:

- a. issue an addendum, and if necessary, extend the Application/Bid/Proposal submission deadline; or
- b. promptly transmit to the Bank a revised evaluation report.

The MLSP/PMU shall not proceed with the next stage/phase of the procurement process, including with awarding a contract without receiving from the Bank confirmation of satisfactory resolution of Complaint(s).

Notwithstanding this, for Complaints challenging the prequalification/initial selection/request for bids/request for proposals or other such document, or challenging exclusion prior to award, the MLSP/PMU should consult with the Bank about which, if any, steps in the procurement process may appropriately go forward while the Complaint is being considered.

9.7.4 Resolution of Complaints

In resolving a Complaint, the MLSP/PMU should ensure a timely and meaningful review of the Complaint, including all relevant documentation and facts and circumstances related to it. The

MLSP/PMU shall provide sufficient information in its response to the complainant, while maintaining the confidentiality of information. A response to a Complaint should, as a minimum include the following elements:

- a. Statement of Issues: Specify the issues raised by the complainant that need to be addressed;
- b. Facts and Evidence: Specify the facts and evidence that in the MLSP/PMU’s view, are relevant to the resolution of the Complaint. These facts and evidence should be presented as a narrative, organized around the issues;
- c. Decision and reference to the basis for the decision: State the decision that has been made following the review. Also, include reference to the basis for the decision e.g., Procurement Regulations, SPD for the contract in question, etc. The response should be as precise as possible in referring to the specific decision basis;
- d. Analysis: Provide an explanation why the basis for the decision applied to the facts/issues raised by the Complaint necessitates this particular decision. The analysis may be short as long as it is clear and identifies each question that has to be answered in order to arrive at an outcome; and
- e. Conclusion: State clearly the resolution of the Complaint and describe the next steps to be taken.

Business standards for procurement-related complaints (where the procurement is subject to Prior Review) Process step	Responsible Entity	Timeframe
Complaints challenging the terms of prequalification / initial selection documents, request for bids/ request for proposals documents, or any other MLSP/PMU document requesting Bids/Proposals or Applications	Potential Bidders/ Proposers/ Consultants	Complaints shall be submitted at least ten (10) Business Days prior to the deadline for submission of Applications/Bids/Proposals MLSP/PMU shall respond not later than seven (7) Business Days from the date of receipt of complaint.
Notify Applicant/Bidder/Proposer/Consultant of the basis for exclusion from consideration for a contract; rejection of Bid submitted; or intention to award.	MLSP/PMU	The timeframe will be specified in the respective documents governing the procurement process. As a general matter, notification should take place promptly after the MLSP/PMU has made the relevant determination. Upon receipt a Complaint challenging the above determination, the MLSP/PMU shall respond to the complainant not later than seven (7) Business Days after the receipt of complaint.

Complaints following transmission of the notification of the intention to award the contract shall be submitted to the MLSP/PMU within the Standstill Period.		Complaints should be submitted within the Standstill Period. The MLSP/PMU shall respond not later than 15 Business Days from the date of receipt of Complaint.
Request for debriefing.	Bidder/ Proposer/ Consultant	Within three (3) Business Days from the receipt of the MLSP/PMU's notification of the intention to award the contract.
Conduct debriefing when requested in a timely manner.	MLSP/PMU	The MLSP/PMU shall hold the debriefing within five (5) Business Days of receipt of the request. For all other requests for debriefing, the MLSP/PMU shall hold debriefing not later than fifteen (15) Business Days from the date of publication of public notice of award of contract.
Acknowledge receipt of Complaint.	MLSP/PMU	Within three (3) Business Days from the date of receipt of the Complaint
Forward complaint to the MLSP/PMU, if Complaint is submitted only to the Bank	Bank	Within three (3) Business Days from the date of receipt of the Complaint
Forward Complaint to the Bank, along with all relevant information and documentation.	MLSP/PMU	As soon as possible after receipt of Complaint

ANNEX 1: Detailed Project Description

The proposed project addresses specific and relatively narrow social insurance administration technical areas. The list includes (a) registration of individuals to mandatory social insurance (pension, health, and unemployment) and recordkeeping of social insurance data; (b) processing the disability assessment for persons seeking disability benefit, service, or assistance; (c) the system of employment of persons with disabilities; and (d) early retirement of hazardous and arduous occupations.

Social Insurance Registration and Registries

The present system of registering socially insured persons, collecting and recording (employment and personal) data, collecting contributions, and sharing data between institutions, dates from 2009. At that time the responsibility for collecting social insurance contributions was transferred from the various social insurance funds to the national UJP through the integrated salaries calculation and payment system (gross wage concept and MPIN system). This action was preceded in 2006 by the official start of the multi-pillar system of social insurance, whereby some persons would be mandatorily insured in new (Pillar 2) private pension funds, in parallel with the (Pillar 1) state-sponsored PIOM. The unification of tax and contribution collection, and the introduction of the multi-pillar pension system, required a new system of data collection and sharing. This new system could only be successful if taxpayer/contributor/insured person data are collected and shared in a reliable, accurate, and timely manner. However, due to the multiplicity of institutions within the system, the additional layer of Pillar2 funds, different membership categories permissible, and frequent and often inconsistent legal changes, the core processes involved have become very complex, cumbersome and inefficient.

Current social insurance registration and recordkeeping system is scattered, inconsistent, and inefficient. The dominant entry door for registration of socially insured persons in the various social insurance institutions is the AVRМ. However, the AVRМ has a responsibility to keep only a unified registry of contributors (employers), to undertake registration/deregistration processes for employees, and transfer those data to the rest of the agencies and to maintain employees' historical records, as they may ultimately become AVRМ's beneficiaries in case of unemployment. Other categories of insured persons (for example, farmers, clerics, and market traders—none of whom are eligible for unemployment insurance) register directly with the PIOM and/or FZO for their pension and health insurance. Consequently, every agency creates, and manages its own registry (database) system. Agency registries hold different numbers of insured persons (table 1.1) even for employees, where those numbers should be equal.

Table 1.1. Data on Insured Employees and Other Forms of Employment (contributors)

2017(2018)	Employees (with insured status)	Other forms of employment (farmers, clerics, traders, and others)	Total employees

PIOM	575,574 (578,023)	Not stated	
FZO	572,291 (569,618)	34,796 (32,125)	
AVRM	No formal Registry on employees ¹ (205,358 M1* registries, out of which 161,406 due to M1's are for full or part time employees)	No registry	
UJP	As at 11/2017 (579,681 declared employees' MPINs*, with 529,518 employees' MPINs paid). The last available 2018 Report notes particular data of 655,632 beneficiaries of gross salary/transfers (employees, self-employed etc.)	193,158 registered as tax contributors	
State Statistical Office			759,445

Source: Annual Reports of Statistical Office, PIOM, UJP, and FZO for 2017/18.

Note: *M1 is a registration form for new employees submitted by the employer; MPIN is a personified monthly form on contributions and taxes paid, calculated, and submitted by the employer

Governance of social insurance data are fragmented, whereby each institution acts in an autonomous manner. The reliance on bilateral and ad hoc agreements, and the absence of systemic integrated controls means that any weakness in these interinstitutional processes inevitably results in the various data registries being out of real-time synchronization. This means that benefits and services across all the institutions are being decided on and delivered using imperfect data, or with data that has not yet been updated. This has occurred, with the result that some critical data are reported as being out-of-date, out-of-synchronization, or missing.

Collection of social contributions rests with UJP, but UJP does not maintain a registry on socially insured persons since they rely on the AVRM entries on registration M1 forms. For the employed person, the insurance and employment-related data (on M forms) are transmitted from the AVRM to the other institutions (including UJP). Collection of contributions rests with UJP but UJP does not maintain its own accumulated permanent registry of socially insured persons - as they rely on the AVRM's annual list of notifications (from M1 forms) of persons who are in employment for that year. However, there are many missed connections with these data flows as well as cases of parallel change of data. This can lead to gaps in insurance coverage for insured persons, and these gaps only become visible when the insured person claims a benefit (perhaps 30 or more years later).

Gaps in contribution payment data, and/or incorrect data from registration and reporting forms can lead to lengthy delays in the PIOM's determination of an insured person's status with regard to Pillar 2 pensions. This is exemplified by the recent crisis regarding missing

¹ The legal regulations defining the AVRM responsibilities does not require establishing and maintaining formal Registry of employees, thus the AVRM's main focus is employees M registrations. However, the AVRM has a registry of employers for internal core processes, yet without obligation to report on it. In conclusion, the State Statistical Office reports the employees' data, based on the input of the AVRM and additional internal methodology

contributions for Pillar 2 members that has resulted in compensating 12,000 members in the Pillar 2 pension schemes with a total amount of more than EUR 19 million in 2019. Furthermore, there is a temporarily hold of the pension contributions in the PIOM's bridge account for members that have mismatches of data and who were wrongly assigned (or not assigned at all) to the correct pension scheme.

A new SURS would eliminate the weaknesses of the present system and create an efficient system in the long run. The new SURS will have the capacity to serve all social insurance agencies and UJP, and be flexible enough to manage further policy, parametric, and operational changes to the social insurance system in North Macedonia. The new central unified system will have a single database of all insured persons and contributors as its centerpiece. This will be supported by a standardized and integrated set of functions, processes, and business rules, and these would apply to all data entering and exiting the SURS and would govern all institutional interfaces with the system. The SURS will be grounded in consistent and unified legislation (both new and amended laws) and operate strictly in accordance with business rules agreed by all participant agencies and enforced through the electronic data-sharing interfaces. The SURS will also ensure a more direct, timely, and accurate flow of contributions and data to the Pillar 2 arm of the pensions system – by revising and streamlining the business processes involved and thereby eliminating the bottlenecks and data quality issues that have contributed to the crisis with delayed allocation of large amounts of contributions to insured persons' (for more than 12,000 persons) Pillar 2 Funds accounts. Furthermore, cost and reputational issues associated with required redress actions have created an additional burden on the pensions system. Taking into account the above factors, and World Bank analysis and recommended options, the Government of North Macedonia has taken a decision to establish the new SURS through an independent entity under the MLSP.²

The main advantages of a SURS will be:

- Single entry point for registration of all insured persons and contributors regardless of their employment status, professions, pension pillar membership, current legal exemptions, and so on
- Rationalizing, standardizing, and automating key business functions and workflows – registration, data collection, data reporting, data update, and data storage
- Reducing delays in allocating contribution payments to the accounts of persons insured in Pillar 2 Funds.
- One stop service for the employers and other categories of contributors
- Merging the participant agencies' existing separate registries into a single registry with common data model, common data sets, and common data definitions
- Introducing strict procedures and protocols for updating registry data – eliminating multiple, manual, and ad-hoc procedures
- Potentially increasing the coverage and volume of social insurance – by eliminating the possibility of 'selective registration' whereby some categories of insured persons can register with one branch of insurance (for example, health) while evading registration or delaying contribution payments with another for example, pensions)

²Single Unified (Social Insurance) Registry System for North Macedonia, Report by the World Bank, March 2019; Government Decision No. 45-5503/1, August 20, 2019; and Government Decision No. 45-8738/1 of November 26, 2019.

- Interactions between the participant agencies through the single central registry, and not directly between themselves
- Entry into the system only using existing national identity number as key ID parameter from the beginning (this will be kept as the SURS' primary identification code) – improving client identification and data retrieval
- Redefining the business forms (for example, 'M' forms, MPIN)—including new data on contributor status, and so on—leading to improved quality of data collection
- Data flows and data access would be in real time – without delays caused by inter-agency data transfers, as at present
- Data accuracy and integrity would be guaranteed – through strict data access/update protocols
- Enabling internal re-deployment of participant agencies' human and technical resources away from redundant inter-agency processes and towards their core missions - thereby improving service delivery capacity
- Providing insured persons and contributors with unified and integrated personal information about their employment and insurance history in real time and in a user-friendly process
- Facilitating quicker resolution of errors – by having integrated insurance history for each insured person
- Strengthening the quality of taxpayer and contributor data available to the UJP
- Strengthening the control over contribution (and payroll tax) collection – for example, by highlighting cases where tax and contribution revenues have not matched payroll data submissions
- Enhanced reporting system applicable for the macro and micro employment, health, pension, social assistance, and statistical policies development

The main challenges of implementing a SURS in North Macedonia would expectedly be:

- SURS will involve multiple participant agencies and highly integrated business processes – the development of such a system will be a complex and technical project requiring full co-operation from all parties,
- Participating agencies have limited in-house ICT resources, and assigning these to support the SURS project could negatively impact on their ongoing service levels
- Implementation of the integrated social insurance registry system would require significant effort, time, and dedicated actions and resources from all participant agencies
- Independent entity hosting SURS will need administrative and technical resources
- The transition period from the existing system to SURS could involve a period of parallelism with an attendant risk of duplication of effort, or confusion over role responsibility
- Temporary disruption of services could occur during SURS implementation period
- Migration of multi-registry data to a new single registry would require significant examination and cleanup of existing data could be lengthy
- The implementation of SURS could result in unforeseen errors in collected data, revenue collection, benefit awards, or insurance coverage coming to light – resolving this could require additional time and resources.
- Each participant agency must upgrade or amend their existing ICT and business

- process systems (to facilitate usage of the new SURS)
- Data ownership and data access within the new SURS would have to be defined and agreed – this could cause conflicts between agencies
- The new SURS would require a full disaster recovery program and would probably involve construction of a new disaster recovery facility.
- New and strengthened data security and data privacy safeguards would be required,
- A public communication strategy concerning the new system – involving the support of all agencies – would be required, and be implemented in a comprehensive manner for a certain period of time before and after the start of SURS

Development of SURS will be a complex task, comprising of multiple and different requirements from the various agencies that will participate in the new system. In effect, the final version of SURS will hold insurance records for all individuals in North Macedonia and will record their insurance records and status at any moment in time. The scope of the project – SURS model design; business needs analysis; legacy data cleanup; developing new ICT system; re-configuring inter-institutional linkages via SURS; defining business rules; defining new procedures for Pillar 2 pensions; writing new/amending existing legislation; and establishing the SURS institutional structure - means that an absolutely accurate estimation of total actual costs is not possible at this time. The true overall costs will only emerge after undertaking the business needs analysis, defining the new business operations model, and finishing the SURS detailed design and scope.

In addition, it is considered prudent to ensure that SURS is deployed in stages to minimize the significant risks that would accompany transitioning to such a complex new system. It would be less risky to stage the migration to SURS using a priority system that takes into account the different attributes of the various insurable cohorts. Less complex and less time-sensitive categories of insured persons would be prioritized for earlier migration. These would be followed by the (fewer) other categories for whom the current system is working relatively better and whose later transition would benefit from adjustments and lessons learned from the earlier migration stage. Therefore, it is planned that SURS would involve 2 main Phases, with intermediate stages along the way. Phase 1 would involve all preparatory work, including legislation, needs analysis, business operations model definition, SURS design and scope, and building the new system. Data clean up and consolidation (at least for Phase 1 participants) would also be included. Whilst, precise number and categories of persons to be included in both Phases would be finalized during SURS implementation planning it is expected that Phase (1) would include rollout of SURS to insured persons who are insured for long-term cash benefits and some short-term cash benefits (for example, retirement pensions, unemployment benefit). This would cover employers and employees, self-employed, farmers, traders, religious, and voluntarily insured. Phase 2 would extend SURS to persons predominantly covered for health services and would include all persons not already included in the above insured person cohorts, and integration of current and improved Social Assistance system as an integral part of SURS. In this way, potential for disruption to sensitive key branches of insurance (for example, health insurance – where insurability data are required at very short notice) would be reduced, and lessons learnt from a progressive transition methodology would be applied to ensure smooth transition for later categories.

Implementation of SURS, supported by the SIAP, would require the following investment:

- **Technical support for legislation amendment.** A new Law on SURS would be

required and would be accompanied by amendments to multiple linked laws and regulations. This support would be required pre-SURS development (to give legal authority for SURS) and post-development (regulations and by-laws to enable SURS implementation).

- **Detailed business function needs analysis for the independent entity under MLSP and participating agencies.** The multiplicity of agencies, variety of services delivered, and their different data requirements means that a complex set of business requirements must be identified, defined, and agreed in advance of SURS Design task. This exercise is a pre-requisite for the SURS design task. It will also help confirm the precise functional scope of the SURS, and feed into the definition of the SURS Data Model and Master Data set.
- **Design of SURS, including:** governance, database system, business functionality and processes, organizational structure, and inter-operable linkages with participating agencies. This would result in a detailed design brief for SURS development.
- **Development and implementation of SURS and business operations model, including ICT investment in SURS and in participating agencies.** Development of the new independent SURS entity to serve all participant agencies would require investment through:
 - Development of SURS organizational structure - including units, staff levels, job descriptions etc.
 - Development of business functions and processes, operating rules and procedures, business forms;
 - Development of ICT system, including hardware, database, software applications, office equipment, communications, and licenses;
 - Fitting out office accommodation, and support logistics;
 - Developing a training program for SURS staff.

While the SURS would require starting from scratch, participant agencies would require some re-configuration of their existing ICT systems, with some functions becoming redundant and some new functions being added. Increased emphasis would have to be put on inter-operability capability, and on synchronizing data models and data definitions between participant agencies.

Modernization and Improvement of Business Processes in the PIOM

Functional review for modernizing the PIOM's administration. The PIOM is the agency with the broadest range of benefits, the largest amount of contributions, and the most complex business processes involved in insured persons' database management. The PIOM will be the agency most affected by the new SURS. In addition, the PIOM client data is the most comprehensive of all agencies. PIOM has faced a range of challenges in the recent past and needs particular support to optimize its business operations model in the light of SURS implementation. The starting point will be a functional review of PIOM's functions that will, inter alia, identify areas where administration reforms would have most impact and where further the SIAP support would be targeted for modernization activities. In this PAD it is estimated that investment in software and capacity building would be needed at least in the first phase of business process modernization.

Data cleanup and migration. The PIOM, as well as other participant agencies, would need to undertake a major data clean-up exercise, and prepare detailed plans (with deep controls) to

migrate data to the new SURS. In the PIOM data clean-up would include not only data on insured individuals but also consolidation of past earnings records. Individual earnings histories in the PIOM experience shortfalls including incomplete records of service periods, contribution bases or contributions paid, with paper-based archives, which are detected only at the point of benefit request and determination. It is estimated that there are up to 20 percent of missing data in the earnings records history. For future smooth processing of pension requests and providing the information to all insured individuals via SURS these records should be reconciled, digitized and made available to the social insurance agencies and insured individuals. This subcomponent will engage in the initial analysis of the earnings history problem in the PIOM and the campaign of completing all past records within the SURS development process. It is envisaged that both data consolidation processes might commence in parallel.

Training of participant agencies' staff. Training would focus on new business processes, operating procedures and rules, ICT, analytical and actuarial tasks, client relations, and related tasks. The scope and content of training would be identified in the course of SURS development, and documented in a Training Needs Analysis deliverable.

Public information program. Broad public, particularly the users of the system – insured individuals, employers and other beneficiaries - would have to be informed about the new system, its features, functionalities, processes, and new benefits it would bring to its users.

Reforming disability assessment (certification)

Disability assessment (certification) is a gate through which anyone who claims any publicly or privately provided disability related benefit, service or product has to pass. Every country has some form of disability assessment, some government authorized agency or agent charged with assessing whether a person is disabled or not, and to which degree. Most commonly and most visibly, disability assessment is linked to social security benefits, but it also applies to eligibility to other services and benefits—from rehabilitation services, care services, or assistive devices, to social assistance in cash and in kind—for which people have to be officially declared to have a disability.

Unification of disability assessment processes, methodologies, and administrations has been a process underway in many EU countries. The first steps in the reform process are commonly to introduce a comprehensive classification of diseases.³ Reforms are carried in the segment of business processes; standardization of forms to gather all relevant information in a systematic way; introduction of integrated information systems that assist day-to-day operations, collection, storage, and retrieval of documents and information across all involved bodies; and introduction of proper M&E systems. Some countries have been moving toward the introduction of the ICF of the World Health Organization (WHO), which is the international standard for describing and measuring disability. Moving to a more holistic assessment of disability requires setting up integrated disability assessment committees to perform a comprehensive assessment of the claimant based on medical, functional, and socioeconomic factors after which it issues a report describing the claimant's main impairments in bodily function and structure, limitations in

³ North Macedonia has been using a standardized classification of diseases (MKB10) based on impairment (Barema) scale. Many countries have been broadening it to WHO-DAS II, a generic assessment instrument for health and disability developed by the WHO to produce standardized disability levels and profiles directly linked at the level of concepts to the ICF.

activities, and restrictions in participation. Activities have been done to simplify the relevant legislation and documents, improve efficiency, and reduce the burden on both claimants and staff in agencies providing disability benefits or services. For claimants, it reduces the need to have to provide duplicate (and sometimes unneeded) documents at various stages of the process and undertake multiple assessments. For agencies, centralized and specialized assessment centers release the capacity to strengthen other processes such as benefit determination and client relations, and in the medium term reduce administrative burden.

In North Macedonia, the determination of eligibility for benefits and services requires not only specific entitlement rules, but requests also their own disability assessment and disability determination. This generates high inefficiencies in the disability system. In theory, the assessment of disability, the determination of disability and the determination of eligibility (the process through which the services or benefits a person is eligible for are decided) should constitute three separate steps in the disability system where the first two be completely delinked from the third one. In North Macedonia, the determination of eligibility is the one driving a particular type of disability assessment and disability determination, which means that for different types of benefits or services different assessments and certifications are required. Because of this situation, multiple disability assessment systems co-exist, resulting in high administrative and private costs. The eligibility processes for the main categories of benefits and services, together with their assessment and determination procedures, are summarized in the following paragraphs.

In the case of the disability benefits for impaired hearing, impaired vision, and limited mobility, for adults over 26 years old, the disability assessment procedure is administered through both the social welfare and the health administrative systems. The assessment for these benefits is regulated by the Ministry of Labor and Social Welfare and is based on a medical diagnosis using a scale of impairment. To receive the benefit, the process is (a) the person goes to a general practitioner (GP) who fills in an application on behalf of the applicant through an online platform (Moj Termin) operated by the MoH (the fee for the assessment charged to the applicant is approximately EUR 40), (b) on the same platform, the GP sets up an appointment for the applicant with the assessment commission, (c) the person receives a certificate indicating the level of impairment, (d) the person then makes a paper-based request to a center for social work (there are 30 such centers across the country) to receive the benefits he/she is entitled to (see figure 1.2).

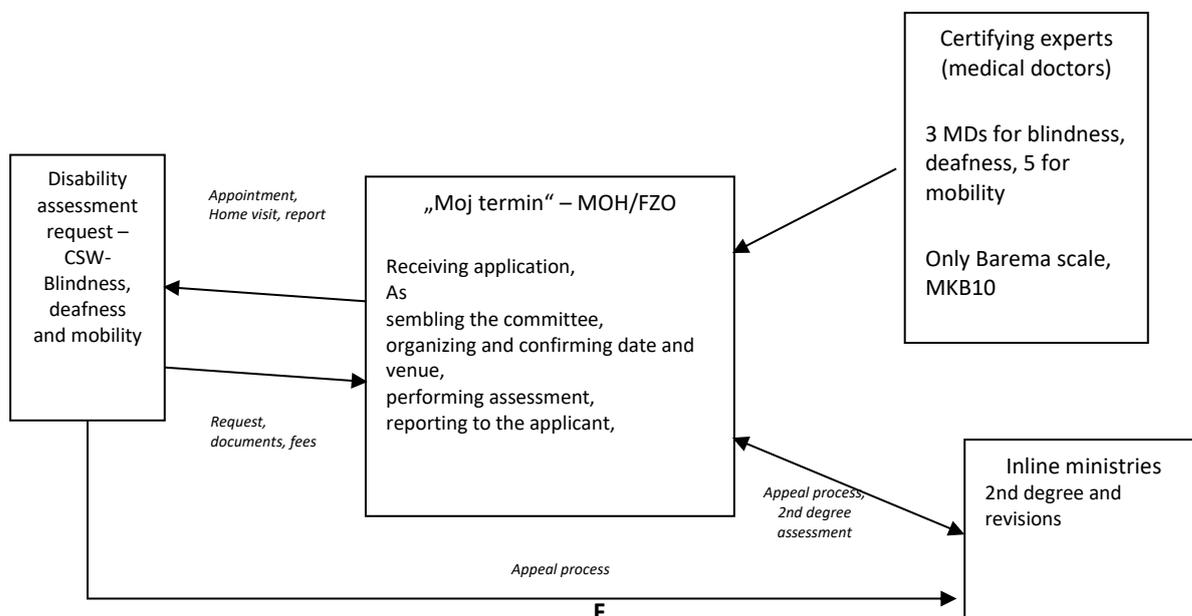


Figure 1.2. Disability Assessment for Blindness, Deafness, and Mobility

The disability assessment process for deafness, blindness, and mobility is based on medical diagnoses and (MKB10) scale of impairment. The degree of impairment is defined by the Rulebook on assessment of the specific needs of persons with disabilities in physical and psychological development, issued by MLSP. The commissions for assessment consist of medical specialists and can call for, if necessary, participation of specific specialists. Decisions are made on the basis of medical records and face-to-face meetings. Since 2018 there have been only 4 assessment teams in Skopje, engaged through “Moj Termin” as needed, which during 2018 operated by engagement of 45 various medical experts.

Assessment of eligibility to deafness, blindness, and mobility benefits do not appear to be inefficient. Table 1.2 presents the evolution of disability assessment cases from 2015-2018. Despite growing number of assessments in 2018, the estimated “cost-coverage” cost of assessments⁴ stands at EUR 127,000 and still below 1 percent of total outlays for these benefits. Furthermore, the assessment processes for deafness, blindness, and mobility benefits appear not to have required multiple visits and assessments of beneficiary/patient per program. In 2018, there were 102 assessments registered for each 100 deafness, blindness, and third-party care patients, while for mobility it required 105 assessments. There is no information how many patients required multiple benefits and required repetitive and parallel assessments. Also, there

⁴Assumes that currently regulated fee of MKD 1,250 is charged for every assessment and covers the actual cost of assessments.

are no surveys or analyzes of client satisfaction.

Table 1.2. Disability Assessments for Deafness, Blindness, and Mobility Benefits in North Macedonia 2015–2018

Year	Number of Assessments	New requests	Est. Costs of assessment (€)*	Number of beneficiaries	Total benefits (€)	Admin costs/benefits (%)
2015	4,941	1,935	100,427	10,294	10,236,587	0.98
2016	4,998	2,002	101,585	11,362	11,659,533	0.87
2017	4,212	1,508	85,610	11,922	12,254,764	0.70
2018	6,241	1,885	126,850	12,460	12,915,277	0.98

Source: Moj Termin.

Note:*Estimated assessment cost assumes full cost coverage with charging MKD 1,250 per assessment.

The assessment commissions for disability benefits are highly dysfunctional and are the main source of delays in the process of issuing certificates. At the moment, three commissions operate for each type of disability assessment, with a registry of experts that could be assigned to each of commissions. All these commissions function in Skopje for the whole country, which generates additional expenses to persons with disabilities applying, because they had to attend in person. Apparently, there are inadequate financial incentives for medical doctors to take part in these commissions, and there is no mechanism for requesting them to commit some of their time to participating. Because of this situation, the assessment process has slowed down, even suffering major delays at times. At the end of September, appointment slots were available only for the blindness committee, while for the hearing and orthopedic committees (which have more than 50 doctors in their registry) the system did not allow any appointments at all to be set up. Moreover, for the intellectual disability, for which benefits have been proposed, no committee has yet been set up.

The assessment of eligibility for third-party care for the youth, the elderly and other persons with disabilities is mainly paper-based and inefficient. The assessment process is the following: (a) the applicant files an application and submits the medical and other documents on paper (as originals) at the Center of Social Work and pays a fee of approximately EUR 20, (b) the documents are sent by the center to the assessment committee that operates under the Ministry of Labor and Social Welfare, (c) the committee analyses the application and then sends their decision back to the center on paper, and (d) the staff of the center issue the benefit and enter the information into the database of benefits (the Social Protection Implementation Loan management information system). At this stage, neither the centers nor the committee from the Ministry of Labor have access to the health management information system to check the medical information that exists there.

The assessment process for third-party care has been extremely overloaded and prone to error and fraud. Since 2018, when the Ministry of Labor and Social Welfare started to manage the assessment, the number of applications has rocketed. According to the Ministry of Labor, the number of new applications per month is approximately 3,000 (150 per day). The applications are assessed by an internal team of 7 medical doctors, who are divided into 3 committee (although according to the rulebook, there should be 3 members per team). The committees assess only the documents and do not do check-ups of applicants or make home visits (except for situations when people file appeals); in any case, they lack proper means and incentives to carry out them.

A new process to improve the assessment of third-party care and to reduce fraud and error has been legislated, but not yet implemented, and it is supposed to operate, as before, parallel to the other types of assessment. According to this new legislation, third-party care will be managed through the Moj Termin, with regional committees (in 6–8 locations) doing check-ups in public health institutions. The new process was supposed to start on the 1st of October 2019, but did not, because at that time the forms in the e-health system had not been programmed. There was no clarity on a number of questions, including how many committees there should be, where they should be located, how they should be composed and selected, and how their members should be remunerated. Unfortunately, the committees are supposed to function in parallel with the committees for disability benefits and will issue separate certificates. It is not known whether current committee members will have a role in the future.

Table 1.3. Disability Assessments for Third-party Care Benefit Program in North Macedonia 2015–2018

Year	Number of Assessments	New requests	Est. Costs of assessment (€)*	Number of beneficiaries	Total benefits (€)	Admin costs/benefits (%)
2015	39,067	9,606	794,045	41,350	26,247,945	3.03
2016	38,242	10,238	777,276	42,429	27,869,698	2.79
2017	44,910	11,912	912,805	46,685	29,950,429	3.05
2018**	96,617	16,921	1,963,760	50,442	33,873,770	5.80
2018***			480,000		33,873,770	1.42

Source: Moj Termin; MLSP.

Note: *Estimated assessment cost assumes full cost coverage with charging MKD 1,250 per assessment.

**Assumes cost recovery at the level of MKD 1,250 per each case.

***Assumes 15 full time employees with 100 percent overhead rate.

For disability pensions and proof of reduced work capacity, there is another type of assessment, performed independently by the PIOM. The PIOM is responsible for an independent stream of assessments of the impairments and remaining work capacity, which are needed to qualify for a disability pension or a part-time job. Persons with disabilities file an application together with the medical documents and any other information prepared by the GP on paper at the local branch of the PIOM. The documents are sent to an assessment committee at central level, which analyses the file, seeks any clarification needed and then sets up an appointment for a check-up in Skopje. The committee has seven medical doctors, split between two sub-committees for the check-ups and assessments.

Table 1.4. Disability Assessments by the PIOM 2012–2017

Year	Assessment of the Working Ability	Other Requests	Total
2012	5.131	1.360	6.491
2013	4.678	1.248	5.926
2014	3.776	1.284	5.060
2015	3.605	1.218	4.823
2016	3.601	984	4.585
2017	3.368	763	4.131

Source: PIOM.

The administrative system and registry of disability pensioners and reduced remaining work capacity is completely parallel to the other administration and assessment systems. The PIOM

has its own database of persons who have received a disability certificate issued by them. However, there is no communication between their database and Moj Termin, and they do not have any access to documentation in the Moj Termin database. As a result, they are even more reliant on the information filled in by the GPs. However, there are complaints that the GPs have not been filling in the medical information properly, and that the assessments are being delayed for this specific reason. The results of this assessment cannot be used to qualify for any other type of benefit.

For children and youth under 26, the process is carried out by the MoH in coordination with the Ministry of Labor and Ministry of Education. There are 11 committees under the MoH, situated in Skopje and the regions, where children and the youth can be assessed. The process is not the same for all members of this age group. For children with physical impairments, some mental impairments such as autism, combined conditions, and speech, voice, hearing and chronic conditions, the applicant has to go first to a Center for Social Work, which refers the person to the committees, receives the results of the assessment, and then stipulates the level of disability and the benefits and services the person qualifies for. People with other mental conditions and sight impairments have to go to a GP, who initiates the process through Moj Termin (as in the case of adults over 26). After a decision is made, the person takes it to the Center to apply for benefits or services. As in the case of the adults with disabilities, the whole process is done on paper, and there is no management information system for children and youths with disabilities.

Although the current assessment for children and the youth is medically based only, there is a concrete plan to reform the system to be fully in line with the ICF. A new institution (the National Body for the assessment of functionality of children and youth under 26 years old) has been set up to implement the reform in the next several months and to coordinate the whole process in the future. The reform started in 2012, with a pilot supported by United Nations Children's Fund, which developed the instruments based on the ICF and included both an assessment of the functionality of the person and the need for services. All the instruments, finalized in 2016 and adapted to the country's context, should be fully implemented by 2020. The reform plan proposes nine bodies of assessment throughout the country (2 in Skopje and the other 7 in the other regions), with professional assessors contacted specifically. Each body will consist of four professionals (a psychologist, a special education officer, a social worker and a part-time physician) and one person serving the technical secretariat. The professionals will each have more than ten years of experience in the disability area and training on ICF. At the moment, it is not clear whether the National Body should act as an independent body directly under the Government, or under the Ministry of Labor and Social Work or the MoH.

The management information system that will be needed to assess the children and youth is not in place yet. Although the assessment system may need to be scaled up quickly, there is no management information system for planning, performing and recording the results of the assessments. The management information system will have to be accessible to the GPs as they will be the entry point for the assessment, and it should be connected to the database of services and the database of benefits.

In addition to the four types of assessment mentioned before, there are others. Among them, one is the assessment of the war veteran disability, which is initiated and organized independently by the Government's Department for War Veterans. Based on the overall evaluation of these disability assessment and benefit entitlement systems, the following

elements should be developed:

- **Disentanglement of the assessment of disability from the determination of eligibility for benefits.** At the moment, each type of benefit requires different types of certification and disability assessments. A unification of the methodology for assessing the conditions of persons with disabilities is critical in this sense. To benefit from assessment methodology reform (based on ICF) and advancements in assessment of children and the youth, the methodology could initially differ according to age group (children and the youth *versus* persons older than 26). The methodology should be comprehensive enough to include all types of information required by different systems: level of disability, level of work ability and the needs for services (including the need for third-party care).
- **A single assessment process that would be the gateway for any type of benefit.** At the moment, there are several commissions (some of them operating in-house within the ministries, others external) with costs that add up. At the same time, each of the committees has limited resources, which generates queues and sometimes forces the decision not to do check-ups and to rely only on the documentation for the assessment (as in the case of third-party care). On the other hand, people may have to apply for several certificates, paying multiple fees and facing high private costs. Sometimes, the assessments generate contradictory results, which reduces trust in the system. A single assessment process would reduce all the administrative costs and improve the efficiency of using the limited human resources required for performing the assessments, while alleviating the burden on beneficiaries.
- **Assessment committees closer to beneficiaries.** At the moment, all the assessments take place at central level, with high costs for persons with disabilities. Committees operating at regional level or even at local level (if the committees were to be organized as mobile teams) would reduce the costs for applicants and improve their satisfaction with the services overall.
- **A single registry for persons with disabilities, which would be connected to other relevant datasets.** At the moment, none of the disability assessment systems is linked to any others, so the levels of overlap cannot be assessed. Moreover, some systems rely on registries that are still paper-based or require significant improvements because they include incomplete information. Moreover, no existent registry is connected to other datasets they ought to be: for example, to the e-health system to check the information on the medical conditions (with the exception of the assessments for the disability benefits) or to the database of social services and social benefits. Some of the steps within the assessment procedure are still manual and based on paper (like receiving the files at the Centers for Social work, sending them to the assessment committee, having the results returned on paper). Creating a single registry of persons with disabilities would solve the dearth of information, would improve the processes and coordination across different systems and would significantly reduce the paper-work.

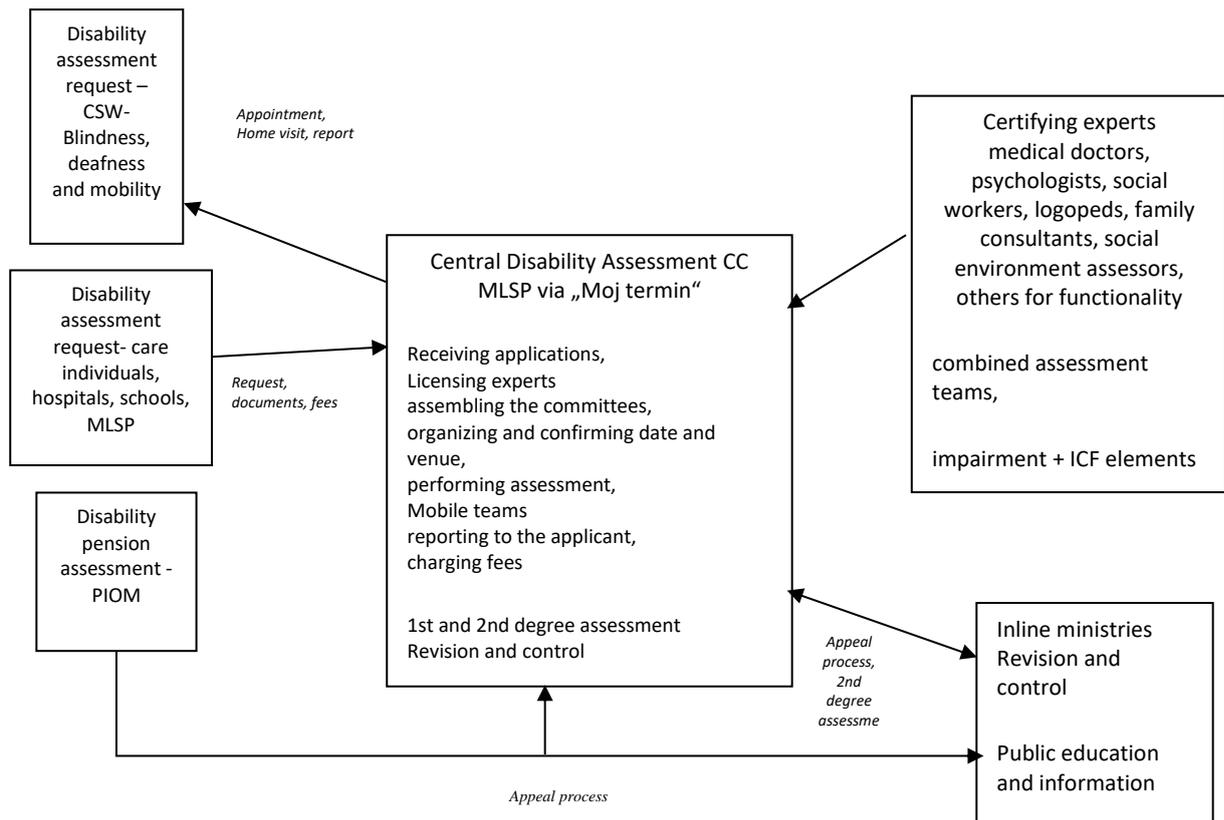


Figure 1.3. Central Disability Assessment Coordination Unit in North Macedonia – Potential Organization

The proposed reform could generate some administrative savings and improved services to clients with disabilities in North Macedonia. The reform would ultimately result in faster, more transparent, and more efficient disability certification process, and service to the clients/applicants. All disability certification applicants would undergo only one certification, ensuring horizontal equity by all persons with disabilities certified using a single and unified methodology. Unified methodology would initially contain ICF elements already envisaged for the disability assessment of youth, and open room for gradual extension of ICF onto other disability assessment areas. Individual costs of disability certification would decline, and client satisfaction rise accordingly. In the medium run, the centralized assessment system would generate lower costs than the three currently decentralized disability assessment administrations in North Macedonia.

Employment of Persons with Disabilities

Activation of persons with disabilities is one of the most important aspects of any sickness/disability management program. The longer the individual is out of the labor force, the lower the chance of return. Rehabilitation is commonly complex because of the number of different agencies that are involved in the process and the uncertainty over the outcome of the rehabilitation process. It is important for the design of the sickness and disability programs to provide incentives and reward those who return to work, and robust systems are needed to regularly review sickness and disability claims to prevent error, fraud and corruption, identify those who no longer meet eligibility conditions, or because the health condition and the

environment change over time.

Employment of persons with disabilities is moving away from compensations to active employment policies. While the previously dominated ‘sheltered work’ (employment in specialized companies established predominantly for employment of persons with disabilities) had been switched for quotas and compensations as more appropriate policies for activation of persons with disabilities, EU and OECD countries are now moving away from a compensation approach toward an integration approach when it comes to disability employment policy. Middle-income countries, however, generally have systems which are less integrative. To increase the self-reliance of disabled people, promote economic growth, and lessen the role of transfer programs, countries have increasingly started moving towards more integrative disability employment policies such as vocational rehabilitation, supported work, and reimbursement mechanisms for employer accommodations to the workplace.

Current focus on activating persons with disabilities in North Macedonia is still on protective (‘sheltered’) companies. The Law on Employment of Persons with Disabilities (2016) regulates the special conditions for employment and work of the disabled persons. In recent years four measures supported employment of persons with disability: i) Services for activation of people socially excluded; ii) Self-employment for persons with disability, focusing on training, business plan preparation, registration of enterprise and grants; iii) Jobs for persons with disability; and iv) Training for demanded occupations. Employment of the disabled persons is relatively rare in the open labor market and is mainly organized in the sheltered companies.⁵ In January 2019 there were 224 registered protective (‘sheltered’) enterprises established functioning in accordance with the Law on Employment of Persons with Disabilities. These sheltered enterprises employed 5,677 persons, of which 2,351 (41.4 percent) were persons with disabilities.

Grants to sheltered companies for employment of persons with disabilities are financed by the DEF of the AVRМ. The resources for the DEF are established with one tenth of the 1.2 percent contribution for unemployment insurance, that is, by effective contribution rate of 0.12 percent. The collected financial resources are spent on (a) the subsidies for wages of persons with disabilities employees with disabilities in the protective companies, (b) workplace adaptation, (c) non-refundable grants for acquiring the equipment, and iv) rehabilitation and training of persons with disabilities. Table 1.5 shows the results of the DEF in 2017. About two thirds of the applications have been accepted with employers mainly claiming subsidies for employment and for procurement of special equipment, none for trainings and professional rehabilitation of their employees with disabilities. Similar structure and dynamics were observed in 2018.

Table 1.5. Results of the DEF in 2017

DEF	The Total Number of Applicants		Approved Grants		
	Number of Employers	Number of Disabled Persons	Number of Employers	Number of Disabled Persons	Amount (MKD, millions)
Grants for employment of a disabled person for an indefinite period	193	324	125	237	94.4

⁵ A sheltered company is defined as a company with at least ten employees, of which minimum 40 percent are persons with disabilities, registered (as a sheltered company) with the MLSP and AVRМ.

Workplace adaptation	9	9	6	6	0.6
Procurement of equipment	53		36		59.2
Rehabilitation and training of persons with disabilities					
Total	255	333	167	243	154.2

Source: Employment Service of the Republic of North Macedonia, 2017

Besides DEF grants, sheltered companies receive a transfer for social insurance contributions for their employees. Sheltered companies are reimbursed from the central budget for social insurance contributions paid for all its employees. Transfer, channeled through MLSP, in 2017 stood at 452 mil MKD, and at 410 mil MKD in 2018. In addition to being three times higher than the subsidy from DEF, it is questionable to which extent the reimbursement of all sheltered company employees' contributions helps achieving the objective of activating persons with disabilities. New Strategy of the Government envisages a restructuring of the subsidies and reimbursements to divert more funds to professional rehabilitation of persons with disabilities and active measures for their stronger participation in the open labor market.

Overall effectiveness of the North Macedonia program for employing persons with disabilities is difficult to assess. In addition to 2351 persons with disabilities employed in sheltered companies, AVRМ is estimating about 1,000 additional persons with disabilities are employed in other companies or self-employed.⁶ On the other hand, AVRМ has 1,431 persons with disabilities registered as unemployed (seeking employment).⁷ Overall number of persons with disabilities in North Macedonia is not known. Estimates based on regional benchmarks, with around 10 percent of population being persons with disabilities, may suggest the number is around 150,000, of which around 100,000 in the working age. Having in mind all objective constraints of persons with disabilities, it is more likely that a small number of persons with disabilities seeking employment in the AVRМ is a result of closed, and non-transparent system with low expectations from persons with disabilities on their perspectives for activation. Surveys conducted among persons with disabilities show low expectations from the system, reluctance to engage in professional rehabilitation and doubt in the benefits from employment in a sheltered company.⁸ New strategy of the Government,⁹ for activating persons with disabilities broadens the employment opportunities and moves away from compensations to rehabilitation and active employment policies.¹⁰ It plans to reconsider the distribution of current "sheltering" subsidies toward professional rehabilitation and activation programs for inclusion of persons with disabilities in the open labor market, and ultimately result in a larger number of persons with disabilities participating in the labor market. The Government's plan is to discuss all aspects of employment of persons with disabilities in 2020 and develop the new Law on Employment of

⁶ The AVRМ estimates that 60 percent of employed persons with disabilities in 2017 were employed in the open market and 40 percent were employed in sheltered companies.

⁷ AVRМ Annual Report 2017.

⁸ "Analysis of the Situation with People with Physical Disabilities in Republic of Macedonia", Helsinki Committee for Human Rights of the Republic of Macedonia, 2017

⁹ Reform Program of the Government 2017-2020

¹⁰ The Government with assistance from UNDP have been piloting new model of professional rehabilitation to strengthen the open market employment of persons with disabilities. The ongoing pilot has established two rehabilitation centers, implemented in two different types of organizations, which should provide valuable insight and experience for future setup of the national rehabilitation system.

Persons with Disabilities in 2021.¹¹

This area of the SIAP would support the reform of the system of employment of persons with disabilities. The policy objective of the Government to widen employment opportunities for persons with disabilities and raise their inclusiveness into the labor markets will require a broad public debate of policy options for employment of persons with disabilities, legal preparatory work, and a public information and education campaign. Policy options analysis, especially those considering the redistribution of current “sheltering” subsidies toward professional rehabilitation and activation programs for inclusion of persons with disabilities in the open labor market will have to be prepared before the public debate. The public debate should result in a modern and sustainable Law on Employment of Persons with Disabilities in 2021. The need for setting a National Registry of Persons with Disabilities has been emphasized for decades. Its development and maintenance by the MLSP would enable designing the appropriate policy measures and their M&E. Activities expected to be supported within this subcomponent thus include technical assistance to discuss and develop the new legislative framework, organizing national information and education campaign, especially targeted toward persons with disabilities, and the establishment of the National Registry of Persons with Disabilities and system of monitoring and evaluating in the MLSP.

This Project will rely on the pilot projects undertaken by various implementation stakeholders in the development of professional and vocational rehabilitation.¹² Efficient professional rehabilitation and adequate provision of information boost participants’ theoretical, empirical, and administrative skills, making them competitive in the open labor market, but also contribute to their self-reliance, confidence, and knowledge to develop their own self-employment possibilities. The professional rehabilitation and training enhance the employability and working skills of the participating persons with disabilities, while also giving them a first-hand experience of operating in a different environment. In its pilot project, the UNDP established two rehabilitation centers. These centers were implemented in two different types of organizations, which should provide valuable insight and experience for future setup of the national rehabilitation system. The first type is a state institution, “the Institute for rehabilitation of children and youth Topansko Pole” based in Skopje and the second type is a civil society organization “Izbor” located in Strumica. Both Centers provide same set of services, while the evaluation of the pilot project should provide information on the effectiveness and efficiency of service provision within each type of organization. Both rehabilitation centers would implement a standard set of services, which includes initial functional assessment of work abilities, development of individual plan of vocational and professional rehabilitation, support for inclusion in education activities and in work environment in the open labor market. The activities will also contain assessment of work efficiency at workplace and re-assessment of client after the implementation of the individual rehabilitation plan. The results of the UNDP’s pilot, combined with the results of the SIAP, would inform the Government about potential next steps and future areas of support.

Reforming the early retirement system for hazardous and arduous occupations

¹¹ The MLSP's report of September 30, 2019, to the Government.

¹² “Development of a model for establishing a Center for professional and vocational rehabilitation in Macedonia Recommendation Report”, Institute for Labour Market Development, (2018)

The recently enacted pension reform will stabilize the North Macedonia system over the near term. The Law on Pension and Disability Insurance, adopted in December 2018, addresses pension system fiscal sustainability and the adequacy of multipillar pensions. The list of pension policy measures aimed to secure fiscal sustainability and strengthen equity includes (a) more sustainable (Consumer Price Index) indexation of pensions, (b) harmonization and lowering of accrual rates, (c) a modest contribution rate increase, and (d) switchback of Pillar 2 members older than 50 to the “pay-as-you-go” pillar. The Law on Social Security for Elderly Citizens also introduces a means-tested social pension for elderly above 65. While this is a good reform start for the near future, there is still the need to generate fiscal savings in the long run.

North Macedonia has already tightened the opportunities for general early retirement. General early retirement, common in other countries in the region and in the EU, was abolished in North Macedonia in 2005. A potential channel of early retirement through disability was in parallel tightened through the introduction of stricter disability eligibility criteria. The only remaining early retirement option is the ESP for hazardous and arduous occupations (ESP; also known in local language as *‘beneficirani staz’*), which awards 14–18 months of service for each 12 months of period worked, depending on hazard levels, and reduces their retirement age accordingly. Reform of the mandatory early retirement in hazardous occupations, its current financing arrangement, as well as the list of occupations eligible for ESP was announced in the Economic and Social Reform Program 2020 of the Government for the second phase of the pension reform.

The list of insured individuals eligible to retire early with ESP in North Macedonia has not been revised and updated regularly. Last revision of the ESP list was performed in 2011,¹³ with modest changes to the ESP period attributable to each occupation, and minor reduction of the list of occupations. There are approximately 2,000 registered work positions with ESP counting toward retirement. Most of the ESP work positions with 12/14 degree (each 12 months of work counts as 14 months) are in the construction industry, building materials, emergency medical assistance and long-term care institutions, communal activities, organic chemical industry, traffic (railway traffic and city traffic), textile industry, thermal power plants, smelters, mines, ferroalloys and some employees in the customs. Contributors in 12/15 group are employed in mines, iron works, communal activities, smelters, customs, textile industry, emergency medical institutions, and small number in air traffic. Other three groups 12/16, 12/17 and 12/18 include air traffic controllers, thermo-electrical plants, ferroalloys and customs. The 12/17 group consists only from the ESP contributors that works in mines. Group 12/18 includes singers, dancers, pilots, divers, and again miners. Occupations in the ministries of interior and defense (military, police, firefighters, and security agencies’ personnel) are eligible largely for 12/15 and 12/16 ESP level.

The list of occupations qualifying for ESP is planned to be reviewed and narrowed. In North Macedonia there are approximately 25,000 insured individuals eligible for ESP. The overall share of insured individuals eligible for ESP stands at 4.5 percent, of which 2.7 percent is the share of the military and police, and 1.8 percent all other occupations eligible to ESP. Following the EU countries’ experiences, the share of workers eligible for early retirement should be limited below 2 percent of insured, preferably around 1 percent (excluding the army and the police). North Macedonia ESP eligibility for non-military and non-police occupations broadly fits the range but should be refreshed to curb it closer to 1 percent. With regards to the insured in military and

¹³ Rulebook for Determining Working Positions with Extended Service Period, Official Gazette 32, March 2011.

police, the share of insured covered by ESP is high compared to international standards. It already exceeds the average EU share of all police and military personnel in total employment. As much as 70 percent of employees in police and military are eligible to ESP, which is excessive given the rapidly improving political and safety circumstances. ESP should be narrowed to people performing duties which require high physical exposure and health risk, while coverage by ESP for the people working, for example, in administrative positions in police and military should be eliminated. The SIAP will finance the revision of the ESP list as the first step in reforming the system of early retirement of hazardous and arduous occupations. The objective of this activity will be to increase their participation in the labor market.

The Government intends to engage in further reforms of the early retirement system for hazardous occupations. There are two main trends in the end-of-career measures that are identified in the case of workers in hazardous and arduous conditions: (a) measures that facilitate early exit measures; and (b) measures prolonging working life. The measures that are linked to prolonging working lives usually base on the linking of the social, labor market and health policies to support working lives. They aim at enhancing functional capacities of workers, through empowerment and rehabilitation. Best practices in this area rest on three-pronged strategy: occupational health and safety focusing on prevention; rehabilitation and active labor market policy measures focusing on reinsertion into the labor market; and social protection focusing on prolonging working lives and reducing early labor market exit. Active labor market policies usually cover measures such as vocational training, counseling, job handovers, or different work ability provisions.¹⁴ Early exit measures in most of the cases are guaranteed through separate pension rules within the general system – approach similar to the current one in North Macedonia. In the course of the last decade almost all EU countries introduced measures that tighten early exit (with exception of the Czech Republic). Some of the countries also introduced measures that support work ability, such as tightening eligibility conditions and prolonging work capacity through prevention and rehabilitation (Sweden); “Flex Job Reform” program with re-insertion measures (Denmark); combining vocational training and part-time work on the same pay instead of early retirement (France); or reduction in access to early retirement combined with rehabilitation and training programs (Austria). The measures related to tightening access include for example phasing out early retirement and no possibility to accumulate new eligibility (Hungary); revision of jobs that were considered arduous (Croatia). A similar effort will be undertaken in North Macedonia as well.

¹⁴ Measures that are applied include for example extra leave for older workers (assuming they need extra time off to remain healthy and fit for work); possibility of reduced hours; flexible timing of breaks at work; exempting older workers from overtime, irregular working hours, weekend work and team work; and providing further training measures.

ANNEX 2: Terms of reference

Annex 2.1 TOR for Financial Audit of the Social Insurance Administration Project

(1) Background

The Government of the Republic North Macedonia has received Loan from the International Bank for Reconstruction and Development, for implementing the Social Insurance Administration Project (SIAP).

The SIAP development objective is to improve the quality of services in administering social insurance, and strengthen the regulatory framework for people with disabilities and hazardous occupations. Support for the establishment of a central registry of socially insured individuals (Single Unified Registry System - SURS) and support to strengthen the business processes and administrative capacity of PDF in order to serve the insured individuals in the first pillar more efficiently and effectively. Strengthen the regulatory framework for persons with disabilities and for hazardous occupations by establishing a unified disability assessment system and Central Disability Certification Coordination Unit (CDCCU), reforming the system of employment of persons with disabilities to widen employment opportunities for persons with disabilities and raise their inclusiveness into the labor markets.

(2) Objective

The objective of the audit is to enable the auditor to express an opinion on the SIAP project financial statements (PFS) as of [MONTH, DATE, YEAR] and for the fiscal year then ending.

The Project's accounting system (books and records) which provides the basis for the preparation of the PFS, was established to record the financial transactions of the Project, and is maintained by Project's management unit (PMU) within Ministry of Labor and Social Policy.

(3) Scope of Services

The audit will be conducted in accordance with International Standards on Auditing (ISA) as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC), with special reference to ISA 800 (Auditor's Report on Special Purpose Audit Engagements) and to relevant World Bank guidelines. In conducting the project audit, special attention should be paid to the following:

- a) External funds have been used in accordance with the conditions of the relevant general conditions, relevant financing agreements and disbursement letter, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- b) Goods, works and services financed have been procured in accordance with the relevant general conditions, relevant financing agreements and disbursement letter;

- c) Necessary supporting documents, records, and accounts have been kept in respect to fall Project ventures including expenditures reported via Summary Report or Designated Accounts (DAs) used as the basis of disbursement. Clear linkages should exist between the accounting records and the financial reports presented to the Bank.
- d) Designated Accounts have been maintained in accordance with the provisions of the relevant general conditions, relevant financing agreements and disbursement letter.
- e) The PFS have been prepared in accordance with generally accepted accounting principles and practices and relevant World Bank guidelines, and give a true and fair view of the financial position of the Project as of [MONTH DATE, YEAR] and of the resources and expenditures for the fiscal year then ending.

3.1 Project Financial Statements

As part of the audit of the PFS, the auditor is required to audit the Project Financial Statements:

- a) Summary of Funds received, showing the World Bank, Project funds separately.
- b) Summary of Expenditures shown under the main project headings and by main categories of expenditures, both for the current fiscal year and accumulated to-date;
- c) Summary of Summary Reports used as the basis for the submission of withdrawal applications;
- d) A Statement of Designated Account; and
- e) A Balance Sheet showing Accumulated Funds of the Project, bank balances, other assets of the Project, and liabilities, if any.

3.2 Summary report

As part of the audit of the PFS, the auditor is required to audit all Summary Reports and Interim Un-audited Financial Reports (Interim Reports) used as the basis for the submission of withdrawal applications.

These Summary Reports (or Interim Reports) should be compared for project eligibility with the relevant general conditions, relevant financing agreements, and disbursement letter, and with reference to the Project Appraisal Document for guidance when considered necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted in separate note disclosures and also in the management letter, by the auditor. The Project Financial Statements (or included within the notes to the project financial statements) should be a schedule listing individual Summary Reports (or Interim Reports if used as the basis of disbursement) withdrawal applications by specific reference number and amount.

The auditor should pay particular attention as to whether:

- a) the Summary Reports (or Interim Reports) have been prepared in accordance with the provisions of the relevant financing agreement.
- b) expenditures have been made wholly and necessarily for the realization of project objectives.
- c) Information and explanation necessary for the purpose of the audit have been obtained;
- d) supporting records and documents necessary for the purpose of the audit have been retained, and

- e) the Summary Reports (or Interim Reports) can be relied upon to support the related withdrawal applications.

3.3 Designated account

In conjunction with the audit of the Project Financial Statements, the auditor is also required to audit the activities of the Designated Accounts associated with the Project. The Designated Accounts usually comprise

- a) Deposits and replenishments received from the Bank;
- b) Payments substantiated by withdrawal applications;
- c) Interest that may be earned from the balances and which belong to the borrower; and
- d) The remaining balances at the end of each fiscal year.

The auditor should pay particular attention as to the compliance with the Bank's procedures and the balances of the Designated Accounts at the end of the fiscal year (or period). The auditor should examine the eligibility of financial transactions during the period under examination and fund balances at the end of such a period, the operation and use of the DAs in accordance with the relevant general conditions, relevant financing agreements and disbursement letter, and the adequacy of internal controls for this type of disbursement mechanism.

For this Project, the Designated Accounts are referred to in [CITE RELEVANT CLAUSES] of the relevant general conditions, relevant financing agreements and disbursement letter.

3.4 Audit reports

The auditors will issue an audit opinion on the Macedonia Social Insurance Administration Project (SIAP), Project Financial Statements .

In addition to the audit opinion, the auditor will prepare a "management letter," in which the auditor will:

- a) Give comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
- b) Identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- c) Report on the lack of compliance of each financial covenant in the relevant financing agreement;
- d) Communicate matters that have come to their attention during the audit which might have a significant impact on the implementation of the project;
- e) Bring to the borrower's attention any other matters that the auditor considers pertinent; and
- f) Include management's comments in the final management letter.

The financial statements, including the audit opinion, and management letter should be received by the SIA Project's Management Unit no later than six months after the end of the audited fiscal year. The SIA Project's Financial Manager should then promptly forward two copies of the audited project financial statements (including audit opinion) and management letter to the Bank.

(4) Duration, Reporting and Outputs

Audit services would be required to cover the following periods:

The following reports should be furnished:

1. Audit report including the audit opinion and management letter covering the period from (shall be additionally defined up to December 31, 2020 should be completed not later than June 20, 2021;
2. Audit report including the audit opinion and management letter covering the period from January 1, 2021 up to December 31, 2021 should be completed not later than June 20, 2022;
3. Audit report including the audit opinion and management letter covering the period from January 1, 2022 up to December 31, 2022 should be completed not later than June 20, 2023;
4. Audit report including the audit opinion and management letter covering the period from January 1, 2023 up to December 31, 2023 should be completed not later than June 20, 2024;

The financial statements, the auditor's report and management letter on English and Macedonian should be submitted to the Project director and Financial manager. The Financial manager should then promptly forward two copies of the audited project financial statements (including the auditor's report) and management letter to the World Bank.

(5) General

The responsibility for the preparation of financial statements including adequate disclosure is that of the project management unit of the Macedonia Social Insurance Administration Project (SIAP). This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the entity. As part of the audit process, the auditor will request from management written confirmation concerning representations made to the auditor in connection with the audit.

The SIA Project's Management Unit will co-operate fully with the auditor and will make available to the auditor whatever records, documentation and other information is requested by the auditor in connection with the audit. The auditor should be given access to all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding at the Bank.

It is highly desirable that the auditor become familiar with the relevant World Bank guidelines, which explain the Bank's financial reporting and auditing requirements. These guidelines include:

- Financial Management Practices in World Bank Financed Investment Operations, dated November 2005, updated 2017
- World Bank Disbursement Handbook for Borrowers, updated 2017

- World Bank Disbursement Guidelines, dated September 2005, updated 2017
- Financial Monitoring Report (FMR)
- Guidelines to Borrowers dated November 30, 2001.

The auditor should understand that working papers under World Bank project can be subject to the review by Client's and/or World Bank designated staff.

ANNEX 3: Interim un-audit Financial Management Reports

Interim un-audited financial reports (IFR)

_____ Project (Loan No.xxxxx)
DESIGNATED ACCOUNT STATEMENT
For the quarter ending xx/xx/20xx
In EUR

Opening Balance at the beginning of period		
Plus: Replenishment during the period		
Interest earned and retained on account		
Less: Amount of eligible expenditures paid during the period		
Refund from DA		
Closing Balance at the end of period		
Balance per DA Bank Statement Euro		
Discrepancy in closing balance		
Explanation		

Interim un-audited financial reports (IFRs)

Project (Loan No.xxxxx)
PROJECT CASH RECEIPTS & PAYMENTS
 For the quarter ending xx/xx/20xx
 In EUR

	Actual			Budget			Variance		
	Current period	Year To Date	Cumulative to Date	Current period	Year To Date	Cumulative to Date	Current period	Year To Date	Cumulative to Date
Sources of Funds									
Loan funds									
Interest Earned									
Total sources	0,00	0,00	0,00						
Less: Uses of Funds									
Comp.1 Promoting social inclusion through improved access to social benefits and services									
Comp.2 Expanding the access to and improving the quality of preschool services									
Comp.3 Project management, monitoring and evaluation									
Front-end Fee									
Total uses of funds	0,00	0,00	0,00						
Net increase/(Decrease) in cash flow	0,00	0,00	0,00						
Bank Balances beginning of period	0,00	0,00	0,00						
Bank Balances end of period	0,00	0,00	0,00						

Interim un-audited financial reports (IFR)

(Loan No.xxxxx)
USES OF FUNDS BY PROJECT ACTIVITY
 For the quarter ending xx/xx/20xx
 In EUR

	Actual			Budget			Variance		
	Current period	Year To Date	Cumulative to Date	Current period	Year To Date	Cumulative to Date	Current period	Year To Date	Cumulative to Date
Comp.1 Name of the component									
3.1 Infrastructure Investments									
Grant 1									
Contract 1									
Contract 2									
Payments without contract									
1 Name of Component									
Grant 1									
Contract 1									
Contract 2									
Payments without contract									
Sub-total component 1									
Comp.2. Name of Component									
Contract 1									
Contract 2									
Payments without contract									
Sub-total component 2									
Comp.3. Name of Component									
Contract 1									
Contract 2									
Payments without contract									
Sub-total component 3									
Front-end Fee									
Total Project Expenditures									

Interim un-audited financial reports (IFRs)

Project (Loan No.xxxxx)
NARRATIVES TO THE REPORTS
ACCOUNTING POLICIES AND EXPLANATORY NOTES

ANNEX 4. Results Framework and Monitoring

Project Development Objective(s)

Improve the quality of services in administering social insurance and strengthen the regulatory framework for people with disabilities and hazardous occupations.

Project Development Objective Indicators					
Indicator Name	DLI	Baseline	Intermediate Targets		End Target
			1	2	
Improve the quality of services in administering social insurance					
Single unified registry of socially insured individuals developed and functional (Text)		Inexistent	Specialized legislation on SURS adopted.	Other national legislation harmonized with the special legislation on SURS as required.	SURS established and operational.
Proportion of insured population whose social insurance information is centrally available to all social insurance agencies. (Percentage)		40			100
Strengthen the regulatory framework for people with disabilities and hazardous occupations					
Proportion of disability certificate applicants during the past months who had at least one previously issued and currently valid valid disability certificate. (Percentage)		50			10
Average time to issue a disability certificate (Number)		More than 120 days			60 days

Intermediate Results Indicators by Components					
Indicator Name	DLI	Baseline	Intermediate Targets		End Target
			1	2	
Component 1. Strengthening the efficiency of pension and social insurance administration					
Percentage of centrally maintained records of socially insured individuals shared by all social insurance and tax agencies (Percentage)		0	40		100
Average time to transfer second pillar funds to individual accounts (Text)		5 days			Below 3 days
Selected functionalities of PIOM improved (Text)		Actuarial department not operational			Actuarial department fully staffed and operational.
Proportion of individual pension service and earnings records in PIOM that are consolidated (Percentage)		50	60	80	95
Component 2. Supporting the Implementation of Pension and Disability System Reforms					
Public awareness on employment of persons with disabilities raised (Text)		0 inquiries	2,500 inquiries	5,000 inquiries	10,000 inquiries

Law on Employment of Persons with Disabilities enacted (Text)		Current law mainly treats employment through sheltered companies.	Reform options discussed and a new law drafted.		New law passed/enacted.
List of jobs declared as hazardous and arduous (Extended Service Period /ESP/ list) revised and enacted (Text)		ESP list not revised	ESP list under revision	ESP list revised	ESP list revised and enacted (through pension legislation)
Enacted unified methodology for disability assessment and determination (Text)		Unified methodology inexistent	Unified methodology designed		Unified methodology enacted
Central coordination unit for unified disability (CDCCU) functional (Text)		Inexistent	CDCCU legally institutionally established in MLSP (having the legal statute and competencies established).		CDCCU fully functional and operational.
Single registry of persons with disabilities developed and functional (Text)		Inexistent			Registry fully functional and operational.
Percentage of persons who had check-ups as part of their disability assessments, out of those who were issued disability certificates during the previous month (Percentage)		Below 60			90
Percentage of persons assessed outside Skopje (out of those residing outside Skopje), who were issued disability certificates or formal rejection decisions in the previous month (Percentage)		Below 10			40
Component 3: Project Management					
Share of beneficiaries satisfied with responsiveness of the grievance redress mechanism (Percentage)		0	20		50
Communication campaigns developed and implemented (SURS, CDCCU, disability employment) (Number)		0			3
Share of citizen engagement activities, which result in inputs incorporated in the project design. (Percentage)		0.00			33.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Single unified registry of socially insured individuals developed and functional
Definition/Description	SURS means a unified, simplified, and centralized registration and database system to social insurance hosted and organized as an independent entity under MLSP, which includes a standardized, transparent, and centralized process of registration of insured individuals, serves all social insurance agencies and the tax administration, and the insured population; and maintains a single unified central database of socially-insured persons and their contribution history. "Operational" means that it takes over all registries of insured persons of all categories of social insurance into a single and central registration function, and is able to deliver that information to other agencies as needed.
Frequency	Annually
Data Source	Project progress reports, Government legislation and regulations
Methodology for Data Collection	Regular monitoring
Responsibility for Data Collection	MLSP

Indicator Name	Proportion of insured population whose social insurance information is centrally available to all social insurance agencies.
Definition/Description	The percentage of insured population whose data is entered into the new single unified register and is available for reference and processing to relevant agencies.
Frequency	Annual
Data Source	Project progress reports, SURS/MLSP Annual Reports
Methodology for Data Collection	Regular monitoring
Responsibility for Data Collection	MLSP

Indicator Name	Proportion of disability certificate applicants during the past months who had at least one previously issued and currently valid disability certificate.
Definition/Description	Over time, it is expected that because of the methodology unification and institutional coordination, the persons who already have a valid disability certificate will no longer need other certificates to apply for other benefits
Frequency	Annual
Data Source	Admin data (lists of persons with disability certificates and of persons who applied for disability certificates.
Methodology for Data Collection	Matching between (1) the list of people who applied for any disability certificate in the previous month (for (i) disability pension and reduced working ability, (ii) disability benefits, (iii) children and the youth, (iv) third-party care, (v) benefits for veterans) and (2) the list of people who had at least one valid disability certificate during that month.
Responsibility for Data Collection	MLSP

Indicator Name	Average time to issue a disability certificate
Definition/Description	Average number of days spent from the application for a disability certificate is submitted until the disability certificate is issued or until a formal decision for those who were rejected is submitted to the applicant for the persons who were issued certificates

	or rejection formal decisions in the previous month. The indicator is calculated for all 5 types of disability certificates.
Frequency	Annual
Data Source	Admin data
Methodology for Data Collection	Lists of people who were issued disability certificates or formal rejection decisions for all types of disability certification in the previous month. For each person the following information will be needed: (i) the day when the person submitted the application and (ii) the day when the certificate or the formal rejection decision was issued
Responsibility for Data Collection	MLSP

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Percentage of centrally maintained records of socially insured individuals shared by all social insurance and tax agencies
Definition/Description	Share of social insurance records containing information on employment status, service record, past earnings, and other data relevant for all social insurance agencies. Currently, records are maintained individually by agencies, while in the future they will be maintained centrally by SURS.
Frequency	Quarterly
Data Source	SURS/MLSP, PIOM, UJP, AVRМ, FZO
Methodology for Data Collection	Regular monitoring
Responsibility for Data Collection	SURS/MLSP

Indicator Name	Average time to transfer second pillar funds to individual accounts
Definition/Description	Time between collection of second pillar contribution and its receipt on the individual account.
Frequency	Quarterly
Data Source	SURS and MAPAS reports
Methodology for Data Collection	Regular monitoring
Responsibility for Data Collection	MAPAS, SURS/MLSP

Indicator Name	Selected functionalities of PIOM improved
Definition/Description	A functional review conducted under the project is expected to result in recommended actions during the project life. The indicator seeks to register the following actions: staffing of the Actuarial Department, the preparation of its workplan, its plan of research and publications, and its training program.
Frequency	Annual
Data Source	PIOM Annual Report
Methodology for Data Collection	Regular monitoring

Responsibility for Data Collection	PIOM
------------------------------------	------

Indicator Name	Proportion of individual pension service and earnings records in PIOM that are consolidated
Definition/Description	The percentage of individuals with fully registered and accounted-for service years (i.e. with clean and complete data on paid contributions, wages earned, length of work.)
Frequency	Annual
Data Source	Project progress reports, PIOM Annual Reports
Methodology for Data Collection	Regular monitoring
Responsibility for Data Collection	PIOM

Indicator Name	Public awareness on employment of persons with disabilities raised
Definition/Description	Inquiries to the Central National Registry of Persons with Disabilities through various means of communication (including e-inquiries, phone calls, emails, etc.)
Frequency	Annual
Data Source	Disability Registry annual Report
Methodology for Data Collection	Regular monitoring
Responsibility for Data Collection	MLSP

Indicator Name	Law on Employment of Persons with Disabilities enacted
Definition/Description	New Law on Employment of Persons with Disabilities passed, which includes broader options for employment of persons with disabilities.
Frequency	Ongoing
Data Source	MLSP
Methodology for Data Collection	Monitoring of the national legislative program.
Responsibility for Data Collection	MLSP

Indicator Name	List of jobs declared as hazardous and arduous (Extended Service Period /ESP/ list) revised and enacted
Definition/Description	This indicator looks at a necessary revision/optimization of the ESP-listed jobs defined as hazardous and arduous by the pension legislation.
Frequency	Annual
Data Source	MLSP
Methodology for Data Collection	Regular monitoring
Responsibility for Data Collection	MLSP

Indicator Name	Enacted unified methodology for disability assessment and determination
----------------	---

Definition/Description	The project promotes the development and introduction of a single methodology for disability assessment and determination that will be applicable for all types of disability-related benefits/services that are legislated and provided by public sources.
Frequency	Annual
Data Source	Government legislation and regulation
Methodology for Data Collection	Regular monitoring of the legislation
Responsibility for Data Collection	MLSP

Indicator Name	Central coordination unit for unified disability (CDCCU) functional
Definition/Description	The regulations for putting in place the central coordination unit are enacted, and unit is in place.
Frequency	Annual
Data Source	Government legislation+ MLSP organizational chart
Methodology for Data Collection	Regular monitoring of the legislation and regulations
Responsibility for Data Collection	MLSP

Indicator Name	Single registry of persons with disabilities developed and functional
Definition/Description	This indicator requires the creation and putting into operation of a registry of all persons with disability certificates in North Macedonia.
Frequency	Annual
Data Source	Disability national database and monitoring report
Methodology for Data Collection	Extract from the single registry of all the persons with disability certificates (information regarding their application dates, valid period, type of disability and disability level).
Responsibility for Data Collection	MLSP

Indicator Name	Percentage of persons who had check-ups as part of their disability assessments, out of those who were issued disability certificates during the previous month
Definition/Description	At baseline, because of the lack of resources, none of the persons assessed for third-party care go through any check-ups. The reforms are expected to free resources that would be used to increase the number of check-ups in the assessment process.
Frequency	Annual (consolidated monthly)
Data Source	Administrative data
Methodology for Data Collection	Total number of persons who received disability certificates for whom no check-up is required, out of the total number of persons who were issued disability certificates in the previous month.
Responsibility for Data Collection	MLSP

Indicator Name	Percentage of persons assessed outside Skopje (out of those residing outside Skopje), who were issued disability certificates or formal rejection decisions in the previous month
----------------	---

Definition/Description	The indicator will measure the percentage of people who are positively affected by the increase in the number of assessment centers/locations outside Skopje.
Frequency	Annual (consolidated monthly data)
Data Source	Administrative data
Methodology for Data Collection	Two pieces of information will be required: (i) total number of people residing outside Skopje, who were assessed in the regional centers/other locations outside Skopje for any type of disability certificate; and (ii) total number of people residing outside Skopje who were issued disability certificates or formal rejection decisions in the previous month.
Responsibility for Data Collection	MLSP

Indicator Name	Share of beneficiaries satisfied with responsiveness of the grievance redress mechanism
Definition/Description	This indicator monitors the beneficiary satisfaction with responsiveness of the grievance redress mechanism
Frequency	Twice over the life of the project
Data Source	MLSP/PMU beneficiary assessment or built-in survey
Methodology for Data Collection	Regular
Responsibility for Data Collection	MLSP/PMU

Indicator Name	Communication campaigns developed and implemented (SURS, CDCCU, disability employment)
Definition/Description	This indicator tracks the communication campaigns developed and implemented for the purposes of the project activities (in the areas of SURS, CDCCU, and disability employment). The three planned campaigns can be part of a single public relations package.
Frequency	Annual
Data Source	MLSP/PMU
Methodology for Data Collection	Regular
Responsibility for Data Collection	MLSP/PMU

Indicator Name	Share of citizen engagement activities, which result in inputs incorporated in the project design.
Definition/Description	The indicator monitors how many events out of all events for the CE engagement (formatted workshops, focus groups) resulted in feedback that is incorporated in project outputs and activities.
Frequency	Annual
Data Source	MLSP/PMU
Methodology for Data Collection	Regular monitoring
Responsibility for Data Collection	MLSP/PMU

ANNEX 5. Initial Procurement Plan

SIPA		Procurement category	Selection Method
Component 1.	<i>Improving the quality of the social insurance administration services</i>		
1.1	Establishment of Single Unified Registry System for social insurance		
1.1.1	Technical assistance for legislative changes	CS	INDV
1.1.2/3	Undertake business needs analysis for all social insurance agencies and tax administration, provide input to ToRs for SURS Design and Design of SURS: business operations model; database system; software applications; electronic document management system; business functions and processes; operating rules and procedures; identify interfaces and linkages (including communications infrastructure) needed by SURS system and with other participant agencies; SURS organizational structure; SURS staff levels; SURS job descriptions; define and design SURS linkages (including technical specifications) needed by each participating institution; prescribe SURS document archive requirements. Develop inputs to ToRs for SURS development and implementation.	CS	QCBS

1.1.4	<p>Develop and implement SURS Phase 1, including: developing SURS database and function applications; develop SURS web portal and all related functionality; testing SURS system; develop business processes; design and develop all business forms (including 'M' forms) needed to use SURS; write standard operating procedures; deliver user ICT and business process training (SURS staff and staff of user institutions); develop technical linkages between user institutions and SURS (including web interface etc.); implement electronic document management system; undertake migration of data from institutions' registries to SURS; develop SURS ICT maintenance plan; specify and prepare inputs for procurement of all hardware, software, electronic document management system, and communications requirements for SURS; prepare SURS Disaster Recovery Plan; install hardware and communications equipment; provide input to public information campaign; develop and implement SURS roll-out plan SURS on phased basis; fine-tune system after roll-out; provide ICT maintenance cover across 2 fiscal years (business cycles). SURS Phase 1 would include take-over of AVRMS existing client registration and data collection functions, with the possibility of also including other smaller categories of insured person (e.g. farmers, voluntary insured, market traders, religious). It would also include streamlining Pillar 2 funds and data flows. Phase 1 tasks would include developing a detailed plan for SURS expansion to cover other insured person categories, notably health insurance.</p>	CS	QCBS
1.1.5	SURS hardware, software (including licenses), and document management system procurement	GO	RFB

1.1.6	Data cleanup of institution's existing data (including cleanup and digitization of legacy data)	CS	QCBS
1.1.7	Adjustment of UJP, FZO, AVRМ, PIOM, MAPAS and MLSP to SURS – investment in data links and interfaces with SURS, adjustment of business processes, training;	CS	QCBS
1.1.8	Office renovation - SURS HQ	WO	RFB
1.1.9	Procurement of furniture	GO	RFQ
1.1.10	Public information and education campaign on SURS functionalities, benefits for users, and operations;	CS	QCBS
1.2	Business process improvement and modernization in PIOM		
1.2.1	Functional review of the PIOM and proposal for PIOM modernization, including business processes, technical capacity, actuarial capacity, HR training, client services; and	CS	QCBS
1.2.2	PIOM modernization implementation		
1.2.2.1	TA for business processes redesign	CS	QCBS
1.2.2.2	TA for analyzing individual service records database in PIOM, technical and legal options for consolidation, drafting legal documents and consolidation procedure	CS	CQS

1.2.2.3	TA for implementing the consolidation of PIOM database based on 1.2.2.2	CS	QCBS
1.2.2.4	Software development	GO	RFB
1.2.2.5	Procurement of hardware	GO	RFB
1.2.2.6	Training (actuarial department is included)	TR	
Component 2.	<i>Strengthening the regulatory framework for persons with disabilities and for hazardous occupations</i>		
2.1	Establishing Central Disability Certification Coordination Unit (CDCCU)		
2.1.1	Preparation of documents for establishing a CDCCU including design of business processes and system of monitoring, evaluation, licensing, supervision, and control, and detailed investment plan	CS	QCBS
2.1.2	TA for legislative changes	CS	INDV
2.1.3	Implementation of the CDCCU, including		
2.1.3.1	Developing business processes	CS	CQS
2.1.3.2	Software development	G	RFB

2.1.3.3	Establishing of M&E system	CS	INDV
2.1.4	Office renovation	WO	RFQ
2.1.5	Procurement of furniture	GO	RFQ
2.1.6	IT equipment for CDCCU	GO	RFB
2.1.7	Public information campaign for new disability assessment processes	CS	CQS
2.1.8	Procurement of equipment for the Mobile assessment teams (vehicles, mobile devices)	GO	RFB
2.1.9	Training of CDCCU staff	TR	
2.2	Reforming the system of employment of persons with disabilities		
2.2.1	Technical assistance for legislative changes regarding the employment of workable PWDs (Law on employment of PWDs)	CS	INDV
2.2.2	Support to implementation of the reform of the system of employment of PWDs and improvement of public awareness on inclusion and employment of persons with disabilities		
2.2.2.1	Development of the National Registry of PWDs - development of business processes	CS	INDV
2.2.2.2	MLSP Software upgrades to support the Registry of PWD	GO	DIR

2.2.2.3	Training of operators of the Registry	CS	INDV
2.2.2.4	IT equipment to support the Registry of PWDs	GO	RFQ
2.2.2.5	Information campaign especially targeted towards the persons with disabilities.	CS	QCBS
2.2.3	Local Technical assistance for legislative changes regarding the employment of workable PWDs (Law on employment of PWDs)	CS	INDV
2.3	Revision of the list of hazardous occupations eligible for early retirement with extended service period (ESP).		
2.3.1	Hiring a licensed reputable international company for Revision of the list of hazardous occupations eligible for early retirement with extended service period (ESP).	CS	QCBS
2.3.2	Reform proposal of the early retirement system for hazardous occupations	CS	INDV
3	Project Management		
3.1	Pension administration specialist	CS	INDV
3.2	Disability assessment specialist	CS	INDV
3.3	Procurement Officer	CS	INDV
3.4	Financial Officer	CS	INDV
3.5	Monitoring and Evaluation Specialist	CS	INDV

3.6	IT engineers	CS	INDV
3.7	Project Audit	CS	LCS
3.8	Satisfaction Beneficiary Survey	CS	CQS
3.9	Accounting software adjustment	GO	DIR
3.10	Operating costs	IOC	
3.11	Project Manager	CS	CDS
3.12	SIAP Coordinator	CS	CDS
3.13	IT consultant	CS	CDS
	Front and Fee		
	Procurement Category		
CS	Consulting services		
GO	Goods		
CW	Civil works		
TR	Trainings		
Procurement Method Code (CS)	Procurement Method Definition		
QCBS	Quality and Cost-Based Selection		

FBS	Fixed Budget Selection
LCS	Least Cost Selection
QBS	Quality Based Selection
CQS	Consultant Qualification Selection
CDS	Direct Selection
INDV	Individual Consultant Selection
Procurement Method Code (GO)	Procurement Method Definition
RFP	Request for Proposals
RFB	Request for Bids
RFQ	Request for Quotations
DIR	Direct Selection

Deputy Minister of Labor and Social Policy

Gjonul Bajraktar