IPA III Operation Identification Sheet

1. **Title of the Operation:**

“Boosted development of social and micro-enterprises for (self)employment among vulnerable groups”

1. **Managing Authority:**

Ministry of Labour and Social Policy (MLSP)

1. **Intermediate bodies responsible for the Implementation of the Operation:**

Ministry of Finance (MF), Central Financing and Contracting Department (CFCD) (Intermediate Body for Financial Management - IBFM)

1. **Compatibility and coherence with the Operational Programme**

**4.1 Title of the programme**

Operational Programme “Jobs and opportunities”, Multiannual Operational Programme on sector human capital in favour of the Republic of North Macedonia for 2024-2027

**4.2 Title of the relevant Area of support**

#### Area of support 1: Employment and Labour Mobility

1. **Description of the Operation**

**5.1 Contribution to the achievement of the Operational Programme:**

This Operation will be implemented through two activities that contribute to IPA III OP Specific Objective (Outcome) for ‘*Enhanced employment and employability of the labour force focusing on youth, women, and vulnerable*:

* Technical assistance project ‘*Supporting the Implementation of Law on Social Enterprises*’ and
* Grant scheme ‘*Supporting the development of new and existing social enterprises in North Macedonia*’ *groups’.*

The development of social enterprises in North Macedonia is at an early stage and has only recently become part of public policies. Around 150 legal entities from the civil society sector and others declare as social enterprises or having such activities, but up to 20 of these entities might be identified that have dealings and could be characterised as social enterprisers.

Legal entities in North Macedonia that work by the principles of social economy have different legal forms in different stages of development and work on various activities. The most common are social enterprises for work integration, which represent independent economic entities whose primary goal is the professional integration of people who face difficulties in joining the labour market. Other sectors in which social enterprises exist are education, rehabilitation and resocialisation, home care and assistance, personal assistance for persons with disabilities, as well as the sale of local products, handicrafts, organic food production, eco-tourism, health care and health promotion, sports and recreation, local community development, promotion and protection of traditional arts and crafts. Social enterprises working on the circular economy, renewable energy, or finances are less represented.

The lack of specific legislation on social entrepreneurship in North Macedonia is the main reason that entities are guided currently by other laws (on civil society organization and/or trade associations). Despite several possibilities in previous years, they do not enjoy the full-fledged support that social enterprises might be entitled.

The National Strategy for Development of Social Enterprises in North Macedonia 2021-2027[[1]](#footnote-1) envisions the creation of an appropriate legal, financial, and institutional framework for the development and functioning of social economy entities. Among its several strategic priorities for a favourable eco-system for social economy foresee providing access to and developing market opportunities for social enterprises and facilitating access to external finances.

A first-ever Law on Social Enterprises is under preparation and planned to be adopted in 2023/2024, creating legal ground conducive to establishing and growing social enterprises.

The Social Enterprises Centre[[2]](#footnote-2) was opened on 19 November 2021 with the assistance of the IPA II project ‘Support for Social Enterprises’ funded by the EU. Its vision as reflected in the draft Law on Social Enterprises is to function as an incubator to support existing and newly established social enterprises and civil society organisations with social and economic activities. The Social Enterprise Centre aims to create favourable conditions for the development and support of social entrepreneurship as a way to strengthen local communities. Since the closure of IPA II project, the Social Enterprises Centre has resumed delivering its services with financial assistance by the Polish government, while the MLSP is being responsible for covering the operational costs.

**5.2 Overall Objective of the Operation:**

To enhance employment and employability of the labour force focusing on youth, women and other vulnerable groups.

**5.3 Specific Objective of the Operation:**

To support further development of social and micro-enterprises for (self)employment among vulnerable groups, while paying attention to green and circular economy.

**5.4 Outputs:**

*Activity 1 – Supporting the Implementation of Law on Social Enterprises*:

* Enhanced capacities of the key institutions to implement the Law on Social Enterprises and to implement systematic, structured and evidence-based advocacy of social enterprises;
* Enhanced eco-system for functioning of social enterprises through tailored support instrumental to the implementation of the Law on Social Enterprises and the National Strategy for Development of Social Enterprises;

*Activity 2 - Supporting the development of new and existing social enterprises in North Macedonia*:

* Supported establishment of new social enterprises and growth of existing social enterprises within the Country, with focus on social enterprises for social reintegration and social enterprises for work integration;
* Ensured sustainable employment of vulnerable groups (persons with disabilities, women, Roma, etc.) in social enterprises for social reintegration and social enterprises for work integration.

The above-enlisted outputs will contribute to achievement of relevant *Output 1.3 ‘Boosted development of social and micro-enterprises for (self)employment among vulnerable groups’* as defined in IPA III 2024-2027 Operational Programme “Jobs and opportunities”.

**5.5 Indicative activities:**

Non-exhaustive list of activities

*Activity 1 – Supporting the Implementation of Law on Social Enterprises*

* Support with implementation of Law on Social Entrepreneurship by developing and piloting of tools and methods, approaches and support programmes for social enterprises;
* Harmonise the existing laws and by-laws on innovation, commercial/ trade companies, employment of persons with disabilities, agriculture and rural development, cooperatives, donations and sponsorships and others to improve the responsiveness, effectiveness and governance of public policy towards social enterprises, and, thus support the implementation of the Law on Social Enterprises;
* Develop electronic register of legal entities with a status of social enterprises and digitalisation of the registration and monitoring procedures defined within the Law;
* Build capacities of the key public institutions for law implementation and law enforcement;
* Provide tailored assistance to Social Enterprises Centre for expanding and implementing its portfolio of quality support to social enterprises in different aspects of their establishment and functioning (in particular, those linked to building and accessing local markets, public procurement, integration of social enterprises in the local supply chains, marketing and certifying the quality of product and services, national and local funds allocation for the development of SEs, creating job places and job opportunities including green and digital transition, accountancy and bookkeeping consultations, fulfilment of tax obligations, networking, etc.);
* Further promote benefits of social economy and social enterprises among the national and local community;
* Guidance, coaching, mentoring and training to MLSP to monitor the social enterprises receiving support under the Activity 2.

*Activity 2 - Supporting the development of new and existing social enterprises in North Macedonia*

Support the development of new and growth of existing social enterprises, in particular social enterprises for social reintegration and social enterprises for work integration by increasing their abilities to develop or further enhance their business practices. The support may include investments, capacity building and advice, marketing, networking, local partnership, digitalisation or other services, communication and visibility, building and accessing local markets, integration of social enterprises in the local supply chains, etc. The size of the support should be in line with the national legislation in force at the time of implementation of the grant scheme:

* Create the employment opportunities through support services and sustainable job opportunities for vulnerable groups, in particular in social enterprises for social reintegration or social enterprises for work integration.

**5.6 Indicators[[3]](#footnote-3):**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Indicator** | **Baseline (2022)** | **Target** | **Source** |
| **Impact** | Employment rate (20 – 64) (%)[[4]](#footnote-4) | Total: 61,2%;  Male: 71,2%;  Female: 51,3% | Total: ≥64,5%;  Male: ≥75,5%;  Female: ≥52,5%  (2032) | LFS |
| **Outcome** | Number of social enterprises operating 12 months after the project closure | 0 | 20  (2029) | Follow-up survey  Project report  MLSP register  Central Registry of RNM |
| **Outputs** | Number of representatives of key institutions trained for implement the Law on Social Enterprises | 0 | 50  (2028) | Project reports |
| Number of events (trainings, workshops, seminars, on-the-job trainings, consultations, etc.) provided for social enterprises | 0 | 120  (2028) | Project reports |
| Number of social enterprises supported | 0 | 20  (2028) | MLSP data on SE  Project reports |
| Number of jobs supported in social enterprises | 0 | 50  (2028) | Project reports/ MLSP database |

**5.7 Indicative location(s):**

Republic of North Macedonia, City of Skopje and municipalities throughout country.

**5.8 Duration:**

*Activity 1 – Supporting the Implementation of Law on Social Enterprises* - 36 months.

*Activity 2 - Supporting the development of new and existing social enterprises in North Macedonia* – 24 months.

**5.9 End recipients and target group(s):**

*End recipients:*

* Ministry of Labour and Social Policy,
* Ministry of Economy (ME),
* Ministry of Finance (MF),
* Ministry of Agriculture, Forestry and Water Supply (MAFWE),
* Entrepreneurship Support Agency (ESA),
* Employment Service Agency (ESA),
* Local self-government units (LSGUs),
* Network of social enterprises.

*Target groups*:

* Ministry of Labour and Social Policy,
* Centres for social entrepreneurship,
* Social enterprises,
* CSOs,
* vulnerable groups in the labour market (persons with disabilities, women, Roma, etc.).

1. **Implementation arrangements**

**6.1 Institutional framework:**

The MF/CFCD shall act as a Contracting Authority (CA) and shall be responsible for launching the award procedure in case of grant scheme and for organising tendering procedure for service contracts, preparing/ signing the contract, payments, accounting, and shall have overall responsibility and supervision of contracts’ implementation.

The EUD in Skopje shall execute either ex-ante or ex-post control over the whole procedure and shall be kept fully informed on the progress by means of regular briefings during the course of operation.

The Project Steering Committee (PSC) shall be established. The role of the PSC shall entail provision of strategic, political and technical guidance to the projects, monitoring progress and assistance where possible in overcoming any obstacles to progress in any aspect of the contracts.

The SC members will involve relevant stakeholders (as deemed appropriate), such as:

* The Ministry of Labour and Social Policy, other relevant ministries and institutions;
* Representatives from social enterprises;
* Other relevant entities.

The MF/CFCD, NIPAC/SEA and EU Delegation will participate to the Project Steering Committee (PSC) as observers.

**6.2 Proposed monitoring structure and methodology:**

The day-to-day technical and financial monitoring of the implementation of this OP and hence of this operation will be a continuous process, and part of the responsibilities of the Managing Authority (MA) for the OP “Jobs and Opportunities”. To this aim, the MA for the OP, shall establish a permanent internal, technical, and financial monitoring system for the programme.

Every report produced by the Contractor and the Grant projects coordinators shall provide an accurate account of implementation of the operation, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible, and the other at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators. The progress reports shall be considered by the PSC and approved by the MA and CA

The overall progress will be monitored through participation of various stakeholders, such as European Commission/ EU Delegation, NIPAC, NAO, Management structure, MA, IB, Final Beneficiaries, AA, and other institutions and civil society organisations.

1. **Maturity**
   1. **Required procedures and contracts for the implementation of the operation and their sequencing:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Activity** | **Type of contract** | **Type of procedure** | **Launch of the procedure**[[5]](#footnote-5) | **Contracted/ Contract start** | **Duration of the contract** |
| ***Activity 1 -*** *Supporting the Implementation of Law on Social Enterprises* | *Service contract* | *International restricted* | N+1 | N+2 | 36 months |
| ***Activity 2 -*** *Supporting the development of new and existing social enterprises in North Macedonia* | *Grant contracts* | *Restricted Grant Scheme (First)* | N+1 | N+2 | 24 months |

* 1. **Supporting documents**

*Activity 1 – Supporting the Implementation of Law on Social Enterprises*

The Terms of References (ToR) will be prepared during 2024.

*Activity 2 - Supporting the development of new and existing social enterprises in North Macedonia*

The Call of Proposals (CoP) for First Grant Scheme will be prepared during 2024.

1. **Risks and assumptions**

Risks encountered might be:

* Insufficient commitment by relevant institutional stakeholders to implementation of Law on Social Enterprises;
* Insufficient commitment by the highest political level for changes in the legislation in regards to SE
* Low interest among established social enterprises to participate in the interventions;
* Low interest among various legal entities to participate in the project and to gain formal status of social enterprises;
* Policy and legal changes in national context;
* Social entrepreneurship still in the early stage of development, faced with challenges due to its market existence and recognition.

Assumptions envisaged might be:

* An updated and adopted policy and legal framework aligned with the EU agenda is in place;
* Continuous political will to promote and advocate for social entrepreneurship in the country;
* All stakeholders demonstrate a real willingness and capacities to cooperate and remain committed to the implementation of interventions;
* Full coordination and transparency in the work of all key counterparts involved;
* Established and new social enterprise demonstrate will to receive advice for their further development.
* Positive economic trends that enable sustainable business practices of the supported social enterprises.
* Social Enterprises Support Centre remains operational and becomes key-point for social enterprises.

Pre-conditions envisaged might be:

* Adoption of the Law on Social Enterprises prior the commencement of both activities, in particular for Activity 1.

1. **Sustainability:**

Overall, the Operation will contribute to implementation of the National Strategy for Development of Social Enterprises 2021 – 2027 and its Action Plan 2021-2023.

The support will ensure that the implementation of legal framework for social entrepreneurship in the country will be mainstreamed further. Technical assistance within this Operation will ensure that following the expected adoption of the Law on Social Enterprises as the critical legal act, will be followed by further policy changes and capacity building of relevant institutions to implement the Law. Specifically, the activities would support harmonisation of the legal framework through adjusting existing laws and by-laws in different segments of national economy and socio-economic context to support the development and functioning of social enterprises. Special attention provided to improving the tax treatment of social enterprises as well capacity building of key public institutions for law implementation.

Additionally, the developed mechanism for systematically collecting data on social enterprises in North Macedonia would ensure monitoring the status of social enterprises based on procedures defined within the Law and establishing a mechanism for collecting statistical data on social enterprises with expanded information on their social mission, impact, business model, etc. Based on established mechanism, monitoring and assessment of the efficiency, effectiveness and impact of the Law and its enforcement procedures will be enhanced by the MLSP.

Previous three IPA funded actions through IPA I Human Resources Development Component and IPA II 2027 Action Document “EU Support for Education, Employment and Social Policy” had paved the national efforts to ensure the social economy becomes visible. The strategic framework by adoption of relevant national strategy with an action plan and establishment of functional Social Enterprises Support Centre in Skopje are tangible outputs of those projects, as well the support for preparation of relevant legal act for social enterprises.

The key beneficiaries (relevant stakeholders and grantees) through the planned interventions within this programme would receive a tailor-made support due to the implementation of Law on Social Enterprises through the Social Enterprises Support Centre in Skopje. This centre is established under IPA II 2017 project “Support to Social Enterprises” in 2021 in state-owned premises managed by MLSP. The scope of work and mandate of the Social Enterprises Support Centre, including the financing of its services have been defined in the draft Law on Social Enterprises, which is yet to be adopted. Meanwhile, its daily operation has been ensured by the Ministry, while the provision of services for social enterprises is supported through the bilateral cooperation programme of the Embassy of the Republic of Poland in North Macedonia. The capacities and activities of this centre though this IPA III Operation would be further supported in improving its operation and expanding the portfolio of services.

Although the Grant Scheme “Support to Social Enterprises” funded under IPA II 2027 Action Document “EU Support for Education, Employment and Social Policy” has limited scope of encompassing the entities that practise the principles of social economy, this Operation would support an establishment of new and functioning and expanding of the existing ones. The already established and new social enterprises will be provided financial and non-financial support through different activities and measures to establish and/or enhance their businesses and to ensure creation of products/services which production/conducting would bring economically stable social economy entities.

1. **Gender equality and empowerment of women and girls, equal opportunity, Roma, minorities and vulnerable groups (where relevant):**

The activities will contribute to the promotion of gender equality and women’s empowerment through promotion of their active participation in social economy, as well increasing the female membership and leadership. The activities will be G2 gender sensitive.

The two activities will put an attention on addressing the gender sensitive issues in dealings of social economy entities, its structures and processes, and thus, contributing to gender mainstreaming in societal flows.

Specific attention will be paid to the most vulnerable groups, including Persons with Disabilities, by applying the principle and avoiding the risks of “doing no harm”.

**11) Requested financing from the European Commission:**

The requested financing for the Operation from the European Commission will be 2 422 500 EUR (or 85% of total public budget of the operation).

**12) Co-financing:**

The co-financing of the Operation will be ensured by the national public contribution, as well in case of the grant scheme third party contribution is planned.

The national public contribution will be 427 500 EUR (or 15% of total operation budget).

**13) Budget breakdown:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Activity** | **Contract / Procurement procedure** | **Total budget**  **in EUR** | **IPA contribution**  **in EUR** | **National public contribution**  **in EUR** | **Third party contribution**  **in %** |
| ***Activity 1*** *– Supporting the Implementation of Law on Social Enterprises* | Service contract/  International restricted | 1 350 000 | 1 147 500 | 202 500 | 0 |
| ***Activity 2*** *- Supporting the development of new and existing social enterprises in North Macedonia*  *First Grant Scheme* | Grant contracts/ Restricted Grant Scheme | 1 575 000 | 1 275 000 | 225 000 | 75 000[[6]](#footnote-6) |

1. <https://mtsp.gov.mk/content/pdf/2021/trud/Strategija_socijalni_pretprijatija_2021_2027.pdf> [↑](#footnote-ref-1)
2. Social Enterprises Centre, 2022 [↑](#footnote-ref-2)
3. *Indicators checked for the action from the IPA III Results Framework* [SWD\_2022\_445\_1\_EN\_document\_travail\_service\_part1\_v2.pdf (europa.eu)](https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-12/SWD_2022_445_1_EN_document_travail_service_part1_v2.pdf) [↑](#footnote-ref-3)
4. *Since the second quarter of 2023, the State Statistical Office has started implementing the Labour Force Survey in line with the new Regulation (EU) no. 2019/1700 of the European Parliament and the Council for Social Statistics and the corresponding executive regulation of the Commission (EU) no. 2019/2240 for the area of the workforce, while the previous Regulation (EC) no. 577/98 has been repealed. The application of the new regulation caused changes in the survey, starting with changes in the design of the questionnaire, changes in the order of questions, changes and removal of existing and addition of new questions, changes in the scope and definition of employment and unemployment. The changes caused the interruption of the time series of data. A revised series of core employment and unemployment indicators are planned to be calculated for the period from the first quarter of 2009 to the fourth quarter of 2022 to allow comparability of data. Once those data become available, the MLSP will propose corresponding modification of the baseline values and targets of the impact and outcome indicator.* [↑](#footnote-ref-4)
5. ‘N’ refers to the year of signature of Financing Agreement. [↑](#footnote-ref-5)
6. Third-party contribution by Grant Contractors. [↑](#footnote-ref-6)