

ATTACHMENT B - PROGRAM DESCRIPTION

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Executive Summary

Long-term joblessness is the most dominant feature of Macedonia's labor market, and the correlation to low levels of education is strong. The formal unemployment rate has hovered between 33% and 36% overall since 2003, and remains high currently, though there have been slight reductions with the modest economic growth experienced over several of the past seven years. While the unemployment rate has declined slightly to 34% since 2005, it is still the highest in Eastern Europe, excluding Kosovo. It is structural and long-term in nature, having stayed high for years. While unacceptably high overall, it is also unevenly distributed by age and by education level. Youth, women and ethnic minorities experience significantly higher rates, and are less affected by broad economic upturns when they occur.

Youth ages 15-19 years old experience the highest rates of unemployment, around 61 percent for males and 48 percent for females. The next largest demographic cohort is youth ages 20-24 years of age, and they are also substantially out of work: unemployment is 54 percent for males and 60 percent for females. While aggregate demand for workers is low, and growing slowly overall, there is also a perceived undersupply of adequately skilled workers for sectors experiencing job growth. Employers consistently complain that job applicants and new workers alike lack adequate levels of technical skills and require extensive on-the-job training by the company. Employers apply these criticisms to all levels of education, including universities, but reserve special criticism for secondary level vocational and technical schools, asserting that most are outmoded and preparing students for obsolete jobs.

There is no consistent local labor exchange/job-matching capacity reflecting regional realities. The Employment Service Agency's (ESA) eight regional offices and 30 local branches have labor exchange as their assigned purpose but are overwhelmed by registering the unemployed. The "Job Club" approach to group-based peer guidance and career development is effective for a handful of people in some ESA office, but inconsistent overall. The provision of private employment services is weak and underdeveloped. Finally, work with young people seeking employment is undifferentiated and unfocused.

VET schools and other systems preparing students and the unemployed for employment lack a high quality, universally available career guidance resource, despite several attempts by donors to build one. Simply put, the problem remains that students in latter stages of VET education, and out of school and unemployed youth everywhere lack a system of guidance and preparation for the world of work. A major part of this problem is the weak link between skills supplied through the education system and those demanded by employers in the modern workforce.

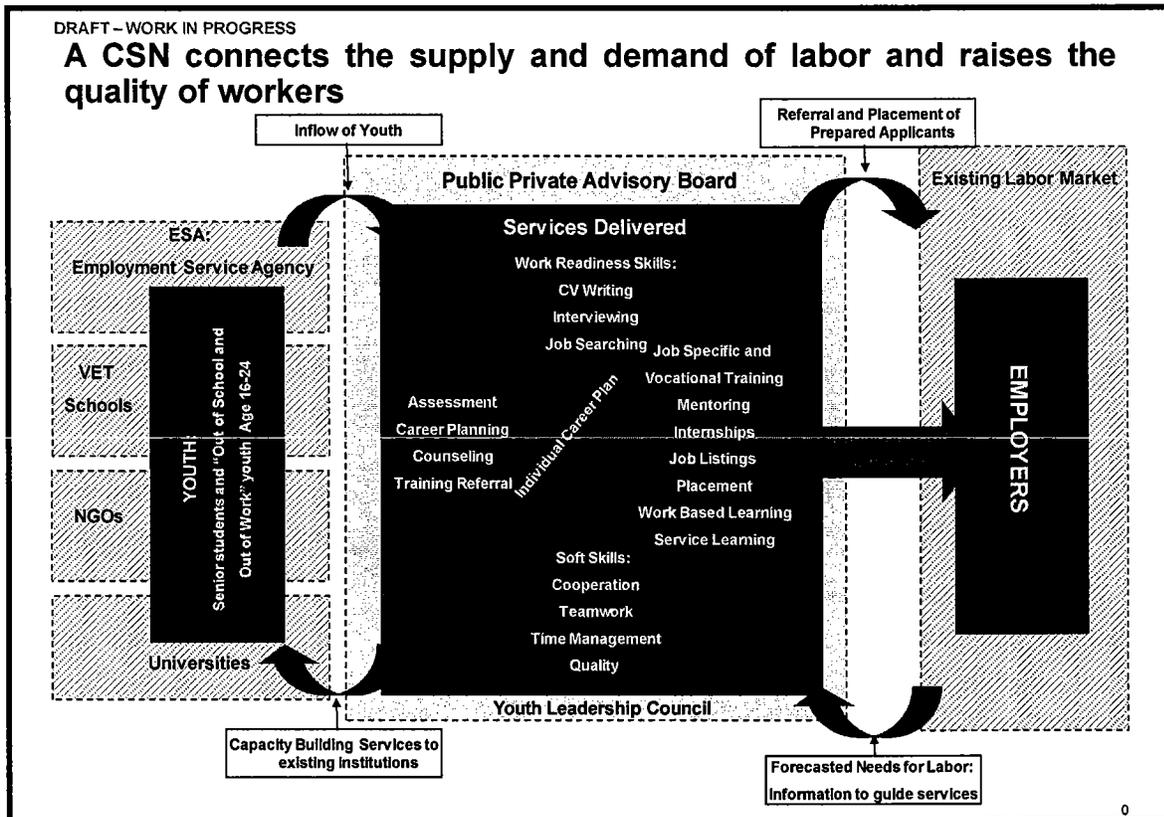
The Macedonia Mission of USAID commissioned a comprehensive assessment of workforce needs and solutions in 2009. After careful review, the Mission engaged the EQUIP3 program consortium led by Education Development Center to prepare a design for a new initiative growing directly from the findings and recommendations of the Assessment. Six project Objectives were established, and this Project Design responds with strategies for each objective, and with a project plan that will respond to all combined.

The design proposes establishment of a Career Services Network (pictured below) that will: 1) Improve the dialogue between "supply" and "demand" – between educators and employment trainers on one hand and employers on the other – as a step towards building a modern workforce development system; 2) Improve the "supply" of future workers through enhancing the work readiness of VET graduates, unemployed Employment Service Agency registrants, and out-of-school, unemployed youth who are neither working or

currently seeking work; 3) Build and extend the capacity of current public institutions – especially VET schools and ESA offices – to provide services and flexibly respond to changing labor market needs; and 4) Use existing and “legacy” structures and processes to accomplish the core aims of the initiative.

The Career Services Network will be established initially in three labor market areas – each consisting of one “hub” municipality and at least one other community considered to be part of a common labor market area. Public-private partnerships will be established with municipal and employer leadership, and work with VET schools, ESA offices, and relevant youth-serving NGO’s, business organizations, and enterprise support efforts (notably USAID’s own “demand-side” initiative, to be launched at the same time as the Career Services Network project) will begin in the fall of 2010, and continue for five years.

Here is a graphic representation of a Career Services Network--



In its early planning for this effort, which began in 2009, USAID established six objectives for this initiative. The project design responds to each:

Objective 1: Facilitate Public - Private Partnerships that will improve local level demand-supply labor exchange at the local level. The program design calls for three Development Sites, each with a public-private partnership – driven Career Services Network to be developed in the first three years, to be expanded as feasible in subsequent years.

Objective 2: Develop venues for meeting immediate skill/training needs of the labor market and career development opportunities. The program design describes a set of “learner-facing” activities, and “employer-facing” activities to be delivered to young people and with involvement of employers, delivered in partnership with existing institutions.

Objective 3: Strengthen the job services capacity of public and/or private labor market mediation organizations to ensure trained youth have access to up-to-date on job openings and career development opportunities. The program will build capacities to provide current labor market data, access to job openings, opportunities for further training for youth 15-25, in and out of school, and unemployed.

Objective 4: Provide continuing professional development opportunities for teachers in Vocational Educational Training (VET) schools. VET school faculty and staff with interest in career guidance and counseling, and for arranging student ‘practica’ in companies, the will receive coaching and development opportunities, including company internships.

Objective 5: Create innovative mechanisms to make VET schools and the VET Center more responsive and relevant. The program will recruit and engage employer partners for several activities, including service learning, expanded work-based learning (student and youth ‘practicum’) sites, and for teacher internships.

Objective 6: Integrate productive connections with current and planned USAID and other donor Workforce related activities: The program design is built on the premise that services and content will be delivered through means of networks with current and legacy USAID projects, through partnerships with local VET schools, local ESA centers, youth-serving NGOs, municipal leadership, and—not least, and especially, employers.

A rigorous evaluation of the project will begin with the establishment of statistical baselines in the first year of the program, regular monitoring of performance according to a set of key indicators, and mid-term (at Year 3) and final (Year 4 and 5) evaluations of the project’s accomplishments and lessons. Baseline and final evaluations will be accomplished with the help of objective third parties; similarly, an interim evaluation will also be carried out by a third party, and be a key part of USAID’s continuation/expansion decision review of the project.

1. Background and Problem Statement

The USAID Macedonia Mission has established Assistance Objectives that create the context for the proposed initiative.

Specifically, Assistance Objective 2 calls for "Improved Basic Education for Career Development in Youth," while Intermediate Results 2.2 seeks "Expanded Workforce Skills in Youth."

1.1 Key Development Challenges

Several Key Development Challenges Facing Macedonia Require a Workforce Development Response

1.1.1 Long-term joblessness is the most dominant feature of Macedonia's labor market,¹ and the correlation to low levels of education is strong.

The formal unemployment rate has hovered between 33% and 36% overall since 2003, and remains high currently, though there have been slight reductions with the modest economic growth experienced over several of the past seven years. In 2007, when last documented, nearly 85% of the registered unemployed reported having been out of work for more than a year. While the motivation for many registrants was to be eligible for health benefits, and not all were considered active job-seekers, many who *were* active but unsuccessful are uneducated or have incomplete primary or secondary education. The registered unemployment rate among workers without completed secondary education was over 46%.

While the unemployment rate has declined slightly to 34% since 2005, it is still the highest in Eastern Europe, excluding Kosovo.² It is structural and long-term in nature, having stayed high for years. While unacceptably high overall, it is also unevenly distributed by age and by education level. As a general rule, extremely low labor participation rates (or high inactivity rate) such as in Macedonia, largely reflect discouraged workers and youth. The youth inactivity rates reflect discouragement. As cited in the 2009 USAID/Macedonia assessment, youth openly voice their discouragement, some even thinking whereby they must leave Macedonia in order to find economic opportunity.³

1.1.2 Compounding the picture, unemployment among youth in Macedonia is estimated to be as high as 60%.⁴

Youth ages 15-19 years old experience the highest rates of unemployment, around 61 percent for males and 48 percent for females. The next largest demographic cohort is youth ages 20-24 years of age, and they are also substantially out of work: unemployment is 54 percent for males and 60 percent for females. The unemployment rates decline sharply for older age groups. Young adults, ages 25-29 years, experience

¹ The conclusions about labor market realities and trends are drawn from several sources, notably:

"Taking Steps to a 21st Century Workforce", USAID/Macedonia, April, 2009; Find it online: <http://macedonia.usaid.gov/Documents/Macedonia%20WFD%20report%20April%202009.pdf>
Employment Service Agency (ESA). "The Skill Needs Analysis of the Labour Market in the Republic of Macedonia for 2008"; Center for Labour Market Analysis, 2008.

² The official rate of registered unemployment overestimates the true number of unemployed. For purposes of this paper, we are using the unemployment rates as estimated from labor surveys (and not the registered unemployment rate) for a truer estimate of actual search unemployment.

³ "Taking Steps to a 21st Century Workforce" 2009, op.cit.

⁴ These conclusions are drawn from, and confirmed by, a recent synthesis document, "Building Decision Tools for Workforce Development and Labor Markets in the E&E Region: The Case Study of Macedonia", April 2020, Caroline Fawcett, Aguirre/JBS International, prepared for the Workforce Development Workshop in Skopje, April 2010, sponsored by the Regional Competitiveness Initiative.

somewhat lower rates, though still high: 38 percent for males and 44 percent for females. After that unemployment rates for adults 30 years of age or older are around 25-30 percent.⁵

It may be no coincidence that youth ages 15-29 also reflect the largest proportion of the Macedonia population. This trend reflects a slightly more pronounced case of the worldwide “youth bulge” demographic phenomenon, exceeded in the region only by neighboring Kosovo. With lower overall birth rates, younger children are becoming a smaller percentage of the population, though in Macedonia this pattern shows regional exceptions. This youth bulge profile shows the importance of programming to youth populations, and particularly older youth populations.

1.1.3 While aggregate demand for workers is low, and growing slowly overall, there is also a perceived undersupply of adequately skilled workers for sectors experiencing job growth.

Employers consistently complain that job applicants and new workers alike lack adequate levels of technical skills and require extensive on-the-job training by the company. Moreover, applicants and new staff rarely exhibit the “soft skills” such as interviewing or communication skills. They seldom possess well-developed curriculum vitae (CV), and most demonstrate little experience with teamwork, or an ability to communicate with supervisors and colleagues. Employers apply these criticisms to all levels of education, including universities, but reserve special criticism for secondary level vocational and technical schools, asserting that most are outmoded and preparing students for obsolete jobs.

1.1.4 The Government of Macedonia has encountered major constraints to achieving results in this area.

There have been a number of efforts over the past decade to address the labor market challenges posed above. General economic conditions have improved slowly, but the trend has been generally positive. Business environment policies have been introduced and implemented, and Macedonia’s profile in the various “doing business” indicators has risen. In workforce development, there is a growing understanding of the gaps between demand and supply, buttressed by implementation of the Skills Gap Survey undertaken by the Ministry of Labor and Social Policy’s Employment Service unit. In education, the Center for Vocational Education and Training, a quasi-independent agency has begun to assert its oversight role, and a new Center for Adult Education is finding its way in non-formal and adult learning.

It may be too harsh a judgment to conclude that GoM and donor activities in the area of labor market improvement have failed; but it would be safe to state that they have not reaped the expected success. The WFD Program will need to become more closely familiar with the specific faults in the design and implementation of the respective activities and draw lessons in order to prevent repeating the same mistakes. From the current vantage point, the lessons learned could be grouped in three general areas: those related directly to labor market challenges, those related to particular weaknesses in governmental policies or management, and those related to donor omissions.

- In order to tackle labor market challenges, labor market policies need to be complemented with other influencing policies that promote a healthy environment for businesses and workers, including education and mobilization ones, and to take into account market forces. Neglecting the gray economy, which in Macedonia’s case is over 45% of the country’s GDP (2000-2001) reduces the efficiency potential of the labor market. Further, most of the measures fail to take account of the low level of education of the Macedonia’s unemployed: the total number of unemployed is mostly comprised of persons with complete secondary vocational education of 4-year duration (38.82%) and persons with a low level of education, i.e., persons without any qualification (35.99%); long-term unemployment is especially high

⁵ Ibid.

among persons with incomplete primary education (72.40%) and among persons with no education (61.16%).

- Although the government has been reasonably active in responding to the needs of the business community with laws and regulations designed to improve the business environment, the strategies and action plans (such as the National Program for the Development of Education, National Action Plans for Employment) tend to overstretch the capacities of the government and their partners, and as such fail to deliver the results donors count on when designing the activities. Coupled with frequent turnover of decision-making and technical staff in the institutions due to political/party reasons, resulting in poor efficiency and non-delivery of results on the part of government counterparts. Hence, there is need for capacity building of authorities, partners and implementers in terms of enhancing local capacities, ownership of interventions, impact and sustainability.

1.1.5 While some donors have been active in this arena, these have tended to be at the national policy level, and have generally lacked coordination.

Several international donors have been active in projects that will relate to and offer lessons for the proposed workforce development project, ranging from working with the Employment Service Agency, supporting implementation of the VET law and framework building, and various initiatives in “lifelong learning” and in entrepreneurship and enterprise support.. Moreover, as a result of both government and donor activities, there is evidence of school- and employment center-based activities that will form a base upon which to build the deeper activities being contemplated in this project.

The capacity-building supports currently underway, and others planned, for the VET Center and the Education Development Bureau, will be potentially complementary and helpful. However, viewed from the point of view of a local or regional labor market, and the implications for a comprehensive system -- which is the perspective embodied in this project -- there is much remaining to be done.

Finally, many donor-driven interventions and reforms prove to be unsustainable once donor support expires. Moreover, there is often lack of donor coordination both between programs and between the national counterparts and program implementers. Perhaps most damaging in the long run is the lack of a culture of monitoring and accountability, and satisfaction of results at an output rather than at an outcome level, with little attention to impacts.

There are, to our knowledge, no other explicit workforce development programs currently operational, and although the IPA investment is significant in vocational training and other institutional aspects of a workforce development system, it does not appear from our research that there are any other projects likely that involve the programmatic and geographic approaches embodied in this design.

1.1.6 There is a lack of an effective public-private response involving collaboration between employers, government and educational institutions.

There are very few mechanisms in place to engage in regular dialogue or to build substantial partnerships between supply and demand actors in this field. There are, however, a variety of mechanisms that could be put in place to address this need. For example, a high-level workforce development task force would enable the private sector, relevant government ministries, labor unions, non-governmental organizations (NGOs), and education and training institutions to coordinate, collaborate, and build workforce development systems. Local or regional efforts also are known for consistently producing results. Therefore, intermediary groups might be created at the local level to foster better public-private partnership opportunities. Existing institutions could also strengthen their roles, such as the Vocational Education and

Training Center, its governing council, and the Adult Education Center.

Table 1: Review Of Current and Past Relevant Practices and Projects by Activity Type and Related Project

Service area	Provided within Employment Services Agency?	Provided within education and training services?	Strength rating by team (1-10)	Included in Past/current USAID projects
Work Readiness Skills: <ul style="list-style-type: none"> ▪ CV Writing ▪ Interviewing ▪ Job Searching 	<ul style="list-style-type: none"> • in the job club on an individual basis • by private employment services, e.g., (vrabotuvanje.com, Kouzon) 	<ul style="list-style-type: none"> • in surviving VET school career centers on group basis • preparation of VET students for national competitions • as part of teaching and project work in Entrepreneurship subject mandatory in year 3 and 4 of secondary education • in university business start-up centers • in HR training programs 	2	<ul style="list-style-type: none"> • SEA • BEA • MCP
Career development support: <ul style="list-style-type: none"> ▪ Assessment ▪ Career Planning ▪ Counseling ▪ Training Referral 	<ul style="list-style-type: none"> • during registration by registration clerk when filling out individual employment plan (takes approx. 15 min) 	<ul style="list-style-type: none"> • in university business start-up centers and career centers 	3	
Vocational support: <ul style="list-style-type: none"> ▪ Job Specific and Vocational Training ▪ Mentoring ▪ Internships ▪ Job Listings and Placement 	<ul style="list-style-type: none"> • state ESA only listings and sending names to companies when requested 	<ul style="list-style-type: none"> • in VET schools during practical teaching/training • training and mentoring of apprentices by craftsmen towards a certificate (for early school leavers) 	3	<ul style="list-style-type: none"> • MCP My Career Portal and internships
Soft Skills: <ul style="list-style-type: none"> ▪ Cooperation ▪ Teamwork ▪ Time Management ▪ Quality 	<ul style="list-style-type: none"> Touched on in certain exceptional job club venues 	<ul style="list-style-type: none"> • certain skills (communication, problem solving, etc.) in primary and secondary schools as part of regular curriculum 	2	<ul style="list-style-type: none"> • SEA • PEP

1.1.7 There is no consistent local labor exchange/job-matching capacity reflecting regional realities.

The Employment Service Agency's eight regional offices and 30 local branches have labor exchange as their assigned purpose but are overwhelmed by registering the unemployed. Even though registration is no longer a pre-requisite to health insurance, the ESA offices are so overburdened with merely registering the unemployed that the labor exchange function they are chartered to provide largely is undone. For example, while Individual Employment Plans are required as part of the formal registration process, they are not taken seriously as ways to support the unemployed in searching for jobs. Little or no career counseling takes place, and there is no system of assessment. The "Job Club" approach to group-based peer guidance and career development is effective for a handful of people in some ESA offices, but inconsistent overall. The provision of private employment services is weak and underdeveloped. Finally, work with young people seeking employment is undifferentiated and unfocused.

It may be that a focus on public private partnerships engaging *local government* -- an underlying strategy of the proposed activity -- will prove to be a crucial added ingredient on this mix. Local governments should be an active partner in the workforce development area:

- they have an ongoing dialogue with and responsibility to local businesses;
- under new regulations, they are increasingly responsible for the organization, and (soon also) the financing of primary and secondary education; while oversight and quality assurance remain centralized in national instrumentalities, municipalities have significantly increased responsibility for a formerly highly-centralized education system;
- development of and dialogue with civil society, including financial support to NGO activities, especially youth and environment oriented organizations;
- communication with international donors, including possibilities for direct application for financial assistance;
- possibility for new employments, unlike the sectoral organizations, such as schools or ESAs who are dependent on approval of any new position from the Ministry of Finance.

Every local self-government has a unit or at least a staff member responsible for education and human resource development. Many also have an economic development lead staff. These persons are well suited to be involved in the direct implementation and/or supervision and support to the planned program activities. Local agreements signed with the Mayor and/or Municipal Council, can establish collaboration, including steps such as the following:

- appointment of the Mayor as the co- Chair of the Public-Private Advisory Board,
- appointment of the head of the Local Economic Development Unit as focal point for exchange of information between the “supply” and the “demand” side of WFD,
- appointment of the head of the Human Resource Development Unit as focal point for supervision and monitoring of the proper functioning of the Career Services Network in the region,
- appointment of the head of the Education Unit as focal point for monitoring the work of the Career Services Centers in the schools.

Such an intensive involvement of the local self-government in the program will ensure that the approach to workforce development the program is pursuing becomes a long-term community ethos and not only lip service for the duration of the program. It will both complement and reinforce the activities planned and implemented within the forthcoming USAID Local Government project.

1.1.8 VET schools and other systems preparing students and the unemployed for employment lack a high quality, universally available career guidance resource, despite several attempts by donors to build one.

Beyond the question of the market relevance of educational offerings – a major pre-occupation of national efforts to reform Vocational Education and Training, the problem remains that students in latter stages of VET education, and out of school and unemployed youth everywhere lack a system of guidance and preparation for the world of work. A major part of this problem is the weak link between skills supplied through the education system and those demanded by employers in the modern workforce. In Macedonia, as elsewhere in the world, these skills are not technical or cognitive skills alone. They are the *employability skills* of job search, self-presentation, interviewing, CV-preparation, and application – the things one needs to understand and know how to do to *find* a job and be hired. Then there are the skills one needs to *succeed* at a job once hired – communications, punctuality, accepting supervision, working as part of a team, the so-called *soft skills*. Some VET high schools have small resource rooms they call Career Centers (established originally by the USAID SEA project, or another donor project that ended some years ago), but they are under-resourced, understaffed, and mostly inactive. The ESA centers are more uneven still in their ability

to provide such information and training. So students and youth keep hoping for employment, and employers keep being disappointed in their young applicants.

1.2 Significant Opportunities Remain to be Addressed

The design of this prospective project begins with the premise that while much useful work has been done, the challenge of building a comprehensive, supply-and-demand-oriented workforce development system still lies ahead of Macedonia. A modest project such as is being contemplated will not realistically take on the nationwide challenge, but it could demonstrate on a regional and municipal level what such a system could look like, and how it could work when replicated and expanded to other areas. Moreover, there will be policy lessons derived from local and regional work that will have implications for Macedonia-wide system building. EQUIP3 is considering that several principles drive this design:

- A focus on young people, aged 16-25; this will begin with senior students in three-year and four-year VET programs, and with out of school and out of work youth in selected municipalities and regions;
- A focus on building systems at a labor market (municipal and regional) level; this approach will begin with the selection of three labor market areas as Development Sites;
- Development of public-private partnerships that will capture the “voices” of both employers and young people themselves;
- Selecting proven strategies for service to youth that engage young people themselves in service, learning practical and career skills, and transitioning to employment;
- Concentrated capacity building with selected VET schools and Employment Service Agency offices in the targeted sites;
- An intent from the beginning to build lasting, sustainable systems in each development site from which lessons might be learned for national policies and frameworks, and that can be replicated – first, in other areas during the five year life of the project, and second, eventually in labor market areas throughout Macedonia.

2. Project Objectives

In the Program Description, USAID Macedonia set forth several objectives for the Design Team's guidance. The design reflects these objectives throughout. While there is not a "one for one" alignment of program components with objectives, careful attention has been paid to the ways in which service elements of the program achieve USAID's six proposed objectives. Here are the objectives, and a summary response from the design perception⁶:

Objective 1: Facilitate Public - Private Partnerships that will improve local level demand-supply labor exchange at the local level.

DESIGN RESPONSE: The program design calls for three Development Sites, each with a public/private partnership-driven Career Services Network to be developed in the first three years, to be expanded as feasible in subsequent years. Significant roles are envisaged both for private employers and employer groups and for local municipal governments. As planned, the Career Services Network may be rightly seen as a flexible and customizable modification of a One Stop Career Center.⁷

Objective 2: Develop venues for meeting immediate skill/training needs of the labor market and career development opportunities.

DESIGN RESPONSE: The program design describes a set of "learner-facing" activities, and "employer-facing" activities to be delivered to young people and with involvement of employers, delivered in partnership with existing institutions. These PATHWAYS (the journey from school or unemployment to employment and livelihood) and PIPELINES (the flow of well-prepared applicants into available jobs) define a realistic plan for young people and for employers. These activities will be carried out through demonstration, coaching and applied training with selected VET secondary schools and local Employment Service Agency offices.

Objective 3: Strengthen the job services capacity of public and/or private labor market mediation organizations to ensure trained youth have access to up-to-date on job openings and career development opportunities.

DESIGN RESPONSE: The program will leverage and improve existing capacities to provide current labor market data, access to job openings, opportunities for further training, and an "outcomes-based" approach that includes a priority for job placement and a "tracing" capacity to document job retention. The ultimate beneficiaries of this capacity building are young people, aged 16-25, who are either VET school students seeking to better define their futures, or out of school and unemployed young people seeking entry to the world of work. The secondary beneficiaries are the partner institutions, especially VET schools and Employment Service Agency offices, and their professional staff members, whose capacity to serve these youth will be enhanced by their participation.

Objective 4: Provide continuing professional development opportunities for teachers in Vocational Educational Training (VET) schools.

⁶ Detailed descriptions of service components, and a table showing a "cross-walk" between objectives and components, are presented in Section 4.

⁷ Recommended in the document "Taking Steps to a 21st Century Workforce", USAID/Macedonia, April, 2009

DESIGN RESPONSE: Focusing specifically on those teachers, pedagogues, and psychologists with interest in career guidance and counseling, and for arranging student ‘practica’ in companies, the project will provide coaching and “pairing and fading” development opportunities for VET teachers. Teachers will be offered opportunities to spend time in employer sites in informal and formal learning experiences that will help ground them in workplace realities.

Objective 5: Create innovative mechanisms to make VET schools and the VET Center more responsive and relevant.

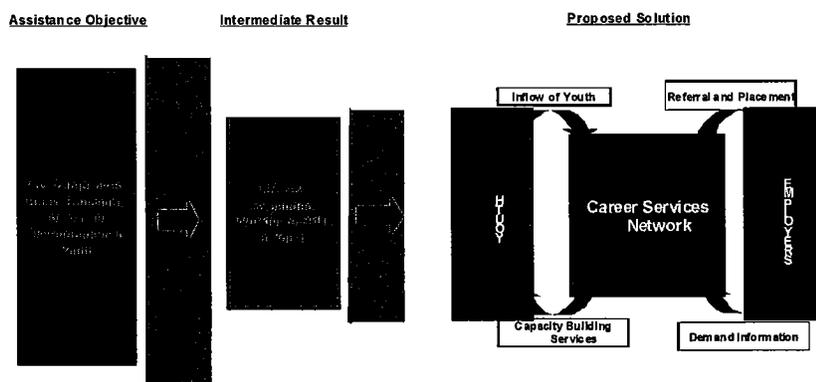
DESIGN RESPONSE: The program will recruit and engage employer partners for several activities, including service learning, expanded work-based learning (student and youth ‘practicum’) sites, and also for teacher internships. Joint public-private partnership boards will engage both demand and supply institutions (i.e., employers and employer groups, as well as VET schools and ESA offices) in extending their mutual interests in well-qualified employees.

Objective 6: Integrate productive connections with current and planned USAID and other donor Workforce related activities.

DESIGN RESPONSE: The program design is built on the premise that services and content will be delivered through means of networks – through partnerships with local VET schools, local ESA centers, youth-serving NGOs, municipal leadership, and –not least, and especially, employers. There are particularly strong partnerships contemplated with current and contemplated USAID programs in education, competitiveness, agri-business, entrepreneurship/enterprise support, and business environment.

All of these objectives develop and support a response to USAID Macedonia’s overall Assistance Objectives, as shown here:

The proposed solution maps to USAID Macedonia’s Assistance Objectives



3. Relationship to the US, Macedonian Government, and European Union Strategies

3.1 Proposed Project Supports US and EU Strategies for Macedonia

The proposed project fits squarely within the Government of Macedonia, US Government, and European Union strategies for Macedonia. The US Government “actively encourages Macedonia to implement the reforms required to meet Euro-Atlantic institution standards” and “supports Macedonia’s efforts to develop a robust, job-creating economy.” While not an institutional reform project, the proposed design’s work on the local level has implications for policy reform on a national level. Success of career guidance and a supply-demand labor exchange mechanism within VET Schools and ESAs on the local level can demonstrate the importance of ensuring a legislative framework to ensure such functions are mandated across Macedonia. A prepared and competitive workforce is an essential component of a competitive economy.

Macedonia has been an EU accession candidate country since 2005, and the EU focus is currently “monitoring and reporting on compliance with the political and economic criteria for EU membership and alignment of legislation with EU legislation as well as the capacity to implement and enforce it.” The proposed project fits into the EU’s strategy for Macedonia particularly as it relates to the Lisbon Strategy and the European Guidelines for Employment. These require EU member states to update and strengthen their labor market institutions, and in particular, their employment services, as well as candidate countries to work towards achieving a satisfactory level of institutional performance.

Current EU programmatic plans contemplate activities focused on development of capacities in the country in the area of human capital development through several strands in the areas of education and training, employment and active labor market policies (including promotion of collaboration between business and education), and strategies for promotion of social inclusion.

The proposed project also aligns with the Revised Strategy for Social Cohesion of the Council of Europe (2004), which promotes access to decent employment for everyone. It states that “investment in human resources is one of the most crucial areas of investment for future economic growth.” With a view of working towards EU accession Macedonia has agreed to develop and implement policies and guidelines specifically related to the labor market. While this strategy addresses many policy-level issues, it also highlights areas that will be directly addressed by the proposed project, particularly: skills mismatches and regional disparities and their adverse consequences for poverty and social cohesion, by investing in better education and skills in line with European standards (priority axis 2); and the need to develop specific measures and programs to improve access to employment for the most disadvantaged, particularly women and young job seekers (priority axis 3).

In pursuit of the goals developed in the Lisbon, Bologna, and Copenhagen conventions, the European Union has been the most active international donor in this field, though there have been others. Since 2005, EU activities pertaining to the “growth and jobs” goals and related guidelines through its “European Employment Strategy” --the European policy framework which has set three main objectives for the EU:

- To achieve full employment, and reduce unemployment and inactivity;
- To improve quality and productivity at work;
- To strengthen social and territorial cohesion.

In turn, the EU “priorities for action” are also threefold:

- The first priority is to attract and retain more people in employment and to modernize social protection systems.
- The second priority is to improve the adaptability of workers and enterprises and the functioning of the labor market.
- The third priority is to increase investment in human capital through better education and skills.

In addition to the EU's overall agenda, certain projects have supported particular agendas.

Capacity Building in the Employment Services Agency. In practice, the EU has focused considerably on basic system capacity building in the ESA, "upgrading the systems for coordination and information sharing between the offices and the methods applied by the local employment offices in their direct and actual assistance to the unemployed persons". This work has focused on general strategy and on basic labor registration and exchange systems, and very little on the content of services, such as counseling, guidance, planning and placement. In that sense the proposed Career Services Network will be highly complementary to this EU work with the ESA.

Capacity Building in SME promotion. A project supported by the Austrian Government has the goal of "foster(ing) the economic development of Macedonia through promotion of entrepreneurial learning, "innovation and knowledge" – based economy and to contribute in reducing the unemployment rate in the country." The project works with the public and private sector organizations concerned with the small and medium-sized enterprises (SME) support (including the SME Department within the Ministry of Economy (MoE), the Agency for the Promotion of Entrepreneurship of the Republic of Macedonia (APPRM), and other relevant institutions of the SME support infrastructure in the country). The project intends to provide support in the implementation of the SME support programs and documents as well as it to create a favorable environment for young entrepreneurs by support their innovation and entrepreneurial ideas. It would seem that the "demand" project being developed currently with USAID support as a complementary effort for the "youth work skills" initiative could benefit from and complement this program. In particular, the newly-established "National Centre for Development of Innovation and Entrepreneurial Learning Support (NCDIEL)" as independent body designed to "increase awareness of the students, university professors, researchers, high school teachers and recent graduates about entrepreneurship and providing entrepreneurial training" shows particular promise for collaboration.

Promotion of Lifelong Learning. Implemented in 2006-2007 under the EU through IPA, this project aimed to assess to which extent the environment and pedagogical approaches are conducive to developing 'Learning to Learn' and 'entrepreneurship' competences with students in secondary VET and higher education in Macedonia and to identify what could be changed to improve the situation. While the design team has not reviewed the reports from this brief project, its focus on VET schools and students should prove interesting and useful. In the visits to VET schools in the three targeted labor market areas, we did learn of some increased attention to entrepreneurship education which seems to have resulted from this EU initiative.

Improving the base of policy planning information. The European Training Foundation, with IPA support, is in the process of developing information to support the analytical needs of the European Commission and "key stakeholders in social dialogue in education and employment", and planning to use this information to "increase the capacity of relevant stakeholders in the area of Human Resource Development." While this is explicitly meant to serve the needs of the IPA assistance in human resources, the information should be highly relevant to any project pursuing objectives of workforce development, on both the supply and demand sides.

Labor market reform. One of the priority areas of the government under the responsibility of the Ministry of Labor and Social Policy, this important matter has also received some donor attention. Some promising examples in this area are:

- the UNDP assistance program has been implemented since 2007 in collaboration and co-funding with the GoM is two-pronged: firstly, support to self-employment offering assistance in starting a business, resulting in a total of 1800 self-employments, and secondly, business formalization with 360 businesses being formalized;
- ILO has been assisting the capacity-building of social partner organizations represented in the Economic and Social Council and tripartite and bipartite dialogue around employment-related issues;
- EU has been supporting the development of national employment strategies and action plans, as well as the modernization of the public employment service, including further staff development within the ESA, development of a partnership approach to designing and implementing local employment action plans in 8 municipalities, and capacity-building of social partner organizations at the national level, especially also around the design, monitoring and evaluation of active labor market policies;
- IPA priorities in the forthcoming years include support to (i) further development of ESA services; (ii) implementation of the Employment Strategy; (iii) employment of young people, women and long-term unemployed people, and (iv), continuous fight against the grey economy.

Macedonia has developed a roadmap to embrace the objectives and guidelines of the European Employment Strategy; implement the Council of Europe standards in employment matters – the European Social Charter and the Revised Social Charter – to create a labor market environment that adopts the Council of Europe Recommendations concerning the promotion of employment; and adopt and utilize fully the core principles of the International Labor Office's (ILO) Global Employment Agenda.

Regarding vocational education and training (VET), one EU accession recommendation is for Macedonia to develop a VET system that enhances entrepreneurship learning and that VET become a key aspect of the education system, in line with the EU Lisbon process, the EU Oslo agenda on entrepreneurship learning, the European Qualifications Framework, the International Standards of Classification of Education (ISCED), and the stipulations of the European Charter for Small Enterprises.

Finally, it should be noted that the EU's investments in this and related arenas appear to be expanding and diversifying. As part of its initial start-up activities, EQUIP3 will conduct a "mini-assessment" of donor programs – including, but not restricted to the EU/IPA initiatives by then in more mature state of development – in order to assure maximum information and possible coordination with relevant activities.

3.2 The Project will be Implemented with Key Macedonian Partners

The main partners for the implementation of the proposed project on a national level will be the VET Centre and the Adult Education Centre in terms of development of programs, training of in and out of school youth and certification of learning. As this project will be conducted on the local level, it is assumed that national level partners are more advisory than tactical in nature.

On the local level, the implementing partners will be the municipality, selected VET schools, and the Employment Services Agencies, with the universities, where existing providing support to the work of the CSN. In addition, local NGOs will serve as a link to the excluded and vulnerable groups which are unlikely have easy access to the service providers. The activities at local level will be coordinated by a public-private partnership board and supported by the municipality (and co-chaired by the Mayor). It is to be expected that all partners will need capacity-building for their respective roles and for the new promotion, coordination and awareness raising mechanisms.

As it is also likely that USAID's investment in the "demand" side of workforce development through an Enterprise Growth and Support project will lead to activities in the same locations, this also constitutes a key potential partnership. In particular, there should be coordinating mechanisms at two levels: 1) joint public-private boards for the two activities in common settings would strengthen both projects and enhance the likelihood of policy and organizational collaboration; and 2) collaboration around the human capital requirements of growing enterprises can establish a pattern of job placement and labor market outcomes for the Career Services Network – which is, essentially, the "supply" side of a joint mechanism. Similarly, there are good opportunities for collaboration –at both the national and the municipal level – with activities and products of the Competitiveness project of USAID. The MyCareer portal, a cadre of participants in the career development certification process, and current municipal agreements all offer good promise for building the CSN initiative on existing foundations. These will be engaged actively from the beginning of the implementation phase.

3.3 Cross-Cutting Linkages Prioritize Gender Equity and Inclusion of Minorities

The proposed design takes into account an analysis of disadvantaged peoples in Macedonia and the ability to affect change with these populations. In terms of unemployment, youth are the most disadvantaged group, with an unemployment rate of 54.5% (2009). By ethnicity, ethnic Macedonians are the majority of the unemployed (62.49%) with the Albanians represent another quarter (24.83%), whereas the participation of the other ethnic groups approximates their proportions in the overall population. The exception is the Roma, who represent only 2.66% of the overall population yet represent 5.27% of unemployed persons: On the issue of gender representation, while the unemployment rate does not differ significantly (31.6% men and 34.5% women), it is the activity rate that is concerning (69.4% men as opposed to 43.0%) women; this disparity suggests special attention should be paid to training, development and employment opportunities for women.

The recent USAID Gender Assessment recommended several considerations that can be introduced to this project as part of its implementation planning which will enact this priority throughout the project:

- An initial gender analysis of key vocational training sectors engaged through VETs, and development of measures to remove explicit and implicit barriers to the participation of both women and men in non-traditional sectors
- Establishing a value from the beginning of the project to counter gender and ethnic stereotypes in either training or employment;
- Design specific measures to engage female youth who are currently inactive in the labor market;
- Include partners with specific (and successful) experience in engaging female youth and ethnic minority youth;
- Locate and engage female-owned and female-managed businesses and other enterprises to participate in all aspects of the project.

Working with the population of students already enrolled in and attending the secondary vocational schools affords a representative cross-section of the population; accordingly, the proposed project component addressing out-of school youth takes into account the needs of the excluded population. Hence, the focus will include efforts to reach out to the "hard-to-reach" groups of Roma and rural and Muslim women (often both) within the targeted regions. The service providers and the CSN will be encouraged in cooperation with the local authorities and the active youth and women NGOs to work in communities where there is high concentration of under-skilled, functionally illiterate and unemployed youth, mainly Roma, Albanian and Turkish, with a special focus on young girls. The criteria for the selection of regions/municipalities take into account, in addition to economic indicators, also vulnerability indicators of the respective excluded groups.

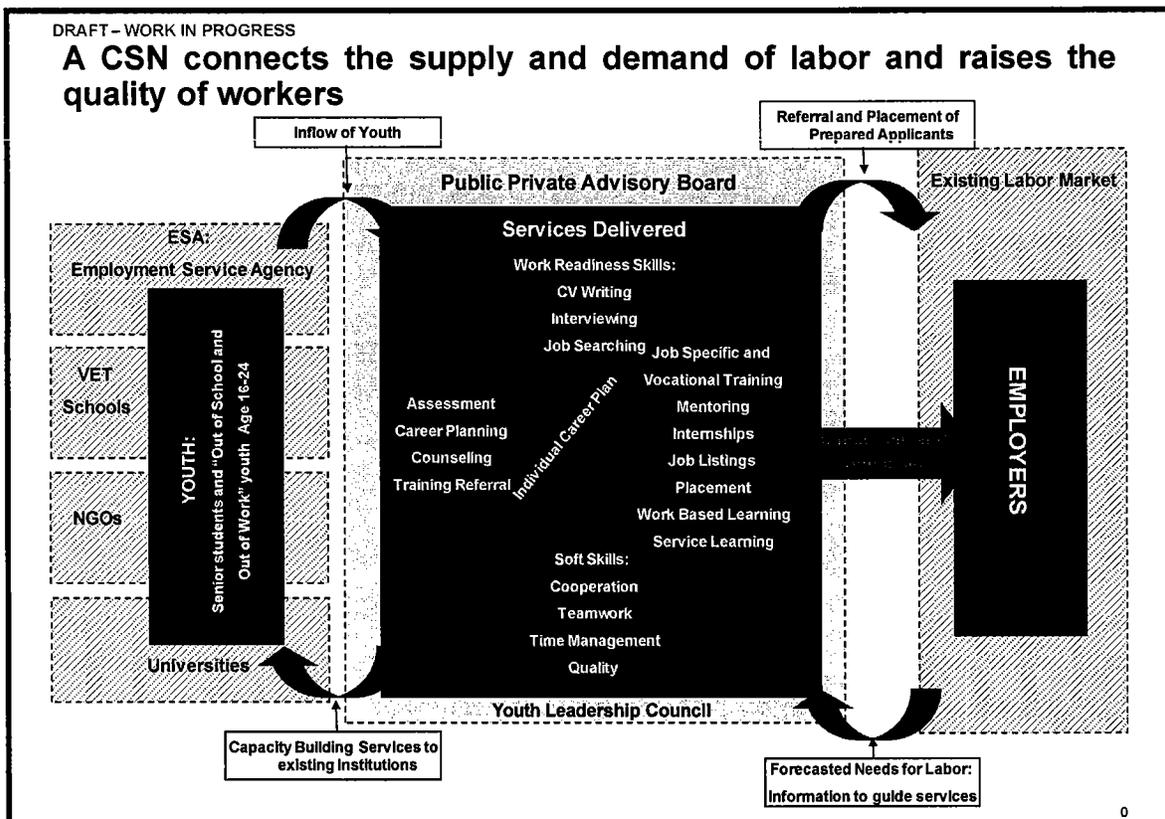
4. Detailed Description of Proposed Interventions

The project has five major components that in turn represent areas of activity that will accomplish the objectives established by USAID. We summarize the activities here, followed by more detailed descriptions -- first by component, then by USAID objective.

4.1 Overview of Program by Components:

- 4.1.1 *Developing an improved demand/supply dialogue in local labor markets*
- 4.1.2 *Improving the quality of labor market "supply" from the Education and Employment Services Systems*
- 4.1.3 *Building the capacity of public and private institutions to provide services to youth and respond to labor market needs*
- 4.1.4 *Building and implementing a coordinated USAID approach*
- 4.1.5 *Planning and implementing a sustainability strategy*

The principal mechanism for accomplishing the goals of each component is the Career Services Network, illustrated here:



Summary

The program design calls for three Development Sites, each with a public-private partnership – driven Career Services Network to be developed in the first three years, to be expanded as feasible in subsequent years. As planned, the Career Services Network may be rightly seen as a flexible and customizable modification of a One Stop Career Center (recommended in the document “Taking Steps to a 21st Century Workforce,” USAID/Macedonia, April, 2009).

The design team found that the concept underlying a One Stop Career Center still holds, but recognizes that a pure “Center” design requires a new institution to be established, and a new physical facility in which to establish it. The design team does not recommend creating a new “bricks and mortar” center for two main reasons. First, it is clear from interviews that many of the services in the proposed One Stop Career Center are already being offered in some (albeit very limited) form in current VET schools and ESA offices, and this project should not compete with those institutional-based efforts. Instead, resources will be better used to broaden, deepen and improve those efforts. Second, implementing a strong system of labor market services within partner institutions – while in many respects a harder challenge – is more likely to sustain past the end of the project, and even past the projected presence of USAID in Macedonia.

Accordingly, this design plans to deliver the services through existing institutions. As a result, a bricks and mortar Center is not needed, but the principles underlying such a center remain. By creating a network, the project will be able to reach targeted beneficiaries more efficiently. For example, a high school student who has a career center in his school is not likely to go to an Employment Service Agency to receive career services. Similarly, a young person who has dropped out of school is not likely to return to that school to gain further skills that would help her get a job. The goal of these interventions is to reach beneficiaries in the environments where they are most likely to feel comfortable and take action.

For the learner –VET students planning a job or career, and out of school youth looking to enter the labor force -- we propose to develop a PATHWAY to a sustainable economic livelihood. At its core, the Career Services Network offers services to both define and shape one’s career path and trainings and tools to support young people as they move along the pathway from intake to jobs and livelihood.

Employers have a different point of view: they are interested in a PIPELINE of employees who are prepared for work when they are ready to hire them. In the employer-facing section, the CSN works actively to create two-way flow of information. As the goal is employment, the needs of employers need to be fully understood by those providing career services. The CSN will regularly survey employers and keep an active dialogue regarding the types of skills they seek (currently, and projected). This information must flow from employers to the CSN. The flow in the reverse direction, toward employers, is that of qualified employees.

Movement through the CSN is a process guided by the implementing partners. The flow will be slightly different between the two principal partners, VET schools and ESAs, but the principles remain the same.

The learner-facing function starts with an intake mechanism, performing outreach to youth and starting them on their path within the network. It equips young people with the skills they need to find a job, and the attitudes and skills they need to keep a job once they are employed. The learner-facing section also performs a capacity-building function with existing institutions such as ESAs, VET schools, NGOs, and universities.

Employees in each of these institutions will be trained to guide youth through the process, and each Development Site will have an outreach strategy in order to bring youth forward.

Once brought into the system, youth will be assessed using the best available basic skills assessments for literacy and numeracy and matched with a career coach with whom they will develop an Individual Career Plan. In the assessment phase, necessary classes and trainings can be identified and written into the ICP. While there is currently something called an Individual Career Plan in each ESA office, it exists in name only, or more precisely in the form of an expanded registration form. The concept is there, however, though only in the ESA. There is excellent experience elsewhere with a "career pathway" oriented ICP, and with the planning process associated with it. Project staff and key staff in each VET and ESA office will be trained as Career Coaches, and provided with both information and samples of good ICPs, and will work together to develop one for mutual use as a core part of their training. This planning process is crucial to the success of the Pathway development process, and the project will be guided in this by early training of project staff and partner (VET and ESA) staff who will be assigned to work with the Career Service Network. A key resource for this training will be a Practitioners' Guide to Youth Career Development, a handbook developed for youth workforce development professionals, and being adapted by EQUIP3 for use outside the United States.

In addition to job-specific training which will pre-qualify youth for certain jobs, youth will receive training in the work readiness skills that they will need to get their job and in the soft skills that they will need to keep their job. Work readiness skills include CV writing, interviewing, and job searching, and soft skills include cooperation, teamwork, time management, and quality. Current offerings developed under previous and current USAID programs (such as SEA PEP and MCP) and other donor programs in the region will be assessed by EQUIP3 and Macedonia-based the program staff, and adapted as appropriate. Privately available assessments from human resource associations and individual professionals will be included in a review to select the most appropriate curricula. EQUIP3 is currently reviewing employability and work readiness curricula from domestic and international applications, and will provide the curricula judged most useful and appropriate. While adaptations will almost certainly be needed, it should not necessary to develop entire new curricula in this area.

A critical service offering of the network is ensuring that youth are presented with opportunities for *work-based learning*. This may come in the form of an improved (and probably expanded) VET-school practicum experience, or even as an internship. While it is useful for VET senior students to experience practical exposure in their field of study, it is not necessarily the only option. Out of school youth, whether or not they are registered with the ESA office, will also benefit from work-based learning opportunities and internships, and this part of the pathway will be offered also to them. This opportunity is developed in response to the universal observation that young people (actually all job applicants, including university graduates) come to employment without any significant practical, hands-on experience. As confirmed by experience in the U.S., UK, German, and others, what better way to gain this experience than in real, not simulated environments – actual work places. The employer interviews in the 2009 assessment are confirmed in this year's design phase: employers are eager to participate.

As mentioned above, work-based learning is a crucial activity to be conducted by the CSNs. The most consistent feedback regarding workforce development is that youth have no practical work experience. The CSN is guided both by the Public Private Advisory Board and by the employers who are regularly surveyed. These employer partners will participate in the design of learning opportunities and internships and in organizing and strengthening the learning that occurs in the worksite. The CSN will also use the assessment of youth to inform placement, so that work-based learning activities are not solely demand-driven. If the supply (youth) is not well matched (due to skills, interest, and other elements of the Individual Career Plan), learning will not occur. The CSN must take the assessment as a starting point and train youth prior to placing them into internships, ensuring that both the participant and the employer have reasonable expectations. The CSN will monitor and mediate as work-based learning occurs, recognizing

that placing youth into a work situation is not adequate. Follow-up and learning are the distinctions between an internship and free labor.

Service learning is a related but somewhat different concept. It is based on the observation that youth welcome an opportunity to be of service in their communities – with younger children as readers, coaches, and tutors and assistants in child care, working in teams on community clean-up projects, providing recreational supervision, tutoring and coaching peers, organizing concerts, tournaments and the like. EQUIP3's experience in the Ruwwad Project in the West Bank/Gaza with difficult-to-engage youth suggests that while it takes some effort by staff, this is a highly successful, and highly visible, experience for young people. The challenge is to organize it in a way that provides focused skill building for young people at the same time as they are providing services to their community. The technology and curricula for this approach are well developed, and need adaptation, but not re-invention for Macedonia. The Kosovo USAID mission is reportedly considering a similar effort, and Rwanda, East Timor and Bangladesh projects are pursuing their own variations of this approach.

The targeted ultimate beneficiaries of this program are young people, aged 16-25. As not all youth are in the same circumstances, program services will approach youth according to their age, their institutional affiliations, and by their needs. These factors will define both program approaches and access points. The first group is students in VET schools, in a 3-year or 4-year vocational program who are preparing near-term entry into the workforce. Younger high school students will also benefit from the proposed interventions because they will be more prepared, with more time to reinforce learning, prior to entering the workforce themselves. The second group is out-of-school and out of work (unemployed) youth (up until approximately age 25, but this is relatively flexible). These youth may or may not have a high school education. Most will be registered as unemployed with the Employment Service Agency, but the project will also seek out other, unregistered youth through arrangements with youth-serving NGOs and the municipalities. Finally, while unemployed adults over 25 are not a specifically targeted group, the interventions will be designed inclusively and unemployed adults can participate in some of the activities, if resources are available.

Ultimately, a workforce development program is measured by its final outcome: placement in jobs, and an improved livelihood for individuals. While that is particularly taxing in a "low demand" economy where unemployment is high and jobs are scarce, it is an outcome still to be sought. The likelihood of successful placement is greatly increased, as youth move through the system to the employer-facing section because staff and partners of the CSNs are actively soliciting information from employers and using that to inform the programs offered to youth. Although the goal is placement, CSN engagement does not stop with placement. To monitor effectiveness, CSNs must continue the dialogue with employers, evaluating the quality of employees, using that information to make adjustments to training, as well as tracking statistics such as retention and duration of employment. A robust monitoring and evaluation effort will establish a statistical baseline in each labor market areas, with a centralized monitoring effort staffed by a full-time person, and a third-party evaluation to be commissioned in Year three for study in years four and five of the project.

4.1.1 Component 1: Developing an improved demand/supply dialogue in local labor markets

This component will ensure that as the systems are improved and supply is strengthened, there is a feedback loop such that the supply is being strengthened in the way that is useful for the labor market. There are two subcomponents: Strengthen an Ongoing Dialogue and Labor Market Assessments.

Strengthen an ongoing dialogue. Efforts in this area will focus on the development of, and the strengthening of, a public-private advisory board, whose representatives will be from: private business, the local government, local-level representation of the national government, schools, NGOs, and youth

themselves. Illustrative activities include surveying the community to identify the location-specific strategic approach, surveying the community to identify potential members, approaching potential members, convening an initial meeting, advising on governance, identifying leadership of the board who will convene meetings and identify strategic issues, public awareness campaigns, and providing support for meetings.

The advisory board will be organized and led by the municipal leadership, with close initial guidance and support from project staff. A key early step to be addressed with each mayor is how best to involve private sector leadership. Continued project support for a CSN in a particular municipality can be made contingent on the level of involvement of the public-private board, and mayors can be engaged to pressure the boards for performance so that they might receive greater resource for their community.

4.1.2 Component 2: Improving the quality of labor market “supply” from the Education and Employment Services Systems

This component focuses on the youth who currently need or will soon need employment. The principal function of this component is to take information gained through Component 1 and to train and skill youth accordingly. There are two subcomponents: Improved work readiness of graduates from VET Schools and Improved work readiness of out-of-school youth.

Improved work readiness quality of graduates from VET Schools. This area has a challenging mandate: improve the employability of youth without changing the curriculum or education system (out of the scope of this project). Much of the feedback from employers both during the assessment and during the design trip was more focused on the soft skills of VET graduates than it was on their technical (curriculum-specific) skills. There is a common understanding that the global economy is changing so fast that young people should focus less on learning a job-specific skill and more on learning how to relearn as needed skills change. Therefore illustrative activities include the services of the Career Services Network such as assessment of students’ basic skills, interests, and aptitudes, development of individual career plans, provision of work readiness and soft skills, and provision of opportunities for work-based and service learning.

Information used to track progress will be:

- # employed (in general and of CSN beneficiaries)
- satisfaction level of employers with quality of employees
- # retained in employment / retention rate of CSN beneficiaries at 3 month, 6 month, 12 month period
- operation of tracking tool
- # of active workers transitioning from informal – formal economy
- # VET students enrolled in CSN
- # teachers & other school staff trained
- # fully-developed Career Plans (ICPs)
- # of training sessions held in each of the skills areas
- # of work-based and service learning placements for youth in companies
- # of complementary youth-initiated and led community projects

Improved work readiness quality of out-of-school youth. The challenging mandate in this area is related first to finding the youth and then bringing them into Employment Service Agencies. Illustrative activities include the services of the Career Services Network such as assessment of students’ basic skills, interests, and aptitudes, development of individual career plans, provision of work readiness and soft skills, and provision of opportunities for work-based and service learning.

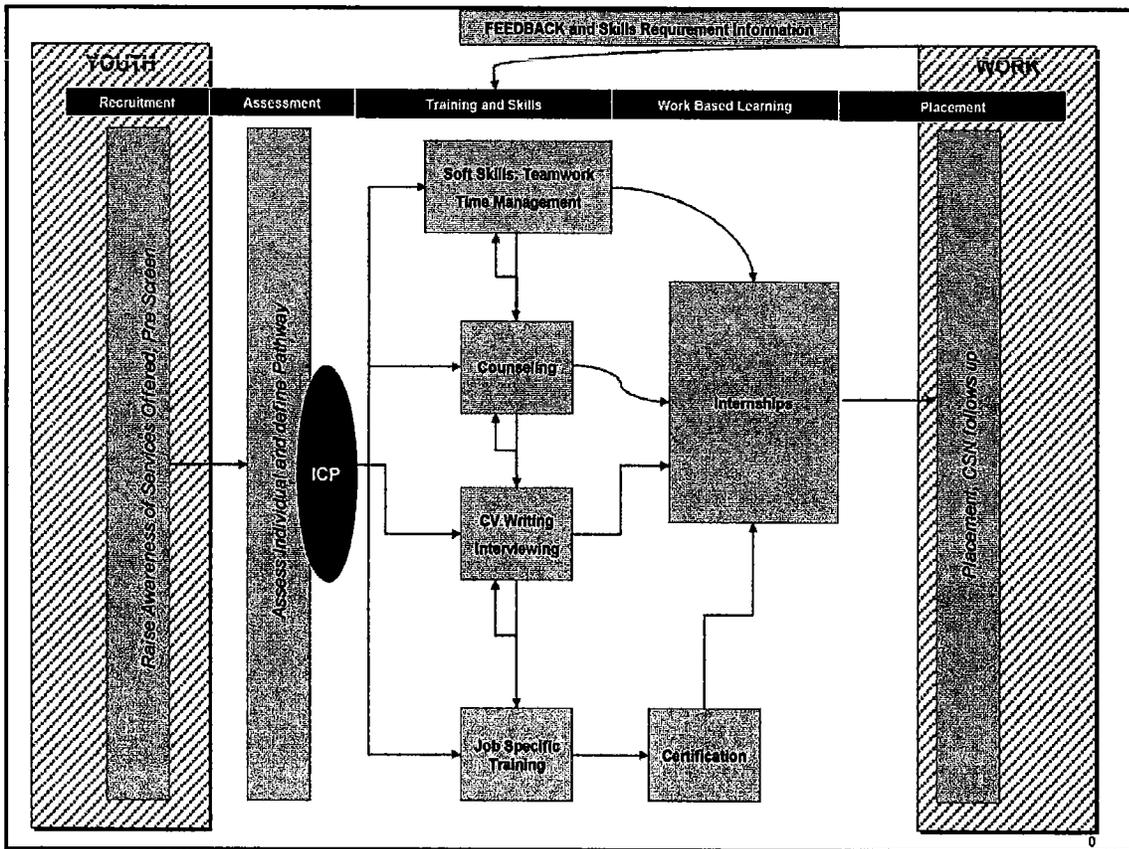
Information used to track progress will be:

- # employed (in general and of CSN beneficiaries)
- satisfaction level of employers with quality of employees
- # retained in employment / retention rate of CSN beneficiaries at 3 month, 6 month, 12 month period
- operation of tracking tool
- # of active workers transitioning from informal – formal economy
- # ESA registrants (16-25) enrolled in CSN
- # of ESA registrants finding employment
- # other youth enrolled

The proposed flow of services is illustrated by the following picture:

4.1.3 Component 3: Building the capacity of public and private institutions to provide services to youth and respond to labor market needs

This component recognizes that even if perfect information is being supplied by the private sector, and youth acquire the necessary skills to be desirable employees, the number of youth who benefit will be limited to those able to pass through the system during the duration of the project. This component has two subcomponents. The approach to the two principal delivery mechanisms (chosen because of their access to target populations as well as their likelihood of survival through various changes in government) needs to be different. While both institutions are appropriate venues for the services of the Career Services Network, the application of the services must be different, along with the starting point in each place.



Capacity Building in VET Schools. Capacity building will be accomplished by using the staff of VET schools (teachers, pedagogues, psychologists, as appropriate) to deliver the CSN services. This was vetted fully during the design phase. The team had many internal sustainability discussions indicating that employees of VET schools (staff and teachers) are overworked and would be hesitant to take on more responsibilities that are not in their job description. However, site visits proved the opposite. While indeed school employees are working hard, it was clear that some teachers simply did (or would) make time for additional responsibilities that they found professionally enriching, or important for their students, or both. This was confirmed by discussions with the USAID Primary Education Project, which has been able to successfully conduct workforce development activities in schools using existing school staff. Therefore illustrative activities will include externships for teachers, training staff to deliver CSN services and mentoring them during delivery, providing feedback and modifications for improvement.

Illustrative indicators of success will be:

- # teachers & other school staff providing services
- # of teachers and other school staff trained
- # of teachers undergoing internships
- # of companies actively engaged
 - # of companies establishing formal cooperation with VET schools on CSN activities
 - # of companies offering teacher internships
 - # of teachers undergoing internships
 - # of companies offering student practica
- # of students undergoing practica

Capacity Building in Employment Service Agencies. As in schools, staff of ESAs will be trained and mentored to deliver CSN services. Some staff are delivering some aspects of CSN services already. It will be crucial, in designing activities, to take into account existing services and how they might be modified for better impact. One constraint to impact at present is the ratio of ESA employees to the unemployed. This can be addressed by identifying a small, high potential group of youth who can be the first group of recipients of CSN services.

Illustrative indicators of success will be:

- # of ESA advisers trained
- # of ESA advisers providing services
- # of ESA registrants finding employment

4.1.4 *Component 4: Building and implementing a coordinated USAID approach*

A core goal of this project is to follow the lead of USAID in the development of a coordinated USAID strategy for workforce development. This means the project will engage existing structures wherever possible (particularly legacy USAID projects) to accomplish the three core program goals. For example, *Improving Demand/Supply Dialogue* will include activities such as working with the BEA project as it wraps up its work to better understand the Macedonian Human Resources Association and using that entity to better define the needs of the private sector. *Improving supply* will leverage the work of SEA, which developed soft skill trainings that can be offered through CSNs. *Building Capacity* will include an assessment of the “MyCareer” portal and a discussion of applying it to the high school context., and the project will investigate how to incorporate and build upon current MCP municipal agreements and how to work with the cadre of people trained through MCP in career counseling and guidance methods under the GDCF and internship initiatives of that project. BEA’s development of a job matching portal (www.avrm.gov.mk) will be a significant part of the project’s work with that agency, and forms a good

base of creditability with ESA that should ease entry and the development of a productive partnership with ESA centers. Additionally, the project will look at the computer software that BEA has invested in for ESAs and methods to build that software out to be both employer-facing and employee-facing.

	Component 1	Component 2	Component 3
Cross Cutting	Demand/Supply Dialogue Improvement	Improved Supply from Education System and Employment Service System	Build Capacity of Institutions to provide services and respond to needs
	<ul style="list-style-type: none"> • BEA – Skills Needs Analysis • HID – MK Human Resources Association • HID – VET Center, Adult Ed Center 	<ul style="list-style-type: none"> • SEA – soft skills trainings • PEP – career guidance • MCP – internships and trainings 	<ul style="list-style-type: none"> • MCP – My Career Portal, Global Career Development Facilitators • BEA- software • BEA – ESA job-matching portal

Illustrative indicators include:

- program materials and tools include further develop past and current USAID interventions
- # of coordination session held annually with “demand” project
- # of coordination sessions held annually with other workforce oriented donor programs/projects
- # of participants trained in this project who become engaged in other USAID projects, in particular the newly-planned EG Enterprise (“demand”) project, the Competitiveness project, Agri-business, and the Business Environment follow-on project.

Illustrative Examples:

USAID’s Business Environment Activity (BEA) did interesting and useful work in restructuring of labor market and pension reform. One product was to help the ESA to develop a document Employment Service Agency “A Vision for 2011”, which will be quite helpful in developing the capacity building work with ESA.

Furthermore, in all 33 ESA offices is working one trained employee for entrepreneurship, which should be a help to the “demand side” project being proposed by AED, and to the CSN project itself. Another part of the work with ESA was introduction of new software in the ESA, which is complex, but potentially useful for the new workforce development project.

Moreover, the statistical office of ESA is in its third cycle of the national “skill needs analysis” survey, a potentially very useful source of labor market information for the project.

The project will have cooperation with the Macedonian Human Resources Association MHRA established in April 2009 with an aim to work on certain professional standards. The MHRA was established with support of BEA project, and the capacity building was supported by the USAID project for Human and Institutional Development – HID implemented by World Learning.

At the present in the ESA are existing Individual employment action plans - IEAPs. They are included as well in the National strategy, but are not operational. This project can work more closely with the ESA to make this IEAP operational and to use them in CSN.

MCP’s work has in some ways established a foundation for some of the work contemplated in this project. The ambitious internship program has established helpful and productive employer relationships – especially in Skopje, but also in targeted labor market areas. As discussed above, the MyCareer portal holds genuine potential for application to this project. Moreover, the network of municipal agreements, along

with the cadre of professionals who have participated in the training in Career Development may offer a “leg up” on advanced capacity building in this arena. Finally, BEA’s experience and relationships with the Employment Service Agency and the Ministry of Labor and Social Policy can be helpful in addressing such policy issues as the removal of barriers for part-time/summer employment for students, which will be one of the activities in this project.

Until all legal barriers are resolved, the project will use the approach from the USAID Project MCP – Macedonian Competitiveness Project implemented by CARANA. This project has cooperation with the Ministry of Labor and Social Policy in order to make available Internships for students’ through their web portal “My Career”. It seems that some significant companies are familiar with this mechanism and are using the help/service from MCP in order to render internships feasible and legal.

My Career Portal is operational, but in the future should have a host entity. This Workforce development project will work closely with the entity owner of the Portal to promote all activities to the target groups, to inform all relevant partners about possibilities of using CSN services. This cooperation will be also on the level as cooperation with other portals used and familiar to the youth in Macedonia. It may develop, however, that as the program expands into areas like service learning and more forthright summer employment, that there are still legal or regulatory barriers to be addressed; the project has reserved a pool for STTA assignments, which would be engaged to provide technical assistance on this matter.

On other hand the project will always be there for promoting events of My Career to the members of CSN, Public Private Advisory Board and Youth Leadership Council.

It is envisaged that the key partner in VET schools will be the PEP project. Primary Education Project (PEP) is USAID funded Project, implemented by AED – Academy for Educational Development with a main objective to improve the quality of instruction and increase employment skills in youth. One of the five components of this project is Increase Workforce Skills added in early 2009. The Workforce Development activities are grouped into 3 components:

- Technology education
- Entrepreneurship education
- Career education

The Workforce development component actually started in the SEA project. Career centers in secondary schools began under USAID Project SEA Secondary Education Activity, implemented by AIR. They collapsed after the project ended because although the students liked them, the teachers were overloaded and felt it was extra work. The new project will work on finding solution how to make the Career Centers in the VET schools helpful and operational.

SEA developed good materials but now the only career guidance is happening in the classroom, not through a center. There is no clear mechanism to create/deliver career center services. All materials developed by SEA will be reviewed for the purpose of using them in CSN.

Another cross-cutting point between the two projects is internships. At the moment internships exist but it is now a summer program and not effective. Not all profiles have internships. On other hand neither the businesses nor teachers understand the importance. This will be addressed in the CSN as one important issue and to work on teacher’s motivation to establish relationships with companies. That will happen if the teachers themselves had internships.

The project anticipates close cooperation with other donor funded projects, such as:

- Balkan Children Youth Foundation (BCYF), local NGO with major international donors and prominent board of directors
- “Youth Employability Project for European Macedonia” started under the auspices of Clinton Global Initiative www.clintonlobalinitiative.org
- Business Start-Up Center Bitola / Business Incubator Bitola
- International Organization on Migration

4.1.5 Planning and Implementing a Sustainability Strategy

Sustainability of the project will follow five principal strategies, as outlined by the leading organization in the U.S., one tasked by a consortium of private foundations and governmental agencies to support non-profits (NGOs) to sustain promising programs, a technical assistance organization known as *The Finance Project*:

- Building in sustainability thinking from the beginning
- Developing a vision and results orientation
- Creating a strategic financing plan
- Building organizational capacity and community support
- Developing an explicit sustainability plan

With these strategies in mind (and guided throughout by the commitment to sustainability thinking from the very beginning) the project in turn will focus on: 1) Implementing a high quality and highly visible project; 2) Following a rigorous process of continuous improvement and self assessment; 3) Working within local institutions, to build permanent capacity through demonstration and knowledge transfer to existing staff; 4) Making agreements explicit at the earliest practicable times, through developing Memoranda of Understanding at both the national and local/municipal levels that spell out mutual expectations and responsibilities.

Quality and Visibility. This is a necessary pre-condition of sustainability; simply put, the project must actually *be* worthy of sustaining, and it must also be *known to be* important enough to sustain. The Project will focus on the country’s human development priorities and concentrate resources on areas exhibiting the greatest problems arising from unemployment. That makes it an important project to Macedonia, by definition. Careful attention will be paid to designing a Monitoring and Evaluation process, and to collecting and publicizing good numbers and important analysis of achievement. This substantive documentation will be married to a pro-active communications strategy designed to assure that the project is well-known, well-regarded, and “not a secret.”

Continuous Improvement and Self-assessment. According to *The Finance Project* (see above), there is a need to complement a focus on documentation with a commitment to periodic “taking stock.” EQUIP3 Project Director Erik Butler has developed a Program Self-Assessment tool on the principles of continuous improvement, using the Japanese TQM methodology of *hoshin* planning, that will be used annually with staff and partners to review plans [PLAN], document activities [DO], assess progress [CHECK], and make programmatic mid-course corrections [ACT].

Building Permanent Local Capacity. Because an overarching result of the project will be that youth are confident and ready for life and work, it is critical to create a sustainable CSN in the three regions in Macedonia as Public Private Partnerships (PPP). To improve the likelihood that they will be sustained, they will be based in an existing entity, and provide services for Career Development, Training, Practical Work (among others) for all CSN partners in that region. All partners in CSN will be involved on level as their job description and time allows. (Note that this project does not intend to *add* additional working hours for

the employees in the CSN partner institutions, but instead to engage VET and CSA staff actively in training, coaching, and mentoring in order add value, to build capacity and to thus to improve the likelihood of their support for long-term sustainability.)

ESA has already established Job Clubs, and the employees in the future will have more time to work on career issues, on Individual Employment Acton Plans, because they are not obligated to work on health insurance issues for unemployed. This task was administrative and time consuming. Now they can be more engaged in active workforce development issues for creating real demand-supply communication, and answering the wishes from the demand side.

VET schools have already been engaged in establishment of Career Centers, so that will be familiar territory for VET school staff; however, previous efforts were more focused on training inputs, and not as much on empowerment and guidance; the Career Service Network approach will add a coaching function for both faculty and students, and an output and placement function to current activities (and a substantial expansion of effort throughout).

Most municipalities have in their organizational structure an Educational Unit, or person responsible for Education with the new decentralization. This person will be actively coached and involved how to work on municipal level with demand and supply side, and to have the role of mediator in the area of education. This person or people in the department will use the CSN to gain knowledge and practical skills on approaching the WFD issues on local level.

Participating companies in CSN will receive benefits, and they will be actively involved in the work of CSN. The internships and externships for students and teachers are opportunities for them to get more involved in the education process, and to establish good relationships with future employees, and teachers.

Capacity building of partners is both a key delivery strategy, and one that also promotes sustainability. Most successfully sustained programs are sustained as a result of genuine engagement of key partners. This concept is fundamental to the strategy.

With creation of public consensus and local ownership from businesses and NGOs the concept of CSN is sustainable. After the project lifecycle we anticipate that the members of the CSN will be able to provide services by themselves, supported by only modest services from outside agencies or external consultants.

Memoranda of Understanding. This strategic value quickly becomes a tactical step. Very early in the project, an agreement between the project implementer and relevant ministries (*or* USAID itself as a bi-lateral agreement) will be developed as a way of informing the government and those relevant ministries (MOES, MLSP, perhaps MOE if the entrepreneurship/enterprise program is to be included), and to secure their consent and active participation. An MOU ensures that high-level support is secured, and that public acknowledgement of cooperation allows those further “down the chain,” on the implementation level, to actively participate in the initiative. Active participation ensures that knowledge is transferred. The buy-in of local level leadership is also crucial. An MOU or other form of agreement is recommended to be developed between USAID and the Government of Macedonia (signed by the Prime Minister or Deputy PM) and including key ministries will ensure one level of cooperation; securing the commitment of mayors through local and municipal agreements will ensure another. Mayors have the ability to pay salaries and commit office space and other financial resources, so that costs are not merely borne by the project. Over time, state institutions will see the benefit of CSN services and become willing to take over funding them. Beginning in development sites will also allow the slow understanding of the value proposition; when one municipality sees an initiative working in another, they are more likely to support it.

The sustainability effort will be a project-wide responsibility, led by the Chief of Party and supported explicitly by EQUIP3's home office leadership at Education Development Center. It will be a high priority from the beginning.

4.2 Overview of the Program By USAID Objective

Each section describes the design response to the relevant USAID Mission Objective for this program

As is clear from the following table, the most resources will need to be committed to Component 3, as it serves to accomplish most of the objectives that USAID has set forth. The other 3 components are each aligned with one objective.

	Objective	Component
1	Objective 1: Facilitate Public - Private Partnerships that will improve local level demand-supply labor exchange at the local level.	Component 1: Demand/Supply Dialogue Improvement Component 5: Sustainability
2	Objective 2: Develop venues for meeting immediate skill/training needs of the labor market and career development opportunities.	Component 3: Build Capacity of Institutions to provide services and respond to needs
3	Objective 3: Strengthen the job services capacity of public and/or private labor market mediation organizations to ensure trained youth have access to up-to-date on job openings and career development opportunities.	Component 3: Build Capacity of Institutions to provide services and respond to needs and Component 2: Improved Supply from Education System and Employment Service System
4	Objective 4: Provide continuing professional development opportunities for teachers in Vocational Educational Training (VET) schools.	Component 3: Build Capacity of Institutions to provide services and respond to needs
5	Objective 5: Create innovative mechanisms to make VET schools and the VET Center more responsive and relevant.	Component 3: Build Capacity of Institutions to provide services and respond to needs
6	Objective 6: Integrate productive connections with current and planned USAID and other donor Workforce related activities:	Component 4: Coordinated USAID approach

4.2.1 USAID OBJECTIVE 1: Facilitate Public -Private Partnerships that will improve local level demand-supply labor exchange at the local level.

SUMMARY: *The program design calls for three Development Sites, each with a public-private partnership – driven Career Services Network to be developed in the first three years, to be expanded as feasible in subsequent years. Significant roles are envisaged both for private employers and employer groups and for local municipal governments. As planned, the Career Services Network may be rightly seen as a flexible and customizable modification of a One Stop Career Center (recommended in the document "Taking Steps to a 21st Century Workforce", USAID/Macedonia, April, 2009).*

- **A Networked Partnership Delivery Approach rather than a bricks and mortar "center" will characterize the activities designed to meet this objective**
- **The Public Private Advisory Board is a critical success factor, and local employers and the local municipality are key actors.**

- ***The Youth Leadership Council*** builds upon the notion that young people are not merely a collection of weaknesses, needs, and challenges, but bring energy, ideas, and personal commitment to the opportunities that await them.
- ***The project will focus in its first three years on three regional labor markets:*** Each targeted area will consist of a principal municipal “hub” plus at least one other community judged to be part of a common labor market.

Implementation Steps:

While strategies and concrete steps will vary based on an early assessment of each site, common activities will include:

- Establishment of the public-private advisory board, identifying and recruiting private sector leaders through membership organizations and providing briefing and training opportunities as a “launch” activity.
- The PPAB will meet regularly providing advisory services to the CSN and as a channel for exchange of information on the needs of and opportunities offered by the business sector for enhanced youth employment.
- With cultivation and careful management, the PPAB can grow into the body assuming the role of organizing the employer community to work with the Career Services Network to define a system of job access, specify requirements for technical as well as employability and “soft” skills, and empowering a communications effort that will accelerate the establishment and acceptance of the project locally.
- Establishment of a youth leadership council to complement the work of the PPAB providing the voice of youth in the design and implementation of practices aimed at improving their own employability.
- Conduct an awareness raising and advocacy campaign aimed at disseminating information on the benefits of its work for the local youth and for the local businesses.
- Presentations will be held by all actors in the network (business representatives, VET schools, ESA, youth councils/centers/NGOs) reaching out to their respective catchment population, including printing and dissemination of flyers, presence in electronic and printed media.

4.2.2 USAID OBJECTIVE 2: Develop venues for meeting immediate skill/training needs of the labor market and career development opportunities

SUMMARY: *The program design describes a set of “learner-facing” activities, and “employer-facing” activities to be delivered to young people and with involvement of employers, delivered in partnership with existing institutions. These PATHWAYS (the journey from school or unemployment to employment and livelihood) and PIPELINES (the flow of well-prepared applicants into available jobs) define a realistic plan for young people and for employers.*

- *The array and flow of services creates “pathways” to employment for youth, and “pipelines” of prepared applicants for employers*

- *Assessment and Career Planning will represent international state of the art*
- *Work Readiness and Soft Skills will draw on the best of public and private sources, including those developed or reviewed by EQUIP3*
- *Work-based learning and Service Learning will provide practical experience for both VET students, ESA registrants and out of school youth.*

Implementation Steps:

In establishing the Career Service Network in each development site, several steps will be needed to build the activities on solid footing:

- Following the preparatory phase, each site will be need to be located in a physical space, staff hired and trained, and capacity-building and training resources (hardware, software, resource materials, etc.).
- Once the locations of the CSN are decided on, the specific beneficiaries of the Program intervention will be identified, as follows:
 - Level 1 beneficiaries: direct recipients of the capacity building are current VET staff and ESA staff.
 - Level 2 beneficiaries: youth in secondary vocational education, youth aged 16-25 registered as unemployed in the ESA with or without a formal qualification, and youth out of school and out of work, with or without a formal qualification.
 - Level 3 beneficiaries: other direct providers of services to youth (teachers in other VET schools, youth workers in youth councils, NGOs, centers, etc).
- Following the identification of the actual providers of services to youth, a capacity building process will be initiated through organization of training events and on the job coaching through demonstrating the processes involved in career development services.
- Continuous capacity development will be a central feature of ongoing operations of the CSN. This will be promoted through exchange of experiences and best practices, through a national CSN network of CSN including all three regions using newsletters and online tools.

4.2.3 USAID OBJECTIVE 4: Strengthen the job services capacity of public and/or private labor market mediation organizations to ensure trained youth have access to up-to-date on job openings and career development opportunities.

SUMMARY: *The program will leverage and improve existing capacities to provide current labor market data, access to job openings, opportunities for further training, and an “outcomes-based” approach that includes a priority for job placement and a “tracing” capacity to document job retention. The ultimate beneficiaries of this capacity building are young people, aged 16-25, who are either VET school students seeking to better define their futures, or out of school and unemployed young people seeking entry to the world of work. The secondary beneficiaries are the partner institutions, especially VET schools and Employment Service Agency offices, and their professional staff members, whose capacity to serve these youth will be enhanced by their participation.*

- **Beneficiaries** The targeted ultimate beneficiaries of this program are young people, aged 16-25, senior VET students, ESA registrants, and out of school youth not registered with ESA The

intermediate beneficiaries are the communities in which we will work and the organizations with whom we will partner. The third level of beneficiary is other potential partners from each community – civil society organizations like local non-profits, donor-funded projects serving young people, local business groups interested in hiring youth and – centrally – each municipality.

- **Labor Market Information:** A properly functioning labor “exchange” system relies on good information and mutual confidence.
- **Placement and Retention:** The likelihood of successful placement is greatly increased, as youth move through the system to the employer-facing section because staff and partners of the CSNs are actively soliciting information from employers and using that to inform the programs offered to youth.

Implementation Steps:

As each site is developed, it will be steered by the professional staff of the overall project, as well as guided by the local advisory board as described. There are a series of cross-cutting activities that will apply to all three development sites:

- A local assessment or “mapping” will be undertaken to identify potential partners, access point to employers and to youth, and a resources available to youth, to VET schools and ESA offices, and to other youth-serving organizations;
- This assessment will include an appraisal of the presence and capacity of potential key local partners, namely the economic development, education, and human resource development units of each municipality in order to develop and tailor local strategies to realistically-assessed local realities;
- A cross-site assessment, acknowledging the present state of VET and ESA, will consider several important points of context in order best to align local program strategies with the frameworks, curricula requirements, and policy priorities of the national governing bodies:
 - review the national curricula for the general education and vocational subjects to identify learning objectives and contents conducive for the development of the required soft skills (cooperation skills, teamwork, problem solving skills, creative and critical thinking, etc.);
 - review the national curriculum and school practices for the mandatory subject Entrepreneurship to identify possible areas for integration of the transfer of work readiness skills (CV writing, interviewing, job searching, business plan development, etc.);
 - review the school practices for student practica in companies to identify potential for improvement of the efficiency and effectiveness of the practicum for development of necessary skills;
 - review the existing practice of development of the Individual Employment Plans and upgrade them to a high-quality Individual Career Development Plans that will be used both in the ESA and in the CSN;
 - review the existing job club practices in the ESA to design an improvement plan for ensuring the transfer of the work readiness and the soft skills;
 - identify existing gaps of skills provision where an adequate response needs to be developed as part of the services provided in the CSN.
- Developing process for training tools and modules. Once the components of the CSN activities are identified, an assessment of the interventions already developed in the USAID supported programs addressing the area of workforce development will be undertaken in order to assess to what extent they can be applied or upgraded for use in this Program. As some of these are still in mature implementation stages, the assessment will include consideration of present capacities and design of potential linkages. In particular, the training and resource materials in the following interventions might prove useful for adaptation:

- Secondary Education Activity, especially the components addressing the establishment and work of the career centers and the introduction of active teaching and learning methods such as Real and Virtual Companies;
- Primary Education Project, especially the component dealing with workforce development
- Business Environment Project, especially the component dealing with the labor market reform;
- The Macedonia Competitiveness Project offers useful tools, namely MyCareer portal, GCDF training, and current municipal agreements in key labor market areas; all will be explored and developed in conjunction with the implementing partner and USAID Mission personnel.

4.2.4 USAID OBJECTIVE 5: Provide continuing professional development opportunities for teachers in Vocational Educational Training (VET) schools.

SUMMARY: *Focusing specifically on those teachers, pedagogues, and psychologists with interest in career guidance and counseling, and for arranging student 'practica' in companies, the project will provide coaching and "pairing and fading" development opportunities for VET teachers. Teachers will be offered opportunities to spend time in employer sites in informal and formal learning experiences that will help ground them in workplace realities.*

While the Career Services Network program is not specifically a VET teacher training initiative, it is nonetheless an objective of the project to develop both systems for improving career development for students, and a cadre of trained teachers and other professionals to carry out the direct activities of an upgraded career development process. Illustrative activities will include:

- *Upgrading and "re-resourcing" the existing Career Center (where they exist, often created initially by USAID's SEA project), or creating and resourcing new Career Centers where they do not;*
- *Initial training in career development principles and practices offered to selected participants in each partner VET school;*
- *Coaching and "pairing and fading" relationships with CSN advisors; and employer-based experiences such as short-term internships for teachers who would benefit from practical exposure, and career center staff who also need the grounding in reality that some time in an employer or company setting would provide.*

4.2.5 Create innovative mechanisms to make VET schools and the VET Center more responsive and relevant.

SUMMARY: *The program will recruit and engage employer partners for several activities, including service learning, expanded work-based learning (student and youth 'practicum') sites, and also for teacher internships.*

Specifically, the intent is to help current programs of VET schools become more labor-market-attuned, and to develop systems that more directly connect VET schools with employers. The activities to support this objective will be both formal and informal. Formally, the Public-Private Advisory Board will provide advice, information, access and counsel to the Career Services Network, in which VET school leaders, Career Center staff, and other key educators will be active participants. Less formally, they will be involved in activities to generate improved labor market information, and will be invited to participate in working parties with CSN staff and ESA counterparts. The coaching process will include work with employers and employer groups, and the key participants from the VET schools will be as engaged as they are able to be in

the daily management, the planning and the periodic evaluations of the various services they are assisting to provide to VET students. Participating VET school directors will be invited to serve on the public-private advisory council, and will meet periodically but regularly with the CSN local manager to review progress and make plans. We see this as an active partnership at several levels of the VET school leadership and faculty. We have had very positive indications from our visits with VET schools in all three communities that there is considerable openness to this relationship, and perhaps even more flexibility on the part of VET schools than one might be led to expect by many observers.

Regarding the national level, quasi-independent Vocational Education and Training Center, this program will work closely with the HID initiative to build capacity within VET Center, and together with the HID program will develop methods to transmit lessons for policy from the local, labor-market activities in which it the project will engage.

4.2.6 Integrate productive connections with current and planned USAID and other donor Workforce related activities

SUMMARY: The program design is built on the premise that services and content will be delivered through means of networks – through partnerships with local VET schools, local ESA centers, youth-serving NGOs, municipal leadership, and –not least, and especially, employers.

This networked approach will build directly on previous work done in previous projects (such as SEA's work to build career centers and curricula in secondary and VET schools especially) and current projects (such as BEA's work with ESA's and MCP's MyCareer portal, GCDF, and internships).

Moreover, the project will closely collaborate with the projected new EG "demand"-related workforce project named Small Enterprise Development Project (SEDP) as it meets its job creation ambitions, as well as liaise with the Competitiveness project, Agri-business, and the Business Environment current and follow-on projects.

In its effort to a) provide superior work-based experience such as internships, practica, service learning, and summer jobs to students, as well as internships with the private sector for teachers, and b) establish public-private dialogue on relevant curricula, skills requirements, and enrollment quotas per profile at the VET schools, the project will collaborate closely with the Small Enterprise Development Project (SEDP).

This collaboration will include joint review of Annual Work Plans and Quarterly Performance Reports, consultation on the development of the Performance Monitoring Plans (PMP) and possibly joint indicators or results in the Mission's PMP, potentially establishing joint Public-Private Steering Committees or Advisory Boards in the regions where both projects will work side by side, and other activities the USAID Mission's EDU and EG office may deem appropriate.

5. Prioritizing Ethnicity and Gender Concerns

The project expects to serve equal numbers of males and females in each selected labor market area, and to focus on vulnerable populations with a goal of twice the share of participants as are represented in the overall population (e.g., if Roma are 5% of the population in a region, 10% of participants would be Roma).

As noted above (see page 15) in accordance with the recent USAID gender assessment, the project will take specific steps to assure the implementation of these priority considerations, specifically:

- An initial gender analysis of key vocational training sectors engaged through VETs, and development of measures to remove explicit and implicit barriers to the participation of both women and men in non-traditional sectors
- Establishing a value from the beginning of the project to counter gender and ethnic stereotypes in either training or employment;
- Design specific measures to engage female youth who are currently inactive in the labor market;
- Include partners with specific (and successful) experience in engaging female youth and ethnic minority youth;
- Locate and engage female-owned and female-managed businesses and other enterprises to participate in all aspects of the project.

6. Risk Management

The primary issues examined in determining technical soundness include: consistency with best practices in youth employment first in developed countries where many best practices are developed, and second in countries with a similar social, political, and economic profile to Macedonia where best practices have been applied; likelihood of commitment from local-level actors whose cooperation will determine the success or failure of the activities; degree to which human capacity exists to implement the proposed activities (both from a project standpoint as well as local-level counterparts who will be twinned with project staff for skills transfer); and potential for ownership by local institutions (VET Schools and Employment Service Agencies) and their ability to ensure sustainability of activities after the project ends.

Further analyses and consultation will commence with project kick-off when a “mini assessment” will be conducted. Recognizing the significant investment of resource in the Assessment in 2009 (document published April 2009), it is not necessary to duplicate those efforts. It is necessary to validate the conclusions in the Assessment that informed this design and to ensure that design elements that are predicated on certain structures (VET schools having some form of existing career centers) still hold true. In the project kick-off period it will be important to assess the status of current USAID projects to ensure interventions are still compatible, and to be aware of projects (both USAID and other) that will soon be coming on line and might have impact on this proposed project.

Stakeholders, partners, and customers were active participants in the activity design. During the design period (two weeks in March-April 2010) it was not possible to meet all potential counterparts, so only the most crucial actors were consulted for their advice and to gain their support. These include local-level mayors, VET schools teachers and directors, ESA directors, businesses, chambers of commerce and crafts; and national-level stakeholders from the VET Center, Center for Adult Education, Ministry of Education and Science, and the Macedonian Chamber of Commerce. Feedback from these stakeholders affected the development of the activity design in that it changed from a “Career Center” concept to a “Career Network” concept. It was clear from site visits that the end-customer (youth) needed a more flexible approach to delivery. The project cannot count on youth to go to a certain place to receive services and the services need to go to the youth to the extent that is possible.

Illustrative risks associated with the proposed interventions, and potential mitigation, follow.

RISK	MITIGATION
Too strong dependence on vertical hierarchy at the expense of receptiveness to local needs and local accountability	Ensure that participating organizations are “given” the freedom to develop their own initiative, MoUs, transparent reporting mechanisms, local support networks, more prominent role of local authorities
Additional workload for some individuals in the organization (school, ESA) not sustainable in the long run as it is based on temporary motivation, not embedding into a comprehensive structure	Ensure that new activities do not require too much additional work of individuals; distribute workload more broadly; ensure personal gain (recognition of training), work on a policy level to decrease workload, acknowledge hours spent in CC as official working hours
Staff in organization resentful of outsiders who are paid (substantially) to help them do a better job, but they are still required to do the bulk of the work	Ensure training and support are top quality; ensure presence of support structures in actual work with students; ensure confidentiality of arrangements
Users of services are more affluent youth that have less need, as a rule, for the services offered; difficult to elicit participation of excluded groups	Ensure outreach mechanisms through local authority and NGOs; design field visits to targeted communities; social mobilization provides prominence and acceptance
Lack of culture of inter-organization cooperation, threat of “implosiveness” and focus on their “predefined mandates.”	Promotion of best practices, study visits, demonstrated benefits for all involved (personal and institutional); interregional cooperation through regular meetings and visits (both all agents and akin institutions)

7. Performance Management Plan

Partners / members of CSN are already existing and operational in each region. They are providing services, but CSN will be a focused effort to broaden instruction, and to focus on quality and follow-through with individuals – both VET students, ESA registrants, and others. As CSN is more focused on youth, special attention will be paid to monitoring rates of reenrollment, consistency of services, and documentation of outcomes. A performance-monitoring plan, including monitoring matrix should be initiated for this project by the implementing consultant.

The Project Management Office will make regular periodic assessments of program performance. Local monitoring will be implemented in each of the 3 regions. The monitor should provide *monthly* reports to the responsible/assigned Manager at the PMO, and with a copy to the Monitoring and Evaluation Specialist in the PMO.

The reports should detail all work accomplished, tasks remaining, constraints and recommendations for future action. Additionally the Local CSN will collect and submit performance indicators data on quarterly basis. The performance monitoring plan will be in effect for 5 years or until the completion of the project, whichever comes first.

PMP

Indicators (numerical targets to be determined)
VET students enrolled in CSN
ESA registrants (16-25) enrolled in CSN
Other youth enrolled
Fully-developed Individual Career Plans (ICPs)

Trained teachers and other VET school staff who provide CSN services
Trained ESA advisers who provide CSN services
Training sessions held in each of the skills areas
Complementary youth-initiated and led community projects
Work-based learning placements
Employed CSN beneficiaries
Satisfaction level of employers with quality of employees
Retained in employment / retention rate of CSN beneficiaries at 3 month, 6 month, 12 month period
Active workers transitioning from informal – formal economy
Companies actively engaged in CSN
Companies establishing formal cooperation with VET schools on CSN activities
Companies offering teacher internships
Teachers undergoing internships
Companies offering student practica
Activities of the PPAB
Activities of the YLC
Coordination session held with “demand” project and with other workforce oriented donor programs/projects
Change in satisfaction of youth with the impact of their skills on employment prospects
Change in satisfaction of employers with quality of supply
Change in satisfaction of supplying services (ESA, VET schools)

9. Activity Timeline

Macedonia																							
ACTIVITY	2010				2011				2012				2013				2014				2015		
	Q4	Q1	Q2	Q3																			
Contract signed	█																						
MoU with all stakeholders	█																						
Assessment of needs and resources	█																						
Baseline assessment of attitudes	█																						
Selection of CSN partners (location and institutions)	█																						
Establishment of Public/Private Advisory Board on local level	█																						
Establishment of Youth Leadership Council	█																						
Awareness raising and advocacy	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Identification of beneficiaries	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Capacity building of staff supporting the CSN	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Capacity building of businesses in effective and efficient practica*	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Development of service offering	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Identification of access points	█																						
Delivery of services		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Assessment of youth basic skills		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Development of Individual Career Plans		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Provision of work readiness and soft skills		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			

*Note: to be carried out in collaboration with the Enterprise Development project in USAID Macedonia's EG portfolio