

Self-employment Programme, the Former Yugoslav Republic of Macedonia¹

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I. General Information on the Self-Employment Programme

The general objective of the Programme is to support the unemployed registered with Public Employment Services (Employment Agency of the Former Yugoslav Republic of Macedonia) in establishing their own companies, formalizing an already existing (informal) business activity and creating additional jobs. The Programme is implemented on annual basis and has been active since 2007.

The programme is open to all unemployed registered with Employment Offices. More specifically, the Self-Employment Programme in the Former Yugoslav Republic of Macedonia is divided into three sub-programmes: one targeting the unemployed registered with PES (all groups), one targeting youth (up to age 29) and the third one targeting persons with disabilities.² Nevertheless, not all types of business ideas are eligible for the Programme.³ Neither persons who received a grant in the past years are eligible to take part and apply for participation in the Programme. Persons who take part in the Programme and use the grants cannot return Employment Offices and register as unemployed persons until the expiration of the grant agreement.

¹ This report is mainly drafted on the basis of a questionnaire completed by the Employment Agency of the Republic of the Former Yugoslav Republic of Macedonia for peer review analysis of Self-Employment Programmes.

² See Employment Agency for the Former Yugoslav Republic of Macedonia: Operational plan for implementation of ALMPs – 2017

<http://www.avrm.gov.mk/content/%D0%9E%D0%9F/Revidiran%20Operativen%20plan%20za%20izmena%20i%20dopolnuvane%20na%20OP%202017.pdf>

³ The Self-Employment Program does not support the establishment of businesses in the following sectors and sub sectors: From agriculture sector plant and animal production, hunting and service related activities, production and distribution of weapons, financial and insurance businesses and activities involving games of chance, wholesale and retail trade in motor vehicles and motorcycles and repair of motor vehicles and motorcycles, real estate activities, business consultancy services, taxi services.

The programme is implemented on the basis of a public call. The key measures of the Programme include:

- (1) training for entrepreneurship,
- (2) assistance in developing a sustainable business plan and registering business activity,
- (3) grants in the form of equipment and/or materials and
- (4) mentoring at the initial phases of business operation.

Geographically, the Programme covers the entire territory and the annual target is to support about 2,000 unemployed people with entrepreneurship training and about 1,500 beneficiaries with financial grants (about 4,000 -5,500 euro per applicant) and follow up support when registering their own business. Funds dedicated to the Self-Employment Programme are from public budget, more specifically from the budget of the Employment Agency of the Former Yugoslav Republic of Macedonia.

II. Programme Interventions

1. Promotion of the Programme

The promotional activities of the Self-Employment Programme are targeted to three main groups: unemployed persons, young unemployed persons up to 29 years of age and unemployed persons with disabilities. The programme is being promoted throughout the year, under the motto "Your own boss!", which invites potential candidates to apply for the Programme by sharing key messages about the Programme.

The Programme is promoted using different means of communication. It is promoted through online media providing direct link to the main information platform of the programme (www.rabotaimoznosti.mk) but also by promoting success stories on the mass media. Furthermore, the unemployed persons are also informed about the Programme through information sessions organized through four Info Clubs. For targeting the interest from young people, the Programme is disseminating the information newsletter about the Programme through youth email networks as well as motivational messages on the social media (fan pages created by domestic start up community) adapted in their tone, vocabulary and content to the expectations of the young people. In order to have significant impact on youth, part of the success stories are selected especially from young successful entrepreneurs. Furthermore, to attract interest from persons with disabilities, the Programme organizes information sessions at the National Alliances of Persons with Disabilities as well as produces and distributes informative material to key locations, which is also adapted into Braille alphabet.

Furthermore, the Self-employment Programme undertakes additional promotional measures for inclusion of Roma. The Programme was promoted in the most visited social networks by young Roma (<https://www.facebook.com/romainfo.mk/>), where specially designed information about the Programme targeting the unemployed young Roma is regularly posted. The unemployed Roma are also informed about the Programme through the engaged mentors who directly and indirectly share information about all ongoing active labour market measures.

2. Recruitment/Admission process of candidates into the Programme

The Self-Employment Programme managed by PES is open for all candidates that are registered as unemployed with the Employment Agency. Following the announcement, the interested candidates that registered as unemployed apply to the programme at their closest Employment Office. After application, interested candidates are invited to an informative meeting for provision of basic information about the Self Employment Programme in which candidates are required to finalize their application process with the support from the counsellors in Employment Offices.

Following the completion of application process, each application is assessed based on established criteria. The scores of each application are added and ranked from the highest scores to the lowest based on applicant's personal abilities and skills as well as the overall knowledge in the area of entrepreneurship. In this way, candidates that obtained the highest ranked scores are selected to participate in the next intervention of the Programme (i.e. entrepreneurship training).

3. Provide entrepreneurship training to candidates

Entrepreneurship training is one of the key interventions of the Self-employment Programme implemented by the Employment Agency. The training focuses on improving entrepreneurial and managerial skills of unemployed registered at the Agency in starting and carrying out their own business activities. The entrepreneurship training is delivered by external business consultancy agencies. The training includes topics on business planning, business management, and marketing. The training course lasts about 30 hours in total, organized into three-to-four working days for eight class hours each. At the end of the training, the assessment is carried out by a team of consultants/trainers and coordinators employed at the Employment Offices, in accordance with the previously established criteria.

4. Access to Finance

The Self-employment Programme offers a financial grant to ease the barrier for the creation of start-ups from these targeted groups. In the period of 2007-2016, the average amount of financial support given to applicant was about 3,000 euros. However, in 2017, the average amount of financial support given to applicant was increased to 4,000 euros for persons over 29 years of age, and 5,000 euro for young people under 29 years of age.

The selection of candidates for awarding the grants is done through combining and ranking the final scores or points for each candidate from:

- (i) Initial application process (i.e. questionnaire) –10% of the total score,
- (ii) Entrepreneurship Training - 15% of the total score,
- (iii) Assessment of the business plan by the Expert Committee - 65% of the total score,
- (iv) Assessment of the candidates by the APERM's (Agency for Promotion of Entrepreneurship) Advisors (the impression acquired in the process of preparation of the business plan) - 10% of the total score.

The Working Group comprised of representatives of the Employment Agency - Central Department (Sector for Active Measures and Employment Services), the Ministry of Labour and Social Policy, APERM and UNDP is in charge of approving the final list of candidates and signing the minutes of the meeting of the Working Group. The final list is then given to the Employment Agency for initiation of procedures.

Subsequently, the winning applicants sign an agreement with the Agency for awarding non-refundable funds. However, they should register a business in order to be eligible to use the non-refundable funds delivered by the Programme as well as to register in mandatory social insurance within 15 days. Nevertheless, the actual delivery of the funds for procurement of equipment and/or materials is done in accordance with the business plan and directly to suppliers' bank account on the basis of a submitted proforma invoice, an invoice and a delivery note for the performed purchase.

5. Business Coaching & Mentorship

The Self-employment Programme includes interventions to provide assistance to new entrepreneurs through mentoring support during the first year of operations, however, only to certain segments of the targeted groups. The mentorship support is given to young people up to 29 years of age, disabled persons, members of the Roma community, legal entities established by two partners and women from a vulnerable category. Other groups such as those beneficiaries that are above 29 years of age are not eligible for mentoring support. Mentoring support is provided and delivered externally by business consultants. A total of 120 hours of mentoring is planned for each winning candidate by the Programme.

6. Monitoring & Evaluation

The implementation of the Programme is monitored by the Employment Agency for 24 months from the commencement of the Programme. During this period, the Employment Agency monitors beneficiaries on regular basis through on-site visits to their business premises and by conducting inspections of their business and procurement activities. During these visits, the coordination officer together with the representative of the EARM regularly monitor and fill out a specially designed report with clearly specified parameters for the conditions, the performance and the work process of the newly established businesses.

The Programme has also conducted an external evaluation assessing the Programme activities. However, the evaluation report is in process of preparation and it will be completed soon by a foreign consulting company.

II. Results

In 2017, a total of 2,621 persons were engaged with the Self-Employment Programme. Out of 2,621 people that were engaged, a total of 1,084 persons registered their companies and 50 of the registered companies received additional funds for employing one additional person (i.e. for employing an additional young person up to 29 years of age). There was noteworthy participation from women, young people and other vulnerable groups. Out of 1,084 persons that registered their companies, 404 were

women (or 37.2%), 347 were young people up to 29 years of age (or 32%) and 18 were people belonging to the Roma community (1.6%). The share of people with disabilities was 4% (or about 41 people) out of which 33% were women, 27% young people and 12% Roma.

In 2014, the Employment Agency organized a survey covering entrepreneurs supported during the period of 2007-2013. The survey results revealed that about 70% of these grantees were still in business in 2014. Thus, survival rates of businesses throughout different years of operation supported by the Programme were about 70%.

The Programme cost per beneficiary differs based on which of the intervention was utilized by them. The programme cost per beneficiary who was enrolled in the entrepreneurship training was 57 euro (or 3,500 Denar), whereas for those that were enrolled in the training as well as engaged in business planning development and application process was 245 euro (or 11,600 Denar). On the other hand, the programme cost per beneficiary who actually was enrolled in the training, established a company and used the funds for purchase of equipment and materials was about 4,290 euro (or 263,940 Denar) and those who employed an additional young person up to 29 years of age costed about 6,700 euro (or 417,690 Denar).

III. Good Practices

The Self-employment Support Programme identifies the following critical factors influencing the success of the programme:

- Stable economic and political climate: The Programme identifies that there is direct relationship between stable economic and political climate and the success of the grantees. Unstable economic and political climate negatively influences the investment and consumption decisions creating vulnerabilities in the market and financial conditions of the newly established firms.
- A well-established and transparent process of selection of candidates: The Programme considers that a well-established and transparent process of beneficiary selection assisted them in attracting a good number of applications on the one hand and in obtaining the highest possible return on support provided on the other.
- Promotion and information on the benefits of the programme: The programme especially emphasizes the value added from promoting the Programme in the career fairs for youth, as well as organizing the information sessions and open days in the Info Clubs with participation of young successful entrepreneurs, as well as preparing a series of successful motivating stories, and publishing on a frequently visited youth web portal (example: <http://www.reborn.mk/mojata-startap-prikazna-ognena-vasiljevik/>)
- Building of programme credibility and recognition: The programme also emphasised the importance of establishing credibility for the programme over the years because credibility and recognition can bring a good number of qualitative applications, thus increasing the overall success rate of the Programme.

Lust but not least, the Programme throughout the implementation worked to become more inclusive by introducing additional support and services for users from vulnerable categories. In the course of the programme implementation, the Programme changed the existing and/or introduced new models generally targeting more vulnerable groups such as youth and people with disabilities. Thus, the

programme cycle was upgraded and separate sub programmes were created targeting these two groups (youth up to 29 years of age and disabled persons).