

## Signature Page

Country: FYR Macedonia

UNDAF Outcome(s)/Indicator(s): 1.1. A strategic national vision for local human development and good governance at national and local level in place.

*(Link to UNDAF outcome, If no UNDAF, leave blank)*

Expected Outcome(s)/Indicator (s):

Project title: **EU Convergence Study - Economic and Social Effects of Macedonia's EU Accession**

Implementing partner: NEX - Ministry of Finance, implemented by UNDP

Responsible parties: UNDP, Ministry of Finance

### Narrative

The main objective of the project is to assist the country in identification of policy options for the Government and the business community for overcoming the unavoidable social price of the EU integration and to assist economic agents to become prepared for the EU competition. More specifically, the project will produce a study that will include the likely scenarios and consequences of EU accession for the country, drawing on the experience of countries that have recently joined the EU; provide a set of concrete policy recommendations for implementation of policies that will enable FYR Macedonia to maximize the benefits of EU accession; foresee and take measures to mitigate the negative effects of accession on Macedonian society and the economy, and provide a basis for the education of the public about the implications and likely consequences of EU accession.

Programme Period: **2005-2009**  
Programme Component: **Decentralized Governance**  
Project Title: **EU Convergence Study**  
Project ID: \_\_\_\_\_  
Project Duration: 10 months  
Management Arrangement: **NEX**

Total Budget  
Allocated resources: \_\_\_\_\_  
GovernmentEuro 100,000  
Regular USD 220,762  
Other:  
Donor \_\_\_\_\_  
Donor \_\_\_\_\_  
Donor \_\_\_\_\_  
In kind contributions \_\_\_\_\_  
Unfunded budget: \_\_\_\_\_

Agreed by UNDP:

\_\_\_\_\_  
**Maria Luisa Silva Mejias, UNDP Resident Representative**

Agreed by the Ministry of Finance: Please see attached Letter of Acceptance

## Part I. Situation analysis

European integration, a process which started over 40 years ago, is widely believed to be one of the most successful examples of regional integration. Despite the periods of slowdown and obstacles, the integration process and the several enlargements that took place in the recent history, have proceeded rather smoothly. There is general consensus that benefits of EU convergence outweigh the costs. This has been largely attributed to the rigor requirements and preparations during the convergence process, which are aimed to assure that the economies of the candidate countries will become “functioning market economies” and show “the capacity to cope with competitive pressure and market forces within the Union”, before the full membership. The overall purpose of the convergence process is to facilitate the integration and thus reduce the adjustment costs both for the newcomers and the old members at the common EU market.

Macedonia’s aspirations to become a member-state of the European Union represent unifying priority that enjoys national consensus. During the past decade, this aspiration has been shaping the reform initiatives, national policy agenda and business perspectives. Moreover, country’s membership into the EU is seen as a conclusive step of the Macedonian political developments and turbulences of the past decades, but also as a process that determines the nature of the Macedonia statehood and trends of its economic and social development.

An important milestone of FYR Macedonia’s goal to join the EU was the submission of the application for membership in the European Union on the 22 March 2004, which confirmed country’s strategic commitment towards EU accession. On 17 December 2005, the country has achieved candidate status, which entailed further commitment to meeting the political and economic criteria for membership and to preparing the country for assuming the obligations of membership, that is, the *acquis* expressed in the treaties, the secondary legislation and the policies of the Union.

The period between achieving candidate status, the negotiations and full membership will be challenging, both politically and economically. The Government needs to undertake a major review and adaptation of its laws and strengthening of institutions, while the society and the business sector need to take timely action to prepare and/or adjust to the new policy environment. Such a large revision of laws, regulations and institutions in the long term will be beneficial. However, there will be transition costs, and thus considerable thought must be given to the phasing in of various EU-related policy measures and decisions. Consequently, FYR Macedonia must create the capacity to weight the costs and benefits of adopting specific EU regulations. While the experiences of other countries suggest that the pace with which changes are implemented may accelerate over time, it is critical that Macedonia have a clear roadmap of the process, one that identifies the costs and benefits of adopting specific measures and factor them

against country's ability to absorb such changes as well as embed those measures into the socio-economic policy agenda.

In this respect, it will be of critical importance for the country to create capacities and shared understanding of the potential implications that the integration process will entail on the business environment, as well as the social and economic welfare of the citizens.

Keeping in mind that the rapid convergence of economic development and the pace of growth in the country may be considered as generally positive, but may nonetheless result in aggravating social problems, the multifaceted impact of the EU accession process needs to be thoroughly studied, with particular attention to the critical sectors and issues. By this we mean the real effects of integration on the social and economic welfare of its citizens as often, these effects are viewed in economic terms, having to do primarily with the well known effects of economic integration. However, the experience of the transition economies that have recently joined the European Union, as well as the experiences of earlier accession countries such as Spain and Portugal, show that there are both economic and social effects that come about in part through the introduction of the new laws and regulations required for EU membership and other, equally important, effects that come about through the socio-economic consequences of EU membership.

## **Part II. Project Objective**

Considering the Macedonian young independent statehood, so far there has been no complex and neutral analysis of the possible consequences of the Macedonian accession to the EU.

The main objective of the Study will be to deliver a variety of concrete recommendations and policy options for the Government and the business community that will enable the country to maximize the social and economic benefits and mitigate the eventual negative effects that the EU integration may bring to the country while assisting the preparedness of economic agents for EU competition.

In addition, the study will provide a basis for better understanding of the current public and future administrations of Macedonia of the likely consequences of EU accession for the country and to draw on the experience of countries that have recently joined the EU.

The study will not focus on the legal steps and measures required for EU accession. Rather it will offer to policy makers, business community and the general public:

- the likely scenarios of the impact of EU accession for the country, drawing on the experience of countries that have recently joined the EU;

- provide a set of concrete recommendations and policy options that will enable Macedonia to maximize the benefits of EU accession in terms of creating favourable environment for enabling greater interface of Macedonian economy with the economies of EU countries, improving the flexibility of different factors markets, quality of education and human resource base as well as preventing the pressure and adverse effects on the most vulnerable segments of the society;
- suggest possible measures to mitigate the negative effects of accession on the above-mentioned areas;
- provide a basis for education of the public about the implications and likely consequences of EU accession; and,
- provide a solid analytical tool based on which solid negotiating positions could be developed once the EU accession negotiations start and to advocate with EU partners.

### **Part III. Project Strategy**

To assist the country in this undertaking, UNDP is partnering with the Government of Macedonia, in conducting a study, which through a research and exchanging of experience and lessons learned, will offer expert opinion on the policy options and actions that the government and private actors could engage on to facilitate the process, increase the predictability of forthcoming changes, thus reducing the risk and improving the preparedness of the development agents for the changes that the accession will bring about. In this context, the accession process is viewed in broad terms and hence the analysis to a certain degree will also include the societal impact of the EU accession in areas such as education and employment.

As a knowledge-based organization and a global network of development partners, UNDP intends to help the country learn about these effects in part from the experiences of other countries that have recently joined the EU, and in part from research and expert analysis.

During the discussions between UNDP and the Government (Ministry of Finance in particular) a complex set of issues was identified to study the integration consequences of EU upon the country, the findings and result of which is expected to have twofold effects:

- 1) Become integrated into a wider Government negotiating platform and action plan to mitigate and adequately address the consequences of the convergence process.
- 2) Provide information on the accession maturity that should not be measured only by the speed of harmonization, but more according to the ability of development actors to cope

with the pressure and necessary adjustments that is expected to be upcoming during the negotiations and country's full membership.

The preliminary assessment indicated that the following areas and issues will be central to the convergence process, which will define the possible scope of the analysis and outline of the Study:

- **Macro-economic convergence**, which would include assessment of country's compliance with the Maastricht criteria, exchange rate policy, prices, nominal and real price convergence, preconditions for synchronization of Macedonia's and EU business cycles. The level of prices in Macedonia still differs significantly from those of the current EU members. The economic significance of the price level convergence is that the accession process will necessarily imply higher rates of inflation in Macedonia compared to the current EU zone, this creating an adverse impression among the citizens and economic agents. Moreover, the public's perception of price increases may focus on the prices of a few key goods, leading to the impression that inflation is the result of EU accession. This may complicate monetary and fiscal policy, all the more so as the effectiveness of domestic policy instruments may decrease;
- **Creating favourable environment for increasing of the capital flows and ensuring grater interface of Macedonia' economy with the economies of the EU countries.** Macedonia is not adequately integrated into the world economy yet and hence the country does not benefit from the gains from trade and foreign direct investment to the degree that it could. Low globalisation limits the level of competition on the domestic market and ability to follow policies that promote growth and increase the incomes and economic freedom of its citizens;
- **Financial sector convergence** Integration of the Macedonia's financial sector at the EU credit and money market will inevitably lead to financial sector reform and deepening of financial market, convergence of interest rates, greater portfolio flows, liberalization of foreign exchange and capital flow etc.
- **Industrial competitiveness** International competitiveness of domestic firms can only be achieved through sufficient flexibility of domestic prices and an increased level of microeconomic efficiency that would raise real productivity in the "tradables" sector. Who are the likely winners and losers in industrial sectors and in services as well and what are the implications of the internationalization of Macedonia's business sector and the role of structural funds are some of the issues that will be analyzed with this report;
- **Agricultural competitiveness** The agricultural sector has been under considerable competitive pressure from abroad, and such pressures will continue. The future of the system largely lies in the ability of domestic farmers to respond to these pressures and to

restructure production toward a more focused output pattern that will be better integrated with the processing industries and also more export oriented. To this end, farmers will need assistance in the form of information about foreign markets and take timely adjustments to regulations, standards and pattern of production if they aspire to penetrate to European markets. Generally it is assumed that farm gate prices and subsidies will increase with EU membership, but these effects are often overestimated and consideration must be given to what the farm sector must do to qualify for assistance and to cope with changes is the pattern of assistance. Issues of quality standards, treatment of livestock, food processing, etc. need to be addressed;

- **Labour force, migration, income and education** High unemployment is a major concern for most citizens of FYR Macedonia. With an (LFS) unemployment rate of 34.9% in 2007, labour market in Macedonia might be characterized as non-functioning, hindering the economic criteria for the EU accession, that is functioning market economy. Factors leading to such poor performance lie on both sides of the labour market. Supply-side factors are related to the education and training system and low-quality signals between schooling and work, whereas on the demand side, low microeconomic efficiency and high tax wedge in part, lead to a low (formal) job creation;

The Study will not address the legal steps and measures required for EU accession. Rather it will concentrate on setting out the likely economic and social outcomes that will be felt shortly after accession, if not even before, and identify measures that can be taken to benefit from these outcomes or to prepare measures for mitigating their effects.

The team of lead international experts and prominent figures together with a small group of national experts and partners will be engaged with a task to identify the problems and to suggest the ways they may be efficiently addressed within a reasonably short period of time. The analysis of each topic will be entrusted to renowned international experts with proven knowledge of the EU accession agenda and ability to analyse the societal and developmental effects of the process. The experts will have been expected to provide comparative analysis of the experiences of the SEE countries in particular and in-depth knowledge of the overall EU agenda and negotiations processes. The primary role of the national experts will be in providing the relevant domestic insight. When presenting the experience and sharing lessons learned from other EU member countries and potential policy measures, the experts will pay due consideration to analyzing the different starting conditions, societal dynamic and policy and regional environment. The analysis should be guided both from practical experience and theoretically proven principles.

The study is not intended to turn into an academic exercise nor to be another broad strategy, but rather to be a practical guide and reference paper, which will inform policy makers and the society

about the likely consequences of EU accession and to provide a clear roadmap of appropriate policies and their outcomes.

The lead role, the management of the funds and the coordination of this undertaking will be carried out by the Ministry of Finance on behalf of the Government of Macedonia.

### Major project milestones

<b>Event</b>	<b>Period</b>
1 <sup>st</sup> Meeting of the Commission in Skopje: presentation of outline and discussion	09-10 June 2008
Members work on their sections, preferably in teams coordinated by one of team members	June – August, 2008
Texts of sections sent to UNDP Macedonia for channeling to the team Leader	31 August, 2008
First draft of the report prepared.	15 September 2008
Draft report circulated to all members	September 15 – October 15, 2008
Members comment on the draft report and send comments to UNDP Macedonia for channeling to the Team Leader	October 16, 2008
2 <sup>nd</sup> Meeting of the Commission in Skopje, adoption of the report.	October 17 – 25, 2008
Report shared with EU technical experts.	November 1, 2008
Meeting in Brussels with EU technical experts to consider their views.	November 2-15, 2008
Ministerial-level meeting with EU Commission and/or parliamentarians to discuss report	November 30 – December 15, 2008
Translation, layout, printing	December 16 – January 30, 2009
Launch of the Study	February 15, 2009

#### **Part IV. Partnerships and related programs and other donor activities**

This project will build on the work and documented assessments and studies conducted through previous and ongoing relevant interventions in the areas to be analysed.

This proposed project and the resulting EU convergence study will complement the UNDP commissioned *Blue Ribbon Report* for Macedonia that proposed a comprehensive set of short-term and long-term measures to stimulate the country's economic growth and social development. The implementation of the policies proposed in this report contributed to the recent resurgence of the Macedonian economy, and, while work remains to be done to implement fully all the recommendations of this report, if Macedonia is to make full use of the prospect of EU accession, a specific effort to learn from the experience of countries that have joined the EU and to apply the lessons of these countries to the Macedonian context is necessary as a critical next step in the country's efforts for convergence to EU standards.

In addition to providing Macedonia with sound policy support in a moment when the national policies and reforms are being harmonized with the EU agenda, the results of the study will give an ideal platform to mobilize national and international partners for its efforts to promote prosperity of the country. A synthesis of the work produced will be published as a Study for assessing the Economic and Social Effects of Macedonia's EU Accession, with the goal of assisting the country in its economic growth, improving social welfare and fighting poverty, enhancing economic integration and achieving the Millennium Development Goals. The achievement of these goals is part and parcel of the European Union accession agenda of the country. To support these processes, the report will provide professional analysis and practical solutions to the country.



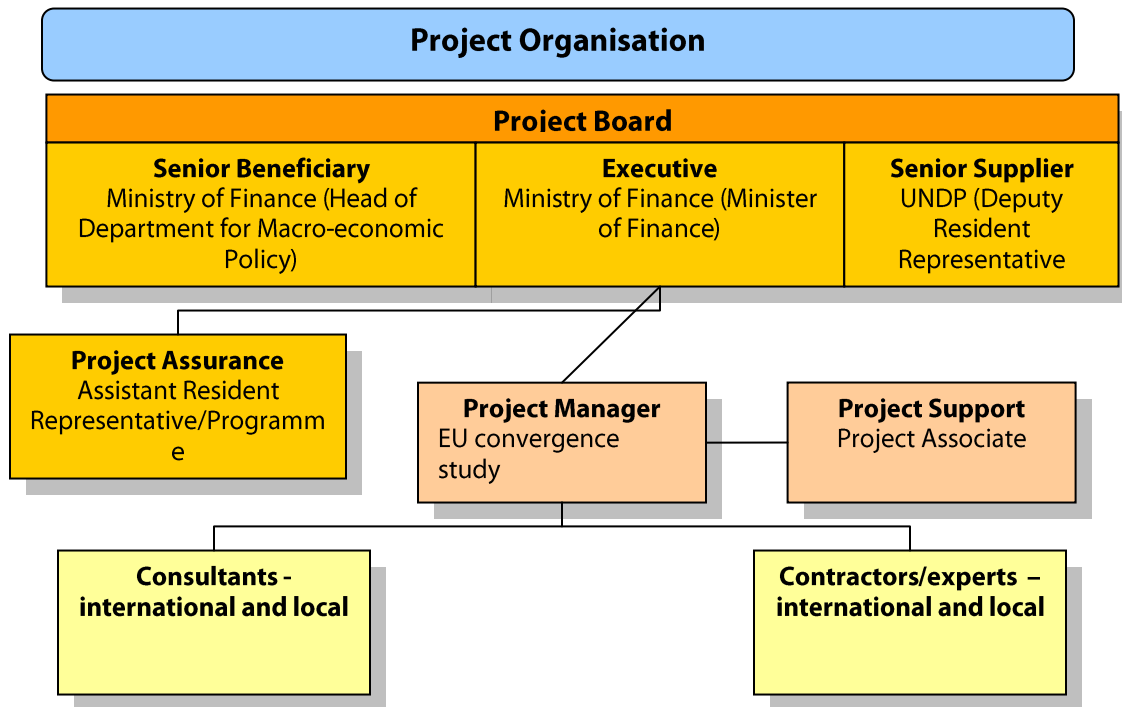
### **Part III. Management Arrangements**

The project will be implemented under National Execution modality (NEX). The main implementing partner will be the Ministry of Finance. The PRINCE2 methodology will be used to ensure accountability for programming activities, use of resources and ownership by the beneficiaries. The result based management will provide the management framework for project's activities. The following management structure will be established:

- The Project Board<sup>1</sup> will be composed of representatives from the Ministry of Finance and UNDP and will work closely with UNDP Senior Management. They will be responsible for defining, assessing, monitoring of project achievements and ensuring that the plan of the programme includes necessary aspects required to deliver the expected outcomes. The Project Board will be responsible also for making executive management decisions for the project based on annual and mid-term reviews, including approval of substantive project revisions as well as for decisions when project tolerances have been exceeded.
- Project Quality Assurance will be performed on an ongoing basis by UNDP Assistant Resident Representative for Programme, with a view to carry out objective and independent project oversight and monitoring functions. The UNDP Assistant Resident Representative for Programme will also exercise approval authority for transactions up to the levels of delegated authority.

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<sup>1</sup> An Executive to chair the group, a Senior Supplier to provide guidance regarding the technical feasibility of the project, and a Senior Beneficiary to ensure the realization of project benefits from the perspective of project beneficiaries



UNDP Skopje office will establish a project team to monitor the implementation of project activities on daily basis. The project team will report to the UNDP Assistant Resident Representative for Programme and designated project focal point from the Ministry of Finance and prepare brief monthly reports. The Project manager will prepare annual progress report and final implementation report as prescribed by the UNDP guidelines

### **Inputs to be provided by the partners**

The Ministry of Finance will appear as principal partner in the implementation of the project. Nevertheless, other national and local stakeholders such as the Ministry of Economy, the Ministry of Labour, the Ministry of Agriculture, the Secretariat for European Affairs (SEA) various commissions established for the EU accession process will be involved and or consulted throughout the process. In addition, the project and the team of experts will establish close collaboration and system for information sharing and consultation with the relevant EC representatives on continuous basis.

- The project team will be responsible for the overall management of the project and organization of planned activities. However, UNDP will emphasize the importance and tailor project activities to ensure that the analytical process and consultations produce tangible improvement of the capacity of the institutions involved.
- Building on the international and local expertise that will be brought to the project, the UNDP Country Office will provide additional technical support to ensure that national institutions fully capitalize from the various methodologies and analytical approaches used. Efforts will be made to consolidate and codify the methodology applied and develop tools or policy papers to be further utilized by national institutions on this matter.
- Ministry of Finance and other national institutions will have essential role, both in providing technical expertise for the project activities, but also by sharing with experts the available policy analysis and other relevant documentation and local level data.
- The partners shall ensure that project activities and outputs are gender sensitive.

#### **Part IV. Monitoring and Evaluation**

In accordance with the programming policies and procedures, the project will be monitored through the following monitoring and evaluation tools:

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on the quality criteria and methods captured in the Quality Management table below;
- An issue log shall be activated in ATLAS and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change;
- Based on the initial risk analysis (see annex 1), a risk log shall be activated on ATLAS and regularly updated by reviewing the external environment that may affect the project implementation;
- Based on the above information recorded in ATLAS, a Quarterly Progress Report (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot;

- A project lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lesson-learned Report, at the end of the project.
- A monitoring Schedule Plan shall be activated in ATLAS and updated to track key management actions/events

On annual basis:

- An Annual Review Report (ARR) shall be prepared by the Project Manager and shared with the project Board. As minimum requirement, the Annual Review Report shall consist of the ATLAS standard format for the QPR covering the whole year with updated information for each above elements of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- Based on the ARR, and annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, the review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards the envisaged outputs and that these remain aligned to appropriate outcomes.

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET Funding Source
		Q1	Q2	Q3	Q4		
<p><b>Output 1: Concept of the study and research methodology designed</b></p> <p><u>Baseline:</u> Lack of data and available analysis <u>Indicators:</u> Level of consolidation of existing national data and development of tools and mechanisms for data collection</p> <p>Targets 2008: Agreement on mechanisms for collection of data for monitoring the impact of the EU accession process</p>	1.1. Assessment of available studies, analysis and data	X				UNDP Country Office and the Ministry of Finance	Government Cost-sharing & UNDP TRAC
	1.2. Initial outline of the study developed and methodological approach consolidated and developed; <ul style="list-style-type: none"> <li>- drafting Terms of Reference;</li> <li>- hiring international/local experts;</li> <li>- establishment of Steering Committee</li> <li>- data collection; and desk review;</li> <li>- consultative workshops</li> </ul>	X				UNDP Country Office and the Ministry of Finance; Project manager; International team of experts	Government Cost-sharing & UNDP TRAC

<p><b>Output 2. EU Convergence Study Developed offering in-depth analysis of the likely scenarios on the impact and set of policy recommendations for policy action</b></p> <p><u>Baseline:</u> Lack of local expertise and analytical capacities</p> <p><u>Indicators:</u> Level of consolidation of the methodology for monitoring the impact of the EU accession process</p> <p>Targets 2008: Institutional internalization and standardisation of the methodology for monitoring the impact and assigning key institutions to ensure regular implementation of sectoral recommendations</p>	<p>2.1. Analytical methodology finalized and initial research completed</p> <ul style="list-style-type: none"> <li>- analytical approach fine-tuned and agreed</li> <li>- consultations with the key local informants/interlocutors from the Government, academia, think tanks, international organizations carried out;</li> <li>- consultations with the EC Delegation</li> </ul>	X	X			<p>UNDP Country Office and the Ministry of Finance; Project manager; International team of experts; Local interlocutors</p>	<p>Government Cost-sharing &amp; UNDP TRAC</p>
	<p><b>2.2.</b> First draft of the study developed and consultations completed</p> <ul style="list-style-type: none"> <li>- Experts inputs finalized and consolidated by the team leader;</li> <li>- First draft developed and ready for review of all inputs in the relevant sections and comments by the readers Group and other stakeholders. Any gaps, needs for additional information, inputs, etc. established.</li> <li>- Development of second draft and in all sections where gaps, need for additional information, etc. have been identified.</li> </ul>			X		<p>UNDP Country Office and the Ministry of Finance; Project manager; International team of experts; Readers groups</p>	<p>Government Cost-sharing &amp; UNDP TRAC</p>

## 2.6 Risk Management

The following risks and matching approaches to mitigate risks have been identified:

### Annex 1: RISK LOG

<b>Project Title:</b> EU Convergence Study - Social and Economic Effects of Macedonia's EU	<b>Award ID:</b>	<b>Date:</b> 20 April 2008
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#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Selected sectors and areas that will be subject of the analysis do not reflect actual priorities for the EU accession process for the country	April 2008	Strategic	Efforts are focused on issues of lower priority leading to diminished impact of proposed policies and recommendations  Low probability	The comprehensive consultations with the key informants and stakeholders in the EU accession agenda. Additionally, the team of international experts that will be involved in the analysis will be selected from prominent leaders and practitioners who have played important role in the EU accession process in the home countries or have been engaged as advisors in the process;	UNDP Ministry of Finance	Project Manager		

2	National institutions partners in this project lacking capacity to provide substantive input and guidance in the process	April 2008	Organizational Strategic	The occurrence of this risk will significantly impact the pace of the project implementation and quality of the project results  Low probability	Ministry of Finance will make commitment to designate officials from the <i>Department for Macro-economic Analysis</i> that will contribute to development of the methodology of work and provide substantive inputs throughout the analytical work of the experts and consultation process;	UNDP and the Ministry of Finance	Project Manager		
3	Quantitative and qualitative data are not available and statistically viable	April 2008	Organizational Strategic	If this risk occurs, the quality of evidence based analysis will not be at the expected level  Low probability	Partnership will be established with all relevant institutions that will be identified as holders of relevant data and information to ensure that the best possible data are available to the Expert Team.	UNDP and the Ministry of Finance	Project Manager		
4	Quality of analysis is not up to the required level	April 2008	Strategic	Recommended policy options are not founded on evidence and sound analysis. The occurrence of the risk would reduce the long term impact of the project	A multidisciplinary international expert team will be engaged involving renowned experts with prior experience in the relevant areas of expertise. Quality control will be regularly monitored and checked	UNDP and the Ministry of Finance	Project Manager		



				Low probability	by the project team, Ministry of Finance and UNDP Country Office in order to ensure timely and adequate measures.				
5	Short timeframe and restricted availability of the international experts	April 2008	Organizational	The occurrence of the risk will impact negatively on the quality provided services and the overall impact of the project and increase workload on representatives from the Ministry of Finance, programme and project staff	A well elaborated and precise terms of reference and work plan which shall enable for timely and fast recruitment and organization of logistical arrangements for the necessary technical expertise	UNDP and the Ministry of Finance	Project Manager		

## RESULTS AND RESOURCES FRAMEWORK

### **Intended Outcome as stated in the United Nations Development Framework:**

A country-owned development framework – with clear development goals, targets and indicators provides strategic guidance for national and local policies.

**Expected CPAP Output:** 1.1.1. MDG and SHD based analytical instruments for monitoring socioeconomic trends at disaggregated level and national capacity to use them established.

### **Outcome indicators as stated in the Country Programme Action Plan (CPAP) Results and Resources Framework, including baseline and target:**

- EU Convergence Study - Economic and Social Effects of Macedonia's EU Accession used as policy tool;
- Development policies on priority areas aligned with the findings and recommendations emerging from the Study
- Existence of mechanisms for consultation between government partners, the private sector and the CSOs

#### **Baseline**

- Lack of country owned framework and knowledge of the real longer term development impact of the EU accession process;
- No national development strategy guiding the country's efforts for EU accession
- Lack of disaggregated data, development indicators and analytical capacity.

#### **SRF End Target**

- National consensus on development priorities and roadmap built and put into practice around nationalized Millennium Development Goals

### **Applicable MYFF Service Line:**

2.1 Policy support for democratic governance

4.6 Special initiatives for countries in transition

**Partnership Strategy:** The project partnership strategy will be based on the collaboration with the Ministry of Finance. Other central Government authorities and relevant decision makers will be consulted in terms of priority setting and involved in the policy dialogue. Consultations will be held with the most prominent academic institutions, experts, think tanks, with the aim to enrich the dialogue and build consensus on critical issues that may emerge from the analysis.

**Project title:** EU Convergence Study – the Social and Economic Effects of Macedonia’s EU Accession

**Project ID:**

Intended Outputs	Output Targets (by quarters)	Indicative Activities	Inputs
<p><i>I. Preparatory Stage</i></p> <p><b>1. Concept and research methodology designed</b></p>	<p><b>(May 2007 – July 2008)</b></p> <p><b>Preparatory stage completed</b></p>	<ul style="list-style-type: none"> <li>• Develop Concept Note, outline of the study and the relevant ToRs;</li> <li>• Elaborate on the methodology of work;</li> <li>• Steering Committee established and key strategic advice on the priority areas of focus identified</li> <li>• Expert team identified and established;</li> <li>• Identify a group of key local informants/interlocutors from the Government; academia, think tanks, international organizations in relevant areas, who will serve as point of reference and consultations for the expert team</li> </ul>	<ul style="list-style-type: none"> <li>• Project Manager</li> <li>• UNDP Programme Staff</li> <li>• Expert team leader</li> <li>• Team of International experts</li> </ul>

<p><b><i>II. Development of the EU Convergence Study</i></b></p> <p><b>2. EU Convergence study developed offering in-depth analysis of the likely scenarios on the impact and set of options and recommendations for policy action</b></p>	<p><b>(July – August 2008)</b></p> <p><b>Analytical methodology finalized, data collected and initial research completed</b></p>	<ul style="list-style-type: none"> <li>• Analytical approach fine-tuned and agreed</li> <li>• Necessary data collected, processed and analyzed;</li> <li>• Consultations with the key local informants/interlocutors from the Government; academia, think tanks, international organizations carried out;</li> <li>• Consultations with the EC delegation held .</li> </ul>	<ul style="list-style-type: none"> <li>• Project Team</li> <li>• UNDP Programme Staff</li> <li>• Steering Committee operative and offering adequate input</li> <li>• Expert team</li> <li>• Local experts, representatives from Government institutions, international organizations etc</li> </ul>
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	<p><b>(September – December 2008)</b></p> <p><b>First draft of the study developed and consultations completed</b></p>	<ul style="list-style-type: none"> <li>• Experts inputs finalized and consolidated by the team leader;</li> <li>• First draft developed and ready for review of all inputs in the relevant sections and comments by the Readers Group and other stakeholders. Any gaps, needs for additional information, inputs, etc. established ;</li> <li>• Development of second draft and in all sections where gaps, need for additional information, etc. have been identified.</li> </ul>	<ul style="list-style-type: none"> <li>• Project Team</li> <li>• UNDP Programme Staff</li> <li>• Steering Committee operative and offering adequate input</li> <li>• Expert team</li> <li>• Local experts, representatives from Government institutions, international organizations etc</li> </ul>
	<p><b>(January 2009)</b></p> <p><b>EU Convergence Study finalized and translated</b></p>	<ul style="list-style-type: none"> <li>• Second draft ready for comments of the Readers Group</li> <li>• Consultative process on second draft completed</li> <li>• Incorporate comments, edit and finalize the Study</li> <li>• Translation of final draft into Macedonian and proofreading</li> </ul>	<ul style="list-style-type: none"> <li>• Project Team</li> <li>• UNDP Programme Staff</li> <li>• Ministry of Finance</li> <li>• Steering Committee</li> <li>• Readers Group</li> <li>• State Statistical Office</li> <li>• Expert team</li> <li>•</li> </ul>
<p><b>III. Stage 3 Outreach, and communications</b></p>	<p><b>(February -March 2009)</b></p>	<p><b>3. Development of the layout and design of the study</b></p>	<ul style="list-style-type: none"> <li>• Project Team</li> <li>• UNDP Programme Staff</li> </ul>

<p><i>advocacy</i></p> <p><b>EU Convergence Study printed and promoted</b></p>	<p><b>EU Convergence Study Printed and launched</b></p>	<p>and the communication materials</p> <ol style="list-style-type: none"> <li>4. Implementation of post-production activities</li> <li>5. Launching event to promote policies and recommendations</li> <li>6. Carrying out follow-up activities including distribution to relevant institutions and publishing the Study</li> </ol>	<ul style="list-style-type: none"> <li>• Expert team</li> <li>• Workshops and discussion meetings organized</li> <li>• Design and printing</li> <li>• Launching event</li> </ul>
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Input based project Budget:

**Cost Estimate for production of the EU Convergence Study**

<b>Description</b>	<b>Quantity</b>	<b>Unit price (in Euro)</b>	<b>Total Amount (in EUR)</b>	<b>Unit price in \$</b>	<b>Total amount (in \$)</b>
<i>International Experts - fees</i>	10	12,000.00	120,000.00	18,927	180,927
<i>Travel (Air fair &amp; terminal expenses</i>	22	1,600.00	35,200.00	2,524	55,521
<i>Travel (DSA)</i>	55	90.00	4,950.00	158	8,690
<i>Consultative meetings (workshops)</i>	2	2,000.00	2,000.00	3,155	6,309
<i>Local Experts - fees</i>	2	6,000	12,000	9,463	18,927
<i>Project Manager Salary</i>	10	1,600.00	16,000.00	2,524	25,237
<i>Project Management costs (Miscel)</i>	10	2,000.00	20,000.00	3,155	31,546
<i>Production of the Study Eng</i>	300	15.00	4,500.00	24	7,098
<i>Production the Study Mkd</i>	200	15.00	3,000.00	24	4,732
<i>Production of the Study Alb</i>	100	15.00	1,500.00	24	2,366
<i>Translation in MK and Alb</i>	400	10.00	4,000.00	16	6,309
<i>Editing</i>	1	5,000.00	5,000.00	7,886	7,886
<i>Launching event</i>	1	2,500.00	2,500.00	3,943	3,943
<i>Sound equipment</i>	1	150.00	150.00	233	233
<i>Simultaneous translator ESP</i>	2	250.00	500.00	389	778
<i>Delivery of invitations</i>	1	150.00	150.00	237	237
<i>Delivery of the Study abroad</i>	1	500.00	500.00	789	789
<i>Contingency (extra printing-fast facts, air fares etc</i>	1	10,000	10,000.00	15,552	15,552
<b>TOTAL</b>			<b>241,950.00</b>		<b>376,283.05</b>