

“SOCIAL INSURANCE AND PENSION ADMINISTRATION (SIPA) PROJECT”

Republic of North MACEDONIA

STAKEHOLDER ENGAGEMENT PLAN



September 2019

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Abbreviations

| | |
|-------|----------------------------------------------------------------------------|
| AVRM | Employment Fund |
| CDCCU | Central Disability Certification Coordination Unit |
| ENER | National Electronic Regulatory Register of the Republic of North Macedonia |
| ESCP | Environmental and Social Commitment Plan |
| ESF | Environmental and Social Framework |
| ESMF | Environmental and Social Management Framework |
| ESP | extended service period |
| ESS | Environmental and Social Standard |
| FZO | Fund for Health Insurance |
| GRM | Grievance and Redress Mechanism |
| HR | Human Recourses |
| IBRD | International Bank for Reconstruction and Development |
| KIBS | Certificates for Electronic signature |
| MAPAS | Agency for Supervision of Fully Funded Pension Insurance |
| MLSP | Ministry of Labour and Social Policy |
| MOF | Ministry of Finance |
| MOH | Ministry of Health |
| NGO | Non-governmental Organisation |
| OH&S | Occupational Health and safety |
| PIOM | Pension and Disability Insurance Fund |
| PIU | Project Implementation Unit |
| PPSD | Project Procurement Strategy for Development |
| RM | Republic of Macedonia |
| RNM | Republic of North Macedonia |
| SEP | Stakeholder Engagement Plan |
| SIPA | Social Insurance and Pension Administration |
| SURS | Single Unified Registry System |
| UJP | Public Revenue Office |
| UNDP | United Nations for Development Project |
| WB | World Bank |

1 INTRODUCTION AND PROJECT DESCRIPTION

1.1 Introduction

Stakeholders are defined as persons or groups who are directly or indirectly affected by a project as well as those who may have interest in a project and/or the ability to influence its outcome, either positively or negatively. The current Stakeholder Engagement Plan (SEP) is designed to establish an effective platform for productive interaction with the potentially affected parties and others with interest in the implementation and outcomes of the Social Insurance and Pension Administration (SIPA) Project. Meaningful stakeholder engagement throughout the project cycle is an essential aspect of good project management and provides opportunities for the MLSP to incorporate feedback into the project design, assess the risks as well as mitigation measures, and clarify the project scope and impacts to manage expectations.

The objective and purpose of the present SEP is to inform how stakeholders will be involved throughout the course of the project, who were the previous engagements within the SIPA project, and outline the responsibilities of the relevant institutions and contractors in the implementation of upcoming engagement activities etc.

This SEP identifies the major stakeholders affected by the project either directly or indirectly (including vulnerable groups) as well as those with other interests that can influence decisions about the project. It outlines the engagement approach undertaken and planned, and articulates a range of strategies for timely, relevant and accessible stakeholder engagement throughout the project life cycle. The SEP is also prepared in compliance and with the application of the World Bank Performance Environment and Social Standard 10 on stakeholder engagement and information disclosure.

1.2 Project Description

The Government of North Macedonia intends to receive a loan from the International Bank for Reconstruction and Development (IBRD) for the implementation of the Social Insurance and Pension Administration Project. The Project will be implemented by the Ministry of Labor and Social Policy of the Republic of North Macedonia and will improve the efficiency of the social insurance and pension administrations, revision of the list of hazardous occupations, prolong the participation of certain categories of hazardous and arduous occupations in the labor market, and improve employability of persons with disabilities in the labor market.

The SIPA project will support the government's efforts to continue with pension reform and create a more efficient social insurance administration system. It would address specific and relatively narrow social insurance and pension administration technical areas identified as bottlenecks in social insurance administration and follow-up reforms identified within the 2018 pension reform package.

The Project will consist of the following components:

Component 1. Improving the quality of the social insurance administration services. This component would support the establishment of the central registry of socially insured individuals (Single Unified Registry System - SURS) and modernization of pension administration based on the Government decision from 20 August 2019 to consolidate registration and recordkeeping functions and the host agency responsible for it. The agency/institution that will be tasked with the integration and centralization of the social insurance registries will have to develop business processes serving

all social insurance and tax administration agencies (PIOM, FZO, AVRМ, UJP) and second pension pillar (MAPAS¹ and second pillar pension funds).

The activities within this component would focus on operative establishment of the SURS and adjustment of user social insurance agencies' business processes to utilize services provided by SURS. Centralized registration and recordkeeping by SURS would provide a single, unified, accurate, and timely stream of information on registered insured individuals and social contributions. Centrally available services would release capacities in AVRМ, PIOM and FZO currently engaged on registration and recordkeeping; establish an accurate database and information flow to UJP in the process of contribution collection and control; and provide timely information to second pillar institutions on membership and paid second pillar contributions. This component would also focus on strengthening core business processes and capacity of the PIOM, based on recommendations of the functional review of the PIOM. Consequently, the list of activities would include:

- Establishment of Single Unified Registry System for social insurance – investment in equipment, software, business processes, training;
- Adjustment of UJP, FZO, AVRМ, PIOM to SURS – investment in datalinks and interfaces with SURS, adjustment of business processes, training;
- A functional review of the PIOM and investment in PIOM modernization, including business processes, technical capacity, actuarial capacity, HR training, client services; and
- A public information and education campaign on SURS functionalities, benefits for users, and operations;

Component 2. Strengthen the regulatory framework for people with disabilities and for hazardous occupations. Supporting the Government on the newly-launched pension reform (through the December 2018 Law on Pension and Disability Insurance and Law on Funded Pensions), this component envisages three subcomponents:

- **Sub-component 2.1** *Establishing unified disability assessment system and Central Disability Certification Coordination Unit (CDCCU).* The new disability certification model, endorsed by the Government², aims to create a fast, efficient and client-oriented disability certification system for all agencies administered through the CDCCU in the Ministry of Labor and Social Policy, organizing the certification teams from a network of medical and other experts licensed for disability certification on a case basis. This subcomponent of the project will support the establishment of the CDCCU, including investment in its business processes, technical equipment and human capacity, and the system of monitoring, evaluation, licensing, supervision, and control. Investment would also include public information and education on the reform and using new user-friendly disability certification processes.
- **Sub-component 2.2** *Reforming the system of employment of persons with disabilities .* A pilot project (led by the UNDP) for strengthening the process of professional rehabilitation and its administrative capacity has been underway at two locations in North Macedonia. The organizational model piloted assumes a central rehabilitation unit (REHA center) for determining the individual professional rehabilitation program, with implementation outsourced to non-government organizations. Activities expected to be performed by the central unit include registration of professional rehabilitations requests, disability and remaining work capacity assessment (through the CDCCU), preparation of the individual professional rehabilitation program, outsourcing and monitoring its implementation, and supporting the process of employment after the rehabilitation. Based on pilot results, a national rollout of the professional rehabilitation system would be financed from this project. Activities expected to be supported within this subcomponent include investment in

¹ MAPAS is Agency for Supervision of Pension Funds in North Macedonia.

² Unification of disability-assessment processes, methodologies and administrations has been a process underway in many EU countries and North Macedonia is drawing on these good practices to inform their new model.

establishment of new REHA centers (equipment, business software, training), and a broad information campaign especially targeted towards the persons with disabilities.

- **Sub-component 2.3** *Revision of the list of hazardous occupations.* The objective of the reform considered by the Government is to revise the ESP list, reassess the risk hazards for each of the workplaces, limit the early retirement option only to the work conditions with high health hazards and potentially irreversible acute health consequences, and establish early retirement system that would incentivize remaining active in the labor market instead of earliest possible retirement. The activity supported by this subcomponent would primarily be engagement of a team of ergonomic, medical and other experts to revise all workplaces and work conditions in North Macedonia with currently declared health hazards.

Component 3. *Project management, monitoring and evaluation*

The proposed project would build on the engagement between the Government of North Macedonia and the World Bank in the area of social insurance administration, specifically pension and disability insurance.

The rationale for public sector financing is related to strengthening social insurance administration for the benefit of all its users and beneficiaries. Reduced administrative costs and improved social insurance services to beneficiaries would enhance the wellbeing of insured individuals, enable more efficient contribution collection and control, and result in higher labor market activity rates among disabled individuals and those engaged in hazardous and arduous occupations.

Impacts in these cases will be limited and therefore the social risks related to the safeguards are limited. To minimize the social risks, there should be an early focus on both outreach activities and establishment of two-way communication with beneficiaries.

The specific activities from the Component 1 and Component 2, referred to as 'sub-projects' in this SEP, cannot be pre-determined and will be identified in the course of the Project implementation. This ESMF is intended to properly assess and address the potential environmental and social concerns related to the implementation of Project activities, as per the World Bank ESS standards.

1.3 Project location and context

This project aims to strengthen specific segments in pension and social insurance administrations. Direct benefits flowing from the project would thus be (i) reduced administrative costs and improvements in social insurance administrations, and (ii) improved quality social insurance services to beneficiaries. Ultimately, the administrative improvements by the project should result in more efficient contribution collection and control, and higher labor market activity rates among disabled individuals and individuals engaged in hazardous and arduous occupations. The project would provide the system with the ability to tighten the administration both on the collections and on the payments side.

The administrative improvements would enhance the wellbeing of insured individuals, enable more efficient contribution collection and control, and result in higher labor market activity rates among disabled individuals and those engaged in hazardous and arduous occupations.

1.4 Project Benefits

The SIPA objective is to improve the efficiency of the social insurance and pension administrations, revision of the list of hazardous occupations, prolong the participation of certain categories of hazardous and arduous occupations in the labour market, and improve employability of persons with disabilities in the labour market.

The key results of the Project are:

Outcome 1: : Improve the quality of services in administering social insurance

- Indicator 1: Single unified register of socially insured individuals developed and functional
- Indicator 2: Proportion of insured individuals whose information is centrally available to all social insurance agencies

Outcome 2: Strengthen the regulatory framework for people with disabilities and hazardous occupations

- Indicator 4: Percentage of beneficiaries satisfied with disability assessment procedure
- Indicator 5: Reduction of the number of multiple assessments for social services and benefits

The proposed project will support the government's efforts to continue with pension reform and create a more efficient social insurance administration system. It would address specific and relatively narrow social insurance and pension administration technical areas identified as bottlenecks in social insurance administration and follow-up reforms identified within the 2018 pension reform package. The list of issues and areas of engagement addressed includes i) strengthening the information foundations of broad social insurance system by centralizing and consolidating registration of individuals to mandatory social insurance (pension, health and unemployment) and recordkeeping of social insurance data; ii) improving the efficiency and user-friendliness of the disability assessment process for persons seeking disability benefit, service, or assistance; iii) stronger activation of persons with disabilities by focusing on their professional rehabilitation, training, skills, and employability in the open labor market; and iv) prolonging activity of insured individuals in hazardous and arduous occupations, instead of early retirement.

1.5 Objectives and Scope of the Stakeholder Engagement Plan

Stakeholder engagement is an inclusive process conducted throughout the project life cycle. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for successful management of environmental and social risks identified in a project. Communicating early, often, and clearly with stakeholders helps manage expectations and avoid risks, potential conflict, and project delays. In addition, the plan assists in managing stakeholder expectations, which will have a bearing throughout the lifespan of the project. Hence, this SEP provides a plan to interact effectively with stakeholders to support project interests.

In order to provide clear and smooth communication between all interested and affected parties, Ministry of Labor and Social Policy has developed this Stakeholder Engagement Plan (SEP), which is carrying out stakeholder engagement in line with the laws of RN Macedonia, as well as the requirements of World Bank (ESS standards).

The Key Objectives of the SEP can be summarised as follows:

- ✓ Understand the stakeholder engagement requirements of RN Macedonia legislation;
- ✓ Provide guidance for stakeholder engagement such that it meets the standards of WB;
- ✓ Identify key stakeholders that are affected, and/or able to influence the Project and its activities;

- ✓ Identify the most effective methods, timing and structures through which to share project information, and to ensure regular, accessible, transparent and appropriate consultation;
- ✓ Develops a stakeholder's engagement process that provides stakeholders with an opportunity to influence project planning and design; the initial stakeholders' consultation has taken place;
- ✓ Establish formal grievance/resolution mechanisms;
- ✓ Define roles and responsibilities for the implementation of the SEP;
- ✓ Define reporting and monitoring measures to ensure the effectiveness of the SEP and periodical reviews of the SEP based on findings

This SEP document will be open and will be continuously updated as sub projects will be implemented.

2 REGULATORY REQUIREMENTS FOR STAKEHOLDER ENGAGEMENT

2.1 Legal framework and ratified international documents regarding people with disabilities

The Republic of North Macedonia ratified the UN Convention on the Rights of Persons with Disabilities and its Optional Protocol on 29 December 2011.

The Government has also adopted a National Strategy for Equality and Non-Discrimination on the Grounds of Ethnic Affiliation, Age, Mental or Physical Disability and Gender 2012–2015. The National Equality and Non-Discrimination Strategy is a national document, which is primarily designed to improve the status of the most vulnerable categories of citizens in society and ensure continuous development in enjoying equality and non-discrimination. At the same time, an Operational Action Plan has also been adopted. The Action Plan contains measures and activities for the period 2012–2013, as well as projections for measures and activities for the period 2014–2015. The basic goal of this document is to ensure operative and continuous development in exercising the right to equality and creating equal opportunities related to the issue of discrimination on the various grounds specified by the strategy: ethnic affiliation, age, mental or physical disability and gender.

Other relevant Strategies, Programs and Action Plans:

- National Strategy on Alleviation of Poverty and Social Exclusion 2010-2020 (Revised);
- National Employment Strategy of the Republic of Macedonia 2016-2020;
- National Strategy on Equalization of the Rights of the People with Disabilities 2010-2018 (Revised);
- National Program for Development of Social Protection 2011-2021;
- National Strategy for Deinstitutionalization 2008-2018;
- National Strategy on Equality and Non-Discrimination 2016-2020;
- National Action Plan for Implementation of the Law on Protection and Prevention of Discrimination 2015-2020;

2.2 National Legislation Requirements

- The Law on employment of persons with disabilities (Official Gazette Republic of Macedonia, 44/2000, 16/2004, 62/2005, 113/2005, 29/2007, 88/2008, 161/2008, 99/2009, 136/2011, 129/2015, 147/2015, 27/2016, 99/2018)
- Law on Pension and Disability Insurance (“Official Gazette of the Republic of Macedonia” No. 98/12, 166/12, 15/13, 170/13, 43/14, 44/14, 97/14, 113/14, 160/14, 188/14, 20/15, 61/15, 97/15, 129/15, 147/15, 154/15, 173/15, 217/15, 27/16, 120/16, 132/16, 35/18, 220/18, 245/18, 180/19);
- Law on Mandatory Fully Funded Pension Insurance (“Official Gazette of the Republic of Macedonia” No. 29/02, 85/03, 40/04, 113/05, 29/07, 88/08, 48/09, 50/10, 171/10, 36/11, 98/12, 13/13, 164/13, 44/14, 192/15, 30/16, 21/18, 245/18, 180/19);

- Law on Payment of Pensions and Pension Benefits from Fully Funded Pension Insurance (“Official Gazette of the Republic of Macedonia” No. 11/12, 147/15, 30/16);
- Law on Voluntary Fully Funded Pension Insurance (“Official Gazette of the Republic of Macedonia” No. 07/08, 124/10, 71/11, 13/13);
- Law on Repayment of Interest on Obligatory Liabilities on the Basis of Compulsory Social Insurance Contributions (“Official Gazette of the Republic of Macedonia” No. 97/15);
- Rulebook on criteria and manner of allocation of the financial resources from the Special Fund for employment and work of the persons with disabilities (“Official Gazette of the Republic of Macedonia” No. 163/15)
- Rulebook on vocational training of disabled persons (“Official Gazette of the Republic of Macedonia” No. 54/04)

2.3 World Bank Requirements

WB has set out a comprehensive set of specific Environmental and Social Standards (ESS) that projects are expected to meet. Stakeholder engagement in line with the World Bank requirements is associated with ESS 10.

The World Bank’s Environmental and Social Framework (ESF)’s Environmental and Social Standard (ESS) 10, “Stakeholder Engagement and Information Disclosure”, recognizes “the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice”. Specifically, the requirements set out by ESS10 are the following:

- “Borrowers will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.
- Borrowers will engage in meaningful consultations with all stakeholders. Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.
- The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
- The Borrower will maintain and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.” (World Bank, 2017: 98).

A Stakeholder Engagement Plan proportionate to the nature and scale of the project and its potential risks and impacts needs to be developed by the Borrower. It has to be disclosed as early as possible, and the Borrower needs to seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are

made to the SEP, the Borrower has to disclose the updated SEP. According to ESS10, the Borrower should also propose and implement a grievance mechanism to receive and facilitate the resolution of concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner.

Identification of stakeholders will ensure wide participation in project acceptability and the project design. To ensure that there is citizen participation in the project life span, a SEP has been drafted clearly stipulating the process of consultation and disclosure of key project information which will be made public relevant stakeholders during the preparation and implementation of the project.

3 PREVIOUS STAKEHOLDER ENGAGEMENT

A World Bank team worked in Skopje between February 11-15, 2019 to continue with preparation of the Social Insurance and Pension Administration (SIPA) Project. The Ministry of Labor and Social Policy (MLSP) has assembled four working groups, one per each Project thematic area, to prepare the Project with assistance from the World Bank team. Different stakeholders from the relevant institutions for the SIPA Project (MLSP, MoH, Employment Agency, Public Revenue Office, Fund for Pension and Disability Insurance of North Macedonia, MAPAS, Health Insurance Fund, KIBS) were invited on the meeting held on 11.02.2019 in the "Club of Members of Parliament" for the introduction of the Social Insurance and Pension Administration Project. Between 12-14 February, the team held a series of meetings with working groups and individual participating agencies on reform concepts and technical issues in each of four Project thematic areas.

On 28 March 2019, MLSP and WB had organized Workshop "Registration to Social Insurance and Social Insurance Data Warehousing: International Experience and Options for North Macedonia" for experience exchanging with experts from Serbia and Slovenia and providing information to the interagency working group tasked with designing the new system.



Figure 1 Photos from the Workshop "Registration to Social Insurance and Social Insurance Data Warehousing: International Experience and Options for North Macedonia", hotel Marriott - Skopje, March 28, 2019

Meeting for submission of proposal initial actions that institutions should take to establish a Single Unified Registry System was organized on 12 April 2019. During the meeting, representatives of all institutions noted the need for automatic data exchange from the institution that originally generated each of the data relevant for the SIPA Project.

A World Bank team worked in Skopje in the period July 9-10, 2019 to: i) confirm the reform areas to be supported by the SIPA project; ii) discuss and agree on next steps in SIPA preparation; iii) update the project preparation timetable; and iv) identify the needed assistance and scope of support to the Government in carrying out the needed policy decisions.

On August 20th, the information for preparation of the SIPA Project was adopted by the Government with obligation for the MLSP to lead and coordinate the Project's activities and perform the needed laws amendments and provide new information until the end of September 2019.

In order to familiarize the public with the content of the documents prepared for the SIPA Project and involvement of the public in the realization of the project activities on time, all prepared documents would be published on Ministry of Labour and Social Policy web site (<http://www.mtsp.gov.mk/>).

4 Identified Stakeholders and Specific Communication Requirements

There are number of key stakeholders that are relevant for the implementation of the SIPA Project, so they have been identified according their interest, influence and importance. All stakeholders who have a regulatory role and responsibility for the implementation of the Project on a central level have been presented in the following table.

Relevant stakeholders that could be involved in any way with the implementation of the Social Insurance and Pension Administration Project activities or affected by its activities are presented in **Error! Reference source not found.**

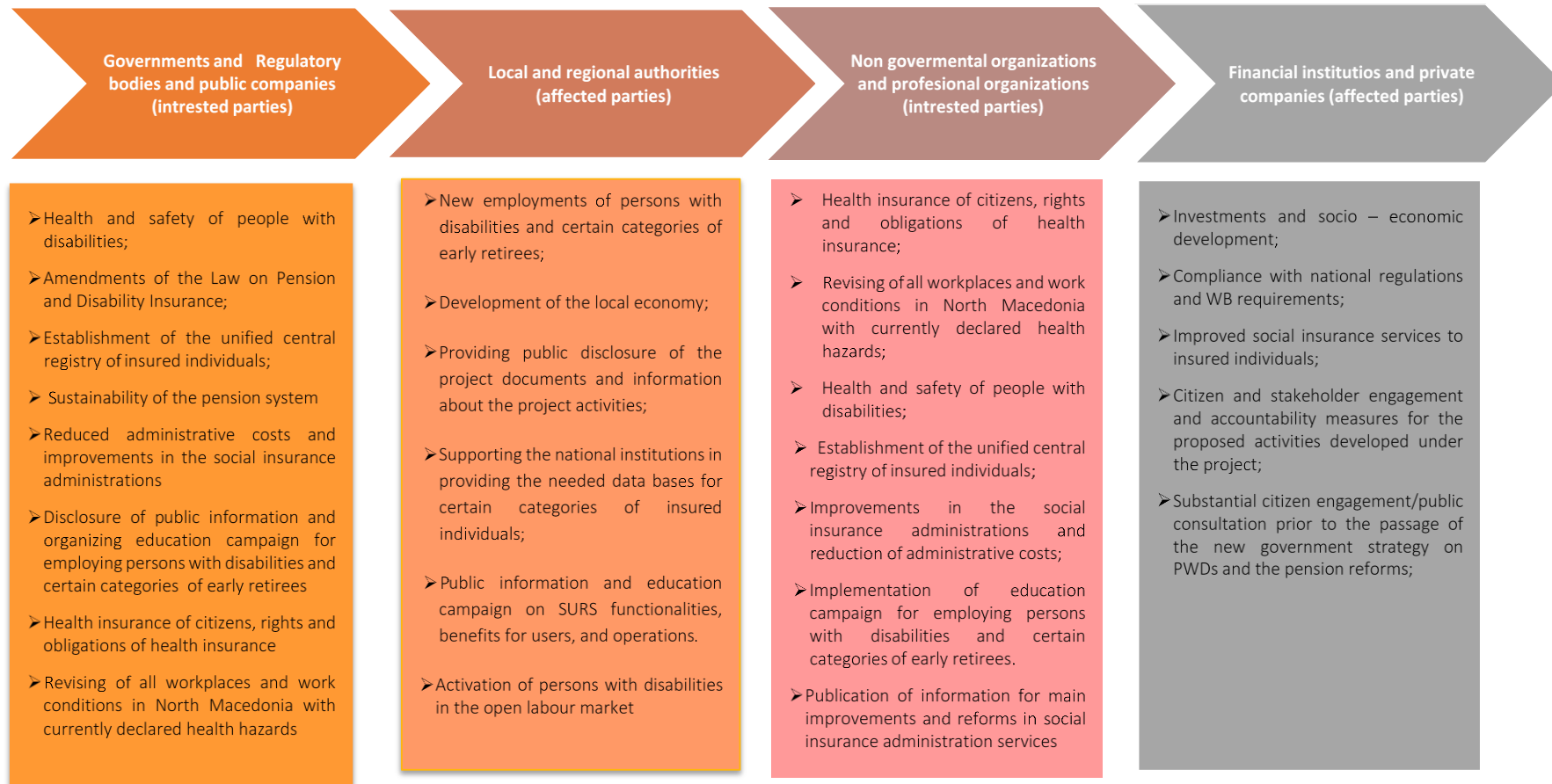
Table 1 Relevant stakeholders for SIPA Project

| Stakeholder Category | Sub group/ Department Sector | Responsibilities |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Governments and regulatory bodies and public companies (interested parties) | <ul style="list-style-type: none"> ▪ Ministry of Labor and Social Policy, <ul style="list-style-type: none"> - Pension Disability Insurance Department; - Department of Labor and Employment Policies; - Department for Offenses in the field of Labor Relations and Occupational Health and Safety; - Sector for Equal Opportunities; - Sector for Social Protection; - Pension Monitoring Council | <ul style="list-style-type: none"> - Ensuring proper and effective implementation of the SIPA project regarding national legislation and WB requirements, - Modernizing pension and disability insurance fund's processes and capacity - Supervising the operations of the pension companies and the pension funds; - Revising the list of hazardous and arduous occupations in North Macedonia eligible for early retirement - Establishing the Central Disability Certification Coordination Unit (CDCCU) - Collect, process, and administer all disability certification requests in North Macedonia, organize the certification teams, license and/or authorize medical and other experts, communicate with and reporting to individuals and the agencies requesting the certification; - Amendments of the Law on Pension and Disability Insurance - |
| | <ul style="list-style-type: none"> ▪ Pension and Disability Insurance Fund (PIOM) Sector for Realization of the Rights to Pension and Disability Insurance | <ul style="list-style-type: none"> - Improve the effectiveness of the business processes of the PDIF - Registration of individuals to mandatory social insurance (pension, health and unemployment) and recordkeeping of social insurance data; - Establish an accurate database and information flow to UJP in the process of registration |
| | <ul style="list-style-type: none"> ▪ FZO | <ul style="list-style-type: none"> - Establish an accurate database and information flow to UJP in the process of registration - Health insurance of citizens, rights and obligations of health insurance |
| | <ul style="list-style-type: none"> ▪ Employment Fund (AVRM) Labor Market Research and Analysis Sector Sector for Legal and Administrative Affairs | <ul style="list-style-type: none"> - Upgrading and substituting the current model of subsidizing the sheltered companies with efficient professional rehabilitation and access of persons with disabilities to open labor market; - Public information and education campaign for employing persons with disabilities; - Activation of persons with disabilities by focusing on their professional rehabilitation, training, skills, and employability in the open labor market; - Establish an accurate database and information flow to UJP in the process of registration |

| Stakeholder Category | Sub group/ Department Sector | Responsibilities |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> ▪ UJP - Sector for Financial Affairs | <ul style="list-style-type: none"> - Establishment of the central registry of socially insured individuals (Single Unified Registry System - SURS) – investment in equipment, software, business processes, training; - Public information and education campaign on SURS functionalities, benefits for users, and operations |
| | <ul style="list-style-type: none"> ▪ Ministry of Finance, - Budget and financing Sector | <ul style="list-style-type: none"> - Providing finances for employing persons with disabilities - |
| | <ul style="list-style-type: none"> ▪ Ministry of Health, - E-Health Department ▪ Ministry of Internal Affairs, ▪ Ministry of Transport and Communication, ▪ Ministry of Economy, ▪ State Labor Inspectorate, | <ul style="list-style-type: none"> - Fulfillment of legal obligations prescribed for workers eligible for early retirement in respect of their privileges; |
| | <ul style="list-style-type: none"> ▪ Syndicates for profession with benefited work experience ▪ All different syndicates | <ul style="list-style-type: none"> - Advocating for the rights of workers eligible for early retirement; - Advocating for the rights of persons with disabilities and their involving in the improved system for employing - |
| | <ul style="list-style-type: none"> ▪ Agency for Supervision of Fully Funded Pension Insurance – MAPAS | <ul style="list-style-type: none"> - Protecting the interests of the pension funds members; |
| Local and regional authorities (affected parties) | <ul style="list-style-type: none"> ▪ 30 Branch offices of the PIOM and local offices, ▪ 30 Branch offices of the AVRМ, ▪ 30 Branch offices of FZO, ▪ Centers for Social care, ▪ | <ul style="list-style-type: none"> - Support the MLSP and PIU for efficient implementation of the SIPA, - Ensuring the full implementation of the OH&S and public disclosure during the project activities. |
| Non-governmental organizations and professional organizations (interested parties) | <ul style="list-style-type: none"> ▪ Association of Pensioners' Associations of Macedonia ▪ National Association of persons with physical disabilities ▪ National and local NGOs and associations for activities in the field of social insurance, pension issues and care for people with disabilities. | <ul style="list-style-type: none"> - Following the implementation of the SIPA project and raising concerns regarding the social insurance and pension issues that needs to be overcome. |
| Financial institutions and private companies (affected parties) | <ul style="list-style-type: none"> ▪ World Bank, ▪ Suppliers of equipment, ▪ Contractors/Providers of consultancy services. ▪ | <ul style="list-style-type: none"> - Providing financial support for realization of the project, - Following the implementation of the OH&S and environmental standards in all project phases, - Public participation according to the WB ESS 10 and national legislation. |

PIU will discuss different issues with each group of stakeholders depending on their role, responsibility and importance as stakeholder. The following table contains the main issues that will be discussed with different stakeholders.

Figure 1 Key issues to be discussed with different key stakeholders



List of stakeholders during the project implementation will be continuously updated and they will be incorporated in the SEP document.

A variety of communication methods will be used as appropriate for each set of stakeholders. In general, these include: a) Public and individual meetings, b) Announcements in media and portals, c) Provision of general information on notice-boards at public locations, d) Regular mail and email correspondence and Publication of relevant project information on the website of the Ministry of Labour and Social Policy (<http://www.mtsp.gov.mk>) and other relevant institutions.

There are a variety of engagement techniques used to build relationships with stakeholders, gather information from stakeholders, consult with stakeholders, and disseminate project information to stakeholders.

When selecting an appropriate consultation technique, appropriate consultation methods, and the purpose for engaging with a stakeholder group should be considered. The techniques mostly used are presented in the following table.

Table 2 SEP Techniques

| Engagement Technique | Relevant Stakeholders | Appropriate application of the technique |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Correspondences (phone, emails, text, instant messaging) | <ul style="list-style-type: none"> ▪ Ministry of Labor and Social Policy, - Pension Disability Insurance Department; - Department of Labor and Employment Policies; - Department for Offenses in the field of Labor Relations and Occupational Health and Safety; - Sector for Equal Opportunities; - Sector for Social Protection; - Pension Monitoring Council ▪ PIOM and their branch offices ▪ FZO and their branch offices ▪ AVRМ and their branch offices ▪ UJP and their branch offices ▪ Ministry of Finance ▪ MAPAS ▪ All relevant Syndicates ▪ NGOs | <ul style="list-style-type: none"> ▪ Distribute information to Government officials, NGOs, Local Government, and organisations/agencies/syndicates/associations ▪ Invite stakeholders to meetings and follow-up |
| One-on-one meetings | <ul style="list-style-type: none"> ▪ Ministry of Labor and Social Policy, - Pension Disability Insurance Department; - Department of Labor and Employment Policies; - Department for Offenses in the field of Labor Relations and Occupational Health and Safety; - Sector for Equal Opportunities; - Sector for Social Protection; - Pension Monitoring Council ▪ PIOM and their branch offices ▪ FZO and their branch offices ▪ AVRМ and their branch offices ▪ UJP and their branch offices ▪ Ministry of Finance | <ul style="list-style-type: none"> ▪ Seeking views and opinions ▪ Enable stakeholder to speak freely about sensitive issues ▪ Build personal relationships ▪ Record meetings |
| Formal meetings | <ul style="list-style-type: none"> ▪ Association of Pensioners' Associations of | <ul style="list-style-type: none"> ▪ Present the Project information to a |

| Engagement Technique | Relevant Stakeholders | Appropriate application of the technique |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Macedonia <ul style="list-style-type: none"> ▪ National Association of persons with physical disabilities ▪ National and local NGOs and associations for activities in the field of social insurance, pension issues and care for people with disabilities. | group of stakeholders <ul style="list-style-type: none"> ▪ Allow group to comment – opinions and views ▪ Build impersonal relation with high level stakeholders ▪ Disseminate technical information ▪ Record discussions |
| Public meetings | <ul style="list-style-type: none"> ▪ Associations/NGOs of Persons with disabilities, ▪ Employees in hazardous and arduous occupations eligible for early retirement (i.e. in mining, chemical industry, police, military, and others). ▪ Syndicates of disabled persons; ▪ Syndicates of Employees in hazardous and arduous occupations eligible for early retirement; ▪ Association of Pensioners' of Macedonia | <ul style="list-style-type: none"> ▪ Present Project information and amendments of the legislation to a large group of stakeholders (people with disabilities, early retirees, pensioners, etc.); ▪ Allow the group to provide their views and opinions ▪ Build relationship with the stakeholders, especially those impacted ▪ Distribute non-technical information ▪ Facilitate meetings with presentations, posters etc. ▪ Record discussions, comments, questions. |
| Focus group meetings | <ul style="list-style-type: none"> ▪ Associations of Persons with disabilities; ▪ Employees in hazardous and arduous occupations eligible for early retirement (i.e. in mining, chemical industry, police, military, and others); ▪ Syndicates of disabled persons; ▪ Syndicates of Employees in hazardous and arduous occupations eligible for early retirement; ▪ Association of Pensioners' of Macedonia. | <ul style="list-style-type: none"> ▪ Present Project information to a group of stakeholders ▪ Allow stakeholders to provide their views on targeted baseline information, especially for (vulnerable people, disabled people, etc.) to provide their views and opinions ▪ Review and present the list with list of hazardous occupations eligible for early retirement with extended service period; ▪ Build relationships with communities ▪ Record responses |
| Project on websites/ Information Centre | <ul style="list-style-type: none"> ▪ Ministry of Labor and Social Policy, ▪ PIOM and their branch offices ▪ FZO and their branch offices ▪ AVRМ and their branch offices ▪ UJP and their branch offices ▪ Ministry of Finance ▪ MAPAS | <ul style="list-style-type: none"> ▪ Present project information and progress updates ▪ Disclose SEP and other relevant project documentation |
| Radio/TV emissions/portals | <ul style="list-style-type: none"> ▪ Ministry of Labor and Social Policy, ▪ AVRМ and their branch offices ▪ UJP and their branch offices | Arrange for broadcast Radio/TV emissions to bring the project to large public awareness and allow question/answer session |
| Project leaflet | <ul style="list-style-type: none"> ▪ Ministry of Labor and Social Policy, | <ul style="list-style-type: none"> ▪ Brief project information to provide regular update ▪ Site specific project information. |

5 STAKEHOLDER ENGAGEMENT PROGRAM

5.1 Introduction

During the preparation of the SEP, different communication and information channels have been designed for all identified stakeholders in accordance with their needs. The engagement process will be used to obtain suggestions/comments for the Project activities, which may reflect the Project design and lead to extended benefits of relevant stakeholder's groups. The MLSP recognises that timely engagement of different stakeholders can enable the success of the Project.

SIPA Project stakeholders have been identified in order to address the different consultation requirements. Stakeholders include persons or groups that are:

- directly and/or indirectly affected by the Project;
- have certain interests in the Project and its activities;
- have the ability to affect the Project itself and its final outcome.

5.2 Responsibility for SEP Implementation

MLSP will be responsible for Project implementation, including the implementation of this SEP, under the supervision of the Lenders. Until now, the PIU is not established. There are only nominated representatives from each of the main stakeholders groups for the relevant project components (MLSP, PIOM, AVRМ, UJP, MoF, MAPAS, MoH).

All contractors in charge of carrying out specific Project activities will also be required to implement the relevant provisions of SEP. The grievance mechanism requirements will be laid out in the tender documentation and contracts signed with the sub - contractors.

5.3 Planned Information and Communication Arrangements

MLSP has experience with already established mechanisms for communication with the public on other different projects until now. Responsible persons from MLSP regularly updated webpage with announces news, notifications and reports on current projects.

A grievance mechanism to resolve complaints regarding the SEP for the SIPA Project will be available on the MLSP's website (<http://mtsp.gov.mk/>) and through which citizens can submit any concerns relevant for the SIPA Project.

Planned pension and disability system reform will impose changes in the legislation (Law on Pension and Disability Insurance and Law on Funded Pensions or sub-laws). During the drafting of the relevant legislation, will be organized discussions with stakeholders (each sub-group separately) for comments and suggestions.

Amended draft legislation will be published on the National Electronic Regulatory Register of the Republic of North Macedonia - ENER (<https://ener.gov.mk/>) as well as on the web page of the MLSP, PIOM, FZO, AVRМ, available for comments and suggestions in the period of 30 days. All relevant comments from the received suggestions will be taken into account and incorporated in the final version of the legislation.

Also, a team of ergonomic, medical and experts for occupational health and safety will revise all workplaces and work conditions in North Macedonia with currently declared health hazards

and will provide Revised List. The Revision of the List of hazardous occupations eligible for early retirement with extended service period (ESP) will be publicly available for comments/suggestions on ENER as well as on the web page of the MLSP, PIOM, FZO, AVRМ. The link for the list with Licenced Experts for occupational health and safety is given in Annex B.

Environmental and social assessment of the SIPA Project:

After the analysis of the project activities within the Social Insurance and Pension Administration Project (SIPA) it can be concluded that the implementation of SIPA will have low impact on the environment.

During implementation of the SIPA Project, especially when the new equipment will be installed it should be pay special attention to old equipment that will be replaced because it will be generated waste (some of the equipment will be waste with hazardous characteristics). Generated waste should be managed in accordance with the types of waste and to be appropriate: selected, marked, packed, temporary disposed, transported and final disposed following the requirements of the national legislation on waste management.

Experts that will visit installations during the revision of the List of hazardous occupations eligible for early retirement with extended service period, in order to determine workplace risk are required to wear appropriate protective equipment and clothing (gloves, shoes, masks, helmets) depending on the type of activity performed at the installation.

5.3.1 Documents and information to be disclosed

All prepared documents within the SIPA project will be publicly available on the MLSP web site (<http://www.mtsp.gov.mk>):

For that purpose Project disclosure package should be prepare and should contain following documents:

- **Stakeholder Engagement Plan (SEP),**
- **Environmental and Social Commitment Plan (ESCP),**
- **Grievance and Redress Mechanism (GRM),**
- **Project Procurement Strategy for Development (PPSD)**
- **Revised List of hazardous occupations eligible for early retirement with extended service period (ESP)**

The disclosure package will be publicly available in Macedonian (as well as English where available) immediately upon its availability, on the websites of the Ministry of Labour and Social policy (www.mlsp.gov.mk) and PIOM, AVRМ, UJP, FZO, MoF, MoH.

6 GRIEVANCE MECHANISM

Within the Ministry of Labour and Social Policy of RNM (<http://www.mtsp.gov.mk/>), will be established a Grievance mechanism online, including grievance registry. The aim of this mechanism is to inform all relevant stakeholders for the procedures for submitting a complaint/suggestion regarding the SEP and receiving a response of the submitted grievance. Despite the grievance submission, any comments/concerns/grievance can be submit to the MLSP verbally (personally or by telephone) or in writing by filling in the Project Grievance Form (by personal delivery, post, fax or e-mail to the MLSP contact person). Individuals who submit comments or grievances have the right to request that their name be kept confidential. Grievances may be submitted anonymously, although in such cases, the person will not receive any response. All comments and complaints will be responded to either verbally or in writing, in accordance with the preferred method of communication specified by the complainant, if contact details of the complainant are provided.

Complainant feedback on the resolution

The complainant will be informed about the proposed corrective action and follow-up of corrective action within 25 calendar days upon the acknowledgement of grievance. In situation when the PIU is not able to address the particular issue verified through the grievance mechanism or if action is not required, it will provide a detailed explanation/ justification on why the issue was not addressed. The response will also contain an explanation on how the person/ organisation that raised the complaint can proceed with the grievance in case the outcome is not satisfactory. At all times, complainants may seek other legal remedies in accordance with the legal framework of RNM, including formal judicial appeal.

Contact information for enquiries and grievances:

Social Insurance and Pension Administration (SIPA) Project
Ministry of Labour and Social Policy
Str. Dame Gruev no.14, 1000 Skopje, Republic of North Macedonia
E-mail: _____

7 MONITORING AND REPORTING

Monitoring and evaluation of the stakeholder process is considered vital to ensure MLSP is able to respond to identified issues and alter the schedule and nature of engagement activities to make them more effective. The following characteristics will help in achieving successful engagement:

- ✓ Transparency in all activities
- ✓ Promotion of stakeholder involvement
- ✓ Trust in MLSP and other key institutions shown by all relevant stakeholders
- ✓ Sufficient resources to undertake the engagement;
- ✓ Inclusion of key groups of interactions with stakeholders;

Monitoring of the stakeholder engagement process allows the efficacy of the process to be evaluated. Specifically, by identifying key performance indicators that reflect the objectives of the SEP and the specific actions and timings, it is possible to both monitor and evaluate the process undertaken.

Key performance indicators

- ✓ Number of grievance files
- ✓ Number of solved grievances
- ✓ Attendance to the consultation sessions regarding the amendments of the legislation and List of hazardous occupations eligible for early retirement with extended service period (ESP)

In order to provide, results from the stakeholder engagement process (Number of grievance files, Number of solved grievances, Attendance to the consultation sessions) and project implementation, MLSP has an obligation to prepare Monitoring Report on an annual base.

The MLSP will be responsible for monitoring of all Project related stakeholder engagement activities, ensuring the fulfilment and updating of this SEP, and reporting to the stakeholders.

8 MANAGEMENT FUNCTIONS

The SIPA Project will be implemented by the Ministry of Labor and Social Policy of the Republic of Macedonia as the main responsible institution in cooperation with the PIOM, FZO, UJP, AVRМ, Ministry of Health, Ministry of Finance (MOF).

In order to establish early retirement system that would incentivize remaining active in the labour market instead of earliest possible retirement, the MLSP will engage the high professional team of ergonomic, medical and other experts to revise all workplaces and work conditions in North Macedonia with currently declared health hazards.

9 APPENDICES

Annex A List of organizations in SIPA Project Area

| Name of the organization | Link | E-mail | Phone |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------|
| National Council for Disability Organization of Macedonia | http://www.nsiom.org.mk/index.php/clenki | ziom@t.mk | + 389 23 165 526 |
| Association of Pensioners' Associations of Macedonia | http://szpm.org.mk/mak/index.asp | kontakt@szpm.org.mk | + 389 2 3223 710 |
| Economic and Social Council | http://www.mtsp.gov.mk/socijalno-partnerstvo-ns_article-ekonomsko-socijalen-sovet.nspix | MPancevska@mtsp.gov.mk ASulejmani@mtsp.gov.mk TJanevski@mtsp.gov.mk | +389 76 455-843 +389 76 435-009 +389 76 420-812 |
| Community of Protective Trade Companies | http://www.zapovim.mk/ | contact@zapovim.mk | + 389 2 3229-013 |
| Union of Chambers of Commerce | https://www.chamber.mk/ | info @ chamber.mk | + 389 2 3091 440 |
| Economic Chamber of Macedonia | http://www.mchamber.org.mk/ | ic@mchamber.mk | +389 2 3244000 +389 2 3244088 |
| Chamber of Northwest Macedonia | https://oemvp.org/mk/ | info@oemvp.org | +389 2 3239 252 |
| Chamber of Commerce of Information Communication Technologies (MASIT) | https://www.masit.org.mk/ | contact@masit.org.mk | +389 75 280 507 |

Annex B List of Licenced Experts for Occupational and Health and Safety at work

<http://www.mtsp.gov.mk/registri.nsp>