

# **STAKEHOLDER ENGAGEMENT PLAN**

**(SEP)**

for the

*Contingency Emergency Response Component  
(Income Support Scheme) of the  
Local Roads Connectivity Project*

in

Republic of North Macedonia



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Document:  
Stakeholder Engagement Plan (SEP)  
for the  
**Contingency Emergency Response Component (Income Support Scheme)**  
of the  
**“Local Roads Connectivity Project”**  
in  
Republic of North Macedonia  
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## ABBREVIATIONS

E&S	Environmental and Social
ECP	Environmental Commitment Plan
EIA	Environmental Impact Assessment
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standards
CERC	Contingency Emergency Response Component
RNM	Republic of North Macedonia
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
LESIA	Limited Environmental Social Impact Assessment
LRCP	Local Roads Connectivity Project
LSGUs	Local Self-Government Units
MoF	Ministry of Finance
GS	General Secretariat
NGO	Non Governmental organization
OG	Official Gazette
OH&S	Occupational Health and Safety
OIP	Other Interested Parties
PE	Public Enterprise
PECU	Project Emergency Compliance Unit
SEP	Stakeholder Engagement Plan
WB	World Bank

## 1 INTRODUCTION

### 1.1 Project Description and Context

The COVID-19 pandemic presents Governments all over the world with unprecedented challenges. Current circumstances require a highly adaptive responsive management design to avoid, minimize and manage what may be a rapidly evolving situation. This is why, all parties involved in project implementation will have to use reasonable efforts, recognizing that what may be possible today may be different next week (both positively, because more supplies and guidance may be available, and negatively, because the spread of the virus may have accelerated).

In order to mitigate the crisis and prevent further spreading of the disease, many countries, including the Republic of North Macedonia (RNM), were forced to issue lockdown measures for non vital enterprises and (economic) activities.

Full or partial lockdown measures are now affecting almost 2.7 billion workers globally, representing around 81 per cent of the world's workforce. In the current situation, businesses across a range of economic sectors are facing catastrophic losses, which threaten their operations and solvency, especially among smaller enterprises, while millions of workers are vulnerable to income loss and layoffs. The majority of job losses and declining working hours will occur in hardest-hit sectors. Key sectors include retail trade, accommodation and food services, and manufacturing. Without appropriate policy measures, workers face a high risk of falling into poverty and will experience greater challenges in regaining their livelihoods during the recovery period.<sup>1</sup>

North Macedonia is an upper-middle-income country that has made great strides in reforming its economy over the past decade. Following strong economic growth during the period 2002–08 averaging 4.3%, average GDP growth has declined to 2.1% per year since 2009. The main drivers of growth since 2009 have been construction, industry, and wholesale and retail trade.<sup>2</sup> Although North Macedonia reached the historical low point of the unemployment rate of 16.6% in January 2020, due to the global pandemic the unemployment rate was predicted to rise to over 19% by the end of the first quarter of 2020. This number is predicted to rise to over 22% by the end of the year.

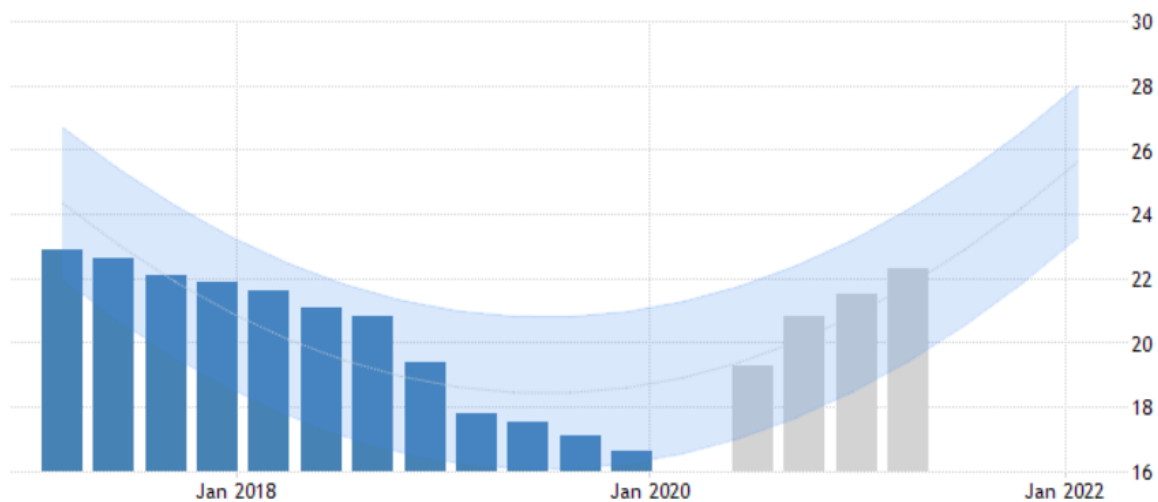


Figure 1: Unemployment rate prediction in North Macedonia

(Source: [www.tradingeconomic.com](http://www.tradingeconomic.com) / State Statistical Office of North Macedonia)

1 International Labor Organization (ILO): ILO Monitor: COVID-19 and the world of work; Second edition Updated estimates and analysis (accessed April 20, 2020) [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_740877.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_740877.pdf)

2 World Bank in North Macedonia, Overview

In such circumstances, the Local Road Connectivity Project (LRCP) financed by the World Bank activated the Contingency Emergency Response Component redirecting a total of 50 million Euros for emergency fiscal response (the CERC) to support The Financial Support of Private Sector Employers Affected by the Health and Economic Crisis Caused by The Covid-19 Virus, for the Payment of Salaries for Months of April, May and June 2020” implemented by the Government of RNM.

The CERC will finance, part of the government program<sup>3</sup>, the subsidy of wages in the means of grant funds assigned to any eligible company that has been forced to close their physical point of sale or that has experienced a reduction in revenues. The eligibility of companies applying for the grant funds will be determined through a multi-criteria screening process upon receiving the respective applications.

Companies excluded from financing are as follows:

1. Companies that have more than 250 employees
2. Companies that are not viable:
  - a. Companies that owes more than 5000 Euros of taxes;
  - b. Companies that have had losses as reflected in tax returns filed in 2018 and 2019;
  - c. Companies that have/had debts that were due for 90 days or more on February 29, 2020 as captured by the Credit Bureau data
3. Companies and activities that would e.g. affect natural habitats, forests, finance experiments or production of pesticides, or cause economic and social displacement; any activities which involve land acquisition or any form of resettlement; any of the activities listed in the World Bank Group -IFC Exclusion List given below:
  - a. Trade in wildlife and wildlife products prohibited under the CITES convention (this only includes international trade of endangered species),
  - b. Gambling industry companies
  - c. Conversion or degradation of critical natural habitats,
  - d. Significant conversion or degradation of critical forest area
  - e. Release of genetically altered organisms into the natural environment,
  - f. Manufacturing, distribution and sale of banned pesticides and herbicides (as per the Law on Pesticides – banned by the national legislation,
  - g. Manufacturing, handling and disposal of radioactive products,
  - h. Environmental hazardous goods,
  - i. Manufacturing of equipment and appliances containing CFCs and other substances regulated under the Montreal Protocol,
  - j. Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight,
  - k. Manufacturing of asbestos containing products,
  - l. Production of or trade in radioactive materials, including nuclear reactors and components thereof (this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded),
  - m. Tobacco production, processing or marketing, tobacco processing machinery,
  - n. Manufacturing of firearms
  - o. Production or trade in alcoholic beverages, excluding beer and wine, tourism and hospitality industry.
4. Companies that fall under the Environmental and Social Framework (ESF)/Legal Policies

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<sup>3</sup> Companies that do not satisfy the E&S risk criteria of the Bank (not eligible to be financed by the CERC – World Bank sources ) but satisfy the Government program criteria will still be receive same amount of finances.

Exclusion:

- a. Companies that operate without all required permits/licenses/authorizations, etc. required under the national legislation.
- b. Companies performing activities that are likely to negatively impact nature protected areas.
- c. Companies performing activities that are likely to impact cultural heritage or with activities taking place in cultural heritage protection/archeological zones.
- d. Companies that have negative environmental inspection findings and litigations in the past years.
- e. Companies that had significant OHS issues in the past year (two or more company responsible fatality or severe injuries) and did not address the OHS incompliance leading to the incident
- f. Activities that would significantly change impact to international waterways.

It is to be noted that companies that do not meet the criteria above are still eligible for financial support from the Government's fund under the same program.

The CERC will finance eligible viable firms with:

1. a minimum net wage of 14.500 MKD per employee
2. + 50% of social contributions of their eligible employees for firms in tourism, transport and catering.

The CERC will be implemented by the General Secretariat, through the Project Emergency Compliance Unit (PECU), with support and supervision by two FM consultants, one Social Safeguard and one Environmental Safeguard Specialist. The CERC is anticipated to support over 60.000 employees through all economic sectors excluding the Agricultural sector (as it is receiving support under other WB programs).

## 1.2 Purpose of the Stakeholder Engagement Plan (SEP)

The objectives of this SEP are identification of the stakeholders of the CERC Program ("the Program") at different stages of development and establishment of their rules for management of exchange of information between the PECU and the stakeholders in line with the national regulation and the WB Requirements. A separate SEP has already been developed for other components of the LRCP.

It is unlikely that the Program implementation will cause negative impact including on vulnerable groups. There is a chance that, due to the limited time in which the Program is prepared and consulted with stakeholders, and given the tight deadlines set for the submission of applications, some most needy companies with vulnerable employees may not be able to submit applications on time and receive support from the Program. It is therefore critical that all potential beneficiaries become aware of the Program, in particular eligibility criteria and application procedures, so that they will not be excluded from the potential benefit.

The SEP thus presents how the PECU plans to communicate with stakeholders who may be affected by or will be interested in the Program throughout its whole life cycle. It also describes a grievance mechanism, which is a process stakeholders may use to raise any concerns about the Program providing their opinions that may influence the Program implementation and its results.

The purpose of the SEP is, therefore, to enhance stakeholder engagement throughout the Program, and to carry out stakeholder engagement in line with the laws of Republic of North Macedonia, as well as the requirements of World Bank.



Overall, SEP was developed to: a) identify and analyze stakeholders including importantly the potential beneficiaries of the Program who may be excluded from or find problems accessing project benefits; b) plan engagement modalities and effective communication tool for consultations and disclosure; (c) enable platforms for influencing decisions; (d) define role and responsibilities of different actors in implementing the SEP; and (g) help implement and manage the Grievance Redress Mechanism (GRM).

### 1.3 Scope and Structure of the SEP

This SEP provides general guidance on how to involve the public in all phases of the Program.

The scope of the SEP follows the World Bank's ESS10. The engagement is planned and will be implemented as an integral part of the Program.

The SEP consists of the following Chapters:

1. Introduction
2. Summary of Previous Stakeholder Engagement Activities
3. Stakeholder Identification and analysis
4. Stakeholder Engagement Program
5. Resources and Responsibilities for implementing the Stakeholder Engagement Plan
6. Grievance Redress Mechanism
7. Monitoring and Reporting

### 1.4 Administrative and Regulatory Framework

#### 1.4.1 National Legislation Requirements

Applicable National Framework is as follows:

1. **Law on Environment** (Official Gazette of RM No. 53/05, with latest amendment in 99/18): Although the LRCP falls under the jurisdiction of the respective law due to the envisaged civil works the CERC component of the Project does not.
2. **Constitution of Macedonia:** Article 16 guarantees access to information and the freedom of reception and transmission of information.
3. **Law on Free Access to Information of Public Character** (Official Gazette of RM" No. 13/06, 86/08, 06/10, 42/14): allows individuals and legal entities to obtain information from state and municipal bodies and all others who are performing public functions.
4. Aarhus Convention on Access to Information, Public Participation in Decision Making and Access to Justice in Environmental Matters ratified by FYR Macedonia in 1999: The respective convention grants the public rights regarding access to information, public participation and access to justice, in governmental decision-making processes on matters concerning the local, national and transboundary environment. Article 2(c) of the Convention states that the Convention applies not only to government at all levels, but also to "any other natural or legal persons having public responsibilities or functions, or providing public services, in relation to the environment, under the control of [a public authority]." In line with the Convention, the Company is required to: respond to requests from the public for environmental information (any member of the public can make a request, regardless of citizenship, nationality or domicile); regularly collect and disclose environmental information to the public and notify the public that the information is available; and provide information for emergencies.

5. Decrees on the Financial Support of Private Sector Employers Affected by the Health and Economic Crisis caused by the COVID 19 Virus that establishes an income support scheme for the months of April, May and June 2020 (Official Gazette of RNM no. 93/2020 of 07.04.2020 and Official Gazette of RNM no. 157 of 13.06.2020): The fundamental objective of the scheme is to enable employers to keep employees on their payroll during the crisis, so that they can restart their operations quickly and efficiently following the crisis. Under the Decrees, the Government pays the salaries of the employees of the private sector employer applying who meet certain criteria for financial support the months of April, May and June 2020 in the amount of no more than MKD 14,500 per employee prorated by the registered working hours of the employee.

#### **1.4.2 World Bank's Environmental and Social Standard on Stakeholder Engagement (EES10)**

The World Bank's 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 ESS10 requires the following:

1. "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.
2. 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.
3. 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.
4. 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 before project appraisal, 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.

## **2 SUMMARY OF PREVIOUS STAKEHOLDER ENGAGEMENT ACTIVITIES**

Giving the urgency of implementation, due to the health and economic crisis caused by the COVID-19 pandemic, no previous stakeholder engagement activities were performed by the implementing agency/PECU. Nevertheless, the Government Program for wage subsidies, which the CERC Program supports, has been announced in all media since the beginning of April, as an integral part of economic measures for addressing the crisis issued by the Government of RNC. Additionally, institutions that are in charge of work with companies in different ways, as well as different type of

companies and chambers of commerce have been consulted throughout the process of preparation of the measures.

### 3 STAKEHOLDER IDENTIFICATION AND ANALYSIS

The WB ESS 10 recognizes three broad categories of stakeholders:

1. Project Affected Parties;
2. Other Interested Parties; and
3. Disadvantaged / Vulnerable Individuals or Groups.

**Project Affected Parties (PAPs)** includes those likely to be affected by the project because of actual impacts or potential risks to their physical environment, health, security, cultural practices, well-being, or livelihoods. These stakeholders may include individuals or groups, including local communities. They are the individuals or households most likely to observe/feel changes from environmental and social impacts of the project.

The term **Other Interested Parties (OIPs)** refers to individuals, groups, or organizations with an interest in the project due to the project location, its characteristics, its impacts, or matters related to public interest e.g. regulators, government officials, the private sector, the scientific community, academics, unions, women's organizations, other civil society organizations and cultural groups.

It is particularly important to understand project impacts and whether they may disproportionately fall on **disadvantaged or vulnerable individuals or groups**, who often do not have a voice to express their concerns or understand the impacts of a project.

#### 3.1 Stakeholder Mapping

It is expected that the Program will provide the net minimum wage (14.500 MKD) to approximately 64,000 employees of companies that meet viability and eligibility criteria (see below). In addition, approximately 30,000 employees in viable firms in tourism, transport and catering will receive 50% of social contributions. Since every economic sector (excluding Agriculture) is eligible for support under the CERC Program, the range of Other Interested Parties is diverse. The largest risk for stakeholder engagement activities is the limited time before Program launching and tight deadlines for all activities, leading to some most needy companies with vulnerable employees not being able to submit applications on time and receive support from the Program.

##### 3.1.1 Project Affected Parties

The Project Affected Parties for the CERC Program are as follows:

1. **Companies that will apply for grant funds for wage subsidies:** In order to receive the grant funds, companies will have to go through a multi-criteria screening process determining their viability and eligibility for WB funds. The e-Tax, MPIN and other systems of the Public Revenue Office (PRO) will be used for the online submission of applications and the selection of eligible firms meeting the criteria. In order to receive wage subsidies, interested companies have to meet all criteria concerning: (i) the size of the applicant company, (ii) viability criteria, (iii) WB General Exclusion List, (iv) Legal and ESF Policy Exclusion Criteria. Companies from all economic sectors (excluding Agriculture) are eligible for applications. Eligible companies that meet the criteria will receive the minimum net wage (14.500 MKD) per employee. Separately, companies in tourism, transport and catering can

also apply to receive 50% of the social contribution of their eligible employees by filling the same questionnaire, in addition to the minimum wage subsidy;

2. **Employees that will receive the wage subsidies:** The CERC Program is expected to support more than 60.000 employees with wage subsidies for April, May and June 2020 in the amount of the minimum wage.

### 3.1.2 Other Interested Parties

Other Interested Parties for the CERC component of the LRCP are as follows:

1. Government of the Republic of North Macedonia
2. Implementing agency (General Secretariat)
3. Chambers of Commerce
4. Organization of Employers of Macedonia
5. The Federation of Trade Unions in Macedonia with all member organizations (sector specific unions)
6. Foundation of Management and Industrial Research
7. The association for business women
8. Chamber of Craftsmen Skopje
9. Business Confederation of Macedonia
10. Youth Entrepreneurial Service Foundation
11. Media

Those associations that represent potential beneficiaries will be notified about the Program and request them to disseminate Program information broadly among their constituencies. Communication campaign will be conducted at the Program launch through various channels of mass media also to inform potential beneficiaries of the Program.

### 3.1.3 Disadvantaged or Vulnerable Individuals or Groups

The CERC beneficiaries are micro, small and medium enterprises and firms and their employees. Whereas the companies' key staff is likely to not belong to vulnerable society groups due to their higher level of education and social capital, there are groups amongst the employees who might have difficulties in expressing their concerns:

1. junior level employees
2. women, especially employees in male dominated industries and employees with disabilities

These groups may have concerns about transparent spending of the granted funds, yet might find it difficult to express those concerns to their employer. Also, due to the limited time in which the Program was prepared and consulted with stakeholders, and given the tight deadlines set for the submission of applications, some most needy companies with vulnerable employees may not be able to submit applications on time and receive support from the Program. The CERC Program will conduct a rapid but intensive communication campaign to ensure that all potential beneficiary companies and employees become aware of the Program, in particular the processes and procedures to benefit from the Program including eligibility criteria and application procedures. Grievance Mechanism will also be set up to give potential beneficiaries an avenue to voice concerns that they may have about the implementation of the Program.

### 3.1.4 Summary of Project Stakeholder Needs and Analysis of their Interest and Influence

The level of stakeholder engagement will depend on stakeholders Interest in the Program and their Influence over it.

Table 1: Level of stakeholder engagement based on their level of interest and level of influence

Project Stakeholder Group		Nature of interest	Level of interest	Level of Influence	Level of engagement	
Project Affected People	Individuals	Employees receiving the wage subsidiaries	Positive impact on livelihood/Interested in the transparency of received funds spending	High	Low	Consult
	Legal Entities	Companies applying for grant funds	Positive impact on the company's economical situation./Interested in the application process, criteria of eligibility and conditions under which the funds are given	High	Low	Consult
Other Interested Parties	Government Agencies	Government of RNM	Positive impact on the socio-economical situation in the country/ Interested in feasibility and cost of the Program	High	High	Partner
		Implementing Agency	Negative impact on the work load/ Interested in actions that need to be done	High	High	Partner
		Chambers of Commerce	Positive impact on the socio-economical situation in the country/ Interested in the effectiveness of the Program	Low	Medium	Inform
	Union Organizations	The Federation of Trade Unions of RNM	Positive Impact on worker rights / Interested in the transparency of received funds spending	Medium	Medium	Consult
		Sector specific unions	Positive Impact on worker rights / Interested in the transparency of received funds spending	Medium	Medium	Consult
	Non-Government Organizations - NGOs	Organization of Employers of Macedonia	Positive impact on the market's economical situation./Interested in the application process, criteria of eligibility and conditions under which the funds are given	Low	Medium	Inform
		Foundation of Management and Industrial Research	Positive impact on the market's economical situation/ Interested in the number of entrepreneurs who will receive the funds	Low	Medium	Inform

Project Stakeholder Group		Nature of interest	Level of interest	Level of Influence	Level of engagement	
		The Association for businesswomen	Positive impact on the market's economical situation/ Interested in the number of women entrepreneurs who will receive the funds and women employees who will receive the wage subsidies	Medium	Medium	Consult
		Chamber of Craftsmen Skopje	Positive impact on the market's economical situation/ Interested in the number of craftsmen who will receive the funds	Low	Medium	Inform
		Business Confederation of Macedonia	Positive impact on the market's economical situation/ Interested in the number of entrepreneurs who will receive the funds	Low	Medium	Inform
		Youth Entrepreneurial Service Foundation	Positive impact on the market's economical situation/ Interested in the number of young entrepreneurs who will receive the funds	Low	Medium	Inform
	Media	Electronic and written media, Radio and TV stations across the Country	All impacts of the Project	High	Medium	Involve
<b>Vulnerable group</b>	Individuals	Junior staff of companies receiving the funds	Positive impact on livelihood/Interested in the transparency of received funds spending	High	Low	Consult
	Individuals	Women employees/Empl oyees with disabilities	Positive impact on livelihood/Interested in the transparency of received funds spending	High	Low	Consult

## 4 STAKEHOLDER ENGAGEMENT PROGRAM

### 4.1 Purpose and Timing of the Stakeholder Engagement Program

Because of the urgent need to ameliorate the negative impact of the COVID-19 pandemic on needy companies and employees, the Program will carry out the following two-tier stakeholder engagement:

1. During the Preparation of the Program, the PECU will carry out a communication campaign about the Program via all available channels (Radio, TV, written media, social media, web portals etc.), clarifying the program, eligibility criteria and application procedures, and highlighting in all announcements the need for feedback on the Program concerning the

beneficiaries' thoughts and worries.

2. After the program implementation, (after finalization of funding for the third month expected in June, 2020) beneficiaries will be asked for feedback on the Program. The feedback will be gathered and analyzed by the PECU E&S Specialists. The findings of the feedback will be presented in a report summarizing the experience gained and lessons learned. The report will be publicly disclosed. In case any of the feedbacks shed light on serious problems (e.g. in the implementation of the Program) the PECU will immediately inform the WB and suggest according correction measures to ensure full transparency.

## **4.2 Proposed Strategy of Information Disclosure**

### **4.2.1 Preparation**

Drafts of all ESF documents (i.e. ESMF, ESCP and SEP) will be publicly disclosed at least five days before Program launch on the websites of the implementing agency and WB. The disclosure packages will include:

1. CERC announcement including:
  - a. Brief description of CERC
  - b. Ways of submitting comments and feedback
  - c. Key deadlines
2. The respective draft ESF documents

The public disclosure of the draft documents and the Program launch will be announced through Radio, TV, written and electronic media as well as all available official social media accounts and web pages of the Government and Implementing agency, as part of the overall Stakeholder Engagement activities described above.

The comments on all disclosed data and ESF documents will be reviewed immediately upon arrival by the PECU E&S specialists. Major comment will be incorporated in the final version of the ESF documents and disclosed, together with a report on the feedback, i.e. (i) list of media the announcement was disclosed, (ii) content of the announcement, (iii) time of publishing, (iv) list of received feedback.

### **4.2.2 Implementation**

After the completion of the grant application process, a list of eligible firms will be publicly disclosed on the website of the implementing agency.

### **4.2.3 Monitoring**

The CERC will finance an ex-post audit of companies that have received funds to retroactively verify their meeting conditions of financing (e.g. fulfillment of conditions, compliance with ESF requirements etc.). The ex-post audit will cover the feedback from stakeholders (companies, employees and others) to inform corrective actions and/or improve future intervention. The summary of the audit report will be publicly disclosed on the web site of the implementing agency.

Additionally, the findings of the feedback will be presented in a report and publicly disclosed on the implementing agencies web site. The report will summarize the experience gained and lessons learned from the Project, as well a proposition for tailoring future similar Programs. In case any of the feedbacks shed light on serious problems (e.g. in the implementation of the Program) the PECU will immediately inform the WB and suggest according correction measures to ensure full transparency.



### 4.3 Proposed Strategy for Consultation

With the outbreak and spread of COVID-19 in the Republic of North Macedonia, people are mandated by national legislation, to exercise social distancing and specifically to avoid public gatherings to prevent and reduce the risk of the virus transmission. Also, given the need to disburse support to needy companies and employees at the soonest, conventional methods of public consultation typically conducted under the Bank funded projects are not possible.

In order to ensure meaningful stakeholder engagement under such a context, ICT (Information and Communication technology) penetration amongst key stakeholder groups was assessed with special focus on identified vulnerable groups. Most representatives of applicant firms tend to be age 30 to 60 and have higher social capital. Furthermore, employees to receive the wages subsidies are under the age of 64 (pension threshold). It is most probable that, among such group the level of ICT penetration is relatively high. Therefore, diverse means of communication including social media and online channels can be used for stakeholder engagement activities. Nevertheless, conventional means such as TVs, radio and newspaper will also be used to make sure all potential beneficiaries are aware of the Program.

Table 2: Proposed Strategy of Consultation

Target Stakeholder/Group	Topic of Engagement	Method	Location**/ Frequency	Responsibility
Employees receiving the wage subsidiaries	-Methods of ensuring transparency of received Program support -OHS -GRM -Feedback on the Program	-E-mail correspondence, communication through social media channels, informing through standard and social media channels. -In media announcements highlight the need for feedback for this group of stakeholder	-Prior to Program launch* -After the wages are received -Throughout project life cycle -During ex-post audit - Feedback, after implementation	PECU
Companies applying for grant funds	-The application process, criteria of eligibility and conditions under which Program support is given -GRM -ESF requirements -Feedback on the Program	-E-mail correspondence, communication through social media channels, informing through standard and social media channels -In media announcements highlight the need for feedback for this group of stakeholder	-Prior to Program launch* -After the application process is finished -Throughout project life cycle -During ex-post audit - Feedback, after implementation	PECU
Government of RNM	-Feasibility, -Managerial arrangements	-Formal correspondence, virtual meeting	-Throughout the project life cycle	WB Task Team
Implementing Agency	-Methods of implementation	-E-mail correspondence, virtual meetings	-Throughout the project life cycle	WB Task Team
Chamber of Commerce	-Impact on the socio-economical situation in the country, -Effectiveness of the Program	-Inform through standard and social media channels	-Throughout the project life cycle	PECU
The Federation of Trade Unions of	-Impact on worker rights	-E-mail correspondence, communication through	-Prior to Program launch*	PECU



**Stakeholder Engagement Plan for the Contingency Emergency Response Component (CERC) of the LRCP**

Target Stakeholder/Group	Topic of Engagement	Method	Location**/ Frequency	Responsibility
RNM	-Methods of ensuring transparency of received Program support -Feedback on the Program	social media channels, informing through standard and social media channels -In media announcements highlight the need for feedback for this group of stakeholder	-Throughout project life cycle - Feedback, after implementation	
Organization of Employers of Macedonia	-Impact on the market's economical situation, -Application process, criteria of eligibility and conditions under which the funds are given	-Inform through standard and social media channels (application process described in the ESF documents and the Government decree)	-Throughout the project life cycle	PECU
Foundation of Management and Industrial Research	-Impact on the market's economical situation -Number of entrepreneurs who will receive the funds	-Inform through standard and social media channels (the list of eligible firms)	-Throughout the project life cycle	PECU
The Association for businesswomen	-Impact on the market's economical situation -Number of women entrepreneurs who will receive the funds -Number of women employees who will receive the wage subsidies -Ways of empowering women to express their concerns -Feedback on the Program	-E-mail correspondence, communication through social media channels, informing through standard and social media channels (desegregate the number of firms receiving funds by sector, age and sex) -In media announcements highlight the need for feedback for this group of stakeholder	-Prior to Program launch* -Throughout project life cycle - Feedback, after implementation	PECU
Chamber of Craftsmen Skopje	-Impact on the market's economical situation -Number of craftsmen who will receive the funds	-Inform through standard and social media channels (desegregate the number of firms receiving funds by sector, age and sex)	-Throughout the project life cycle	PECU
Business Confederation of Macedonia	-Impact on the market's economical situation -Number of entrepreneurs who will receive the	-Inform through standard and social media channels (the list of eligible firms)	-Throughout the project life cycle	PECU

**Stakeholder Engagement Plan for the Contingency Emergency Response Component (CERC) of the LRCP**

Target Stakeholder/Group	Topic of Engagement	Method	Location**/ Frequency	Responsibility
	funds			
Youth Entrepreneurial Service Foundation	-Impact on the market's economical situation -Number of young entrepreneurs who will receive the funds	-Inform through standard and social media channels (desegregate the number of firms receiving funds by sector, age and sex)	-Throughout the project life cycle	PECU
Electronic and written media, Radio and TV stations across the Country	- Ways of best outreach methods	-E-mail correspondence, virtual meetings	-Throughout the project life cycle	PECU
Junior staff of companies receiving the funds	-Methods of ensuring transparency of received Program support -OHS -GRM -Feedback on the Program	-E-mail correspondence, communication through social media channels, informing through standard and social media channels -In media announcements highlight the need for feedback for this group of stakeholder -Put out a phone number/e-mail address specially for this group and announce it in the media	-Prior to Program launch* -After the wages are received -Throughout project life cycle -During ex-post audit - Feedback, after implementation	PECU
Women employees/Employees with disabilities	-Methods of ensuring transparency of received Program support -OHS -GRM -Feedback on the Program	-E-mail correspondence, communication through social media channels, informing through standard and social media channels -In media announcements highlight the need for feedback for this group of stakeholder -Put out a phone number/e-mail address specially for this group and announce it in the media	-Prior to Program launch* -After the wages are received -Throughout project life cycle -During ex-post audit - Feedback, after implementation	PECU

Due to the emergency of implementation and tight timelines, as well as the need for social distancing under the COVID-19 pandemic, conventional methods of stakeholder engagement cannot be conducted. Information about the Program in particular eligibility criteria and application procedures will be broadly disseminated through various means and a help desk be set up at PECU to answer any questions that potential beneficiaries may have, so as to ensure all potential beneficiaries will become aware of the Program.

#### **4.4 Proposed Strategy to Incorporate the Views of Vulnerable Groups**

While the Program is not expected to have a negative impact on vulnerable groups, there is a risk that, due to the limited time in which the Program is prepared and consulted with stakeholders, and given the tight deadlines set for the submission of applications, some most needy companies with vulnerable employees may not be able to submit applications on time and receive support from the Program. The CERC Program will conduct a rapid but intensive communication campaign to ensure that all potential beneficiary companies and employees become aware of the Program, in particular the processes and procedures to benefit from the Program including eligibility criteria and application procedures. Grievance Mechanism will also be set up to give potential beneficiaries an avenue to voice concerns that they may have about the implementation of the Program. Also, Grievances will be segregated based on sex and age.

Government has two other measures for socially vulnerable groups and they will be covered through the Ministry of labor. Those who are in the social assistance scheme will get extra cash and in-kind contribution and additional measure with loosened criteria which aims to serve those who lost their jobs.

## **5 RESOURCES AND RESPONSIBILITIES FOR IMPLEMENTING STAKEHOLDER ENGAGEMENT ACTIVITIES**

### **5.1 Resources**

Based on the needs of the SEP, the stakeholder engagement budget will cover the following activities: (i) media coverage expenditures; (ii) printed outreach materials (if assessed that needed); (iii) virtual presentations. The tentative budget for these activities will be decided by start of the program.

### **5.2 Management Functions and Responsibilities**

The PECU will be responsible for planning and implementation of stakeholder engagement activities, as well as other relevant outreach, disclosure and consultation activities, as well as for GRM functioning.

To ensure successful SEP implementation, the PECU engaged Environmental and Social Specialists to support the CERC.

## **6 GRIEVANCE MECHANISM**

### **Grievance Redress Process**

In compliance with the World Bank's ESS10 requirement, a specific grievance and feedback redress mechanism is established.

The established grievance mechanism is used to collect feedback, questions and comments regarding this program. It is in place early in the process to receive and address stakeholder comments and questions in a timely manner and provide further information on net wage subsidies to the companies/employees affected by the program.

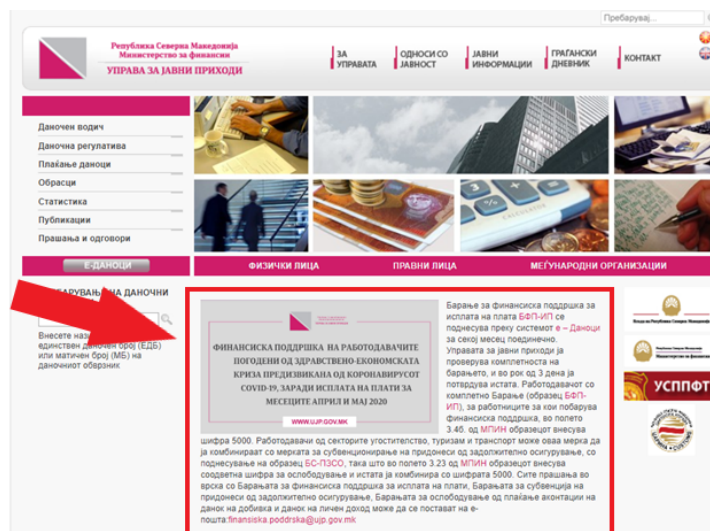
There might be different types of complaints. Some of the most common expected complains to this program are presented here: it is expected that grievances will be submitted by

companies that consider they are eligible for CERC support but who have missed the deadline to submit applications. Should grievances be submitted by such companies, they are referred to responsible entities so they can receive a timely response, including support from the Government's fund where this is appropriate. Also, a company who receive a negative audit report may submit a complaint about it. Furthermore, grievances may also be submitted from employees for not receiving income support despite their employer(s) receiving funding.

The Public Revenue Office (PRO) is the responsible entity for funds application system for minimum net wage subsidies. Thereof, the **GRM at first level** is established at PRO, along with the application process.

Each Citizen/company shall fill-in the Request form – BFP-IP on the following link <http://www.ujp.gov.mk/mk/obrasci/opis/221>. At this link, as last paragraph GRM is briefly presented and the GRM Form is attached (Annex 1). This set-up will allow each citizen/company right after the Request form, easily to see the possibility to fill-in GRM form, if she/he feels necessary to submit one or more complaints.

The grievance form is available on the PRO website together with clear information on how feedback, questions, comments, concerns and grievances can be submitted by any stakeholder and information concerning the PECU's managing of the GRM both in terms of process and deadlines. The website will include the possibility to submit grievances electronically. All grievances can be filled anonymously. It is published on the central position of the webpage (see photo)



The GRM can be downloaded, filled-in and submitted to special E-mail address: [finansiska.poddrska@ujp.gov.mk](mailto:finansiska.poddrska@ujp.gov.mk).

Grievances could be also submitted by:

-phone: 02 3253 200 or 0800 33 000

- post: str. 11 Oktomvri no. 10, 1000 Skopje, Republic of North Macedonia

The PRO has established a team of three employees who will be responsible for GRM for the CERC component. The PRO team will be responsible to manage the grievances and to provide answers within 15 days of receipt.

The PECU E&S experts will be provided with detailed report from this E-mail to be able to generate required reports towards GRM implementation and/or to respond to some of the grievances

under their competences and competencies under PECU. The report will consist of a list of complaints received, complainant and response received.

Additionally, in order to increase transparency, the PRO will publish a list of frequently asked questions and received complaints and answers to those, so that each citizen/company can see that the answer they've received as the same for everyone.

The PECU will ensure that the GRM is responsive to any concerns and complaints particularly from affected citizens/companies and vulnerable groups.

For better transparency and information to public, the General Secretariat will publish the List of companies who received minimum net wage payment on its website, at the same link where the CERC component documents are published. The List shall contain as minimum, the name of the company and the type of industry it belongs to. The transparency tool can be linked to open finance link too: <https://open.finance.gov.mk/mk/home>

For citizen/company that want to file an official complaint (acceptable to court) the PRO will adjust and create a complaint form, for which citizens/companies will be able to be informed through the PRO website, and the delivery will be through the e-Taxes portal. After the submitted complaint, the PRO will decide with a response to the complaint. A formal archive will be kept for this, data and evidence will be required from the base of the PRO, AVRSM or from the taxpayer. For citizen/company that want to file a complaint anonymously they will be able to do so by sending the filled out complaint form on the special e-mail ([finansiska.poddrska@ujp.gov.mk](mailto:finansiska.poddrska@ujp.gov.mk)).

In case a grievance cannot be resolved in manner satisfactory to the complainant he/she has the right for an appeal. In such cases the resolution of the grievance will be reviewed **at second level** by a Commission at the level of the implementing agency (Government's General Secretary Office). After the submission of the response to the complaint by the PRO, if the taxpayer is still dissatisfied, he/she will be able to submit a complaint after the response of the PRO to the General Secretariat of the Government of RSM. This information will be contained in the submitted response from the PRO.

They will be able to submit the appeal through a GRM form (Annex 1) available on [www.vlada.mk/CERC](http://www.vlada.mk/CERC) or on the e-mail address: [finansiskimerki@gs.gov.mk](mailto:finansiskimerki@gs.gov.mk).

The Commission will consist of three officially appointed members that are not directly involved in Project implementation. The Commission will acknowledge the receipt of the appeal within 3 days and issue the final decision within 10 days of the receipt of the appeal. The Commission in GS will have mandate to request PRO to review the complainant documentation and provide feedback or to advise the complainant to use the judicial possibilities. The decision of the Commission will entail a detailed explanation of the grievance resolution process as well as the explanation of the final decision and guidance on how to proceed if the outcome is still not satisfactory for the complainant. The complaints and decisions will be published on the webpage of the General Secretariat.

At all times, complainants may seek other legal remedies in accordance with the legal framework of Republic of North Macedonia, including **formal judicial appeal**.

The following steps are to be taken to ensure full GRM functioning:

### **Step 1: Recording received grievance in the GRM registry**

In order to capture and track grievances received under the project, a dedicated GRM register is planned. Specifically nominated members of the PRO, GS and RECU will record grievance information in the grievance registry. For those who will submit official complain this will include:

- Appointed number of Grievance (give each new complaint a specific entry number and refer to this number in each subsequent correspondence)
- Date of receipt
- Stakeholder name (or statement that the grievance was filled anonymously)
- Date of acknowledgement
- Description of grievance
- Description of action taken
- Date of grievance resolution

The PECU will share the Grievance Registry with the WB on a monthly basis.

**Step 2: Providing the person who filed the grievance with an immediate acknowledgment of receipt and second follow up within 5 days of receipt<sup>4</sup>**

- A standard “thank you for your message” response, “Thank you for your e-mail, we’ll respond to you as soon as possible”, should be sent immediately to the complainant (or autoreply) to let them know that their message is being reviewed. It should also include the reference number of the complaint for easier follow up for those that have been submitted through e-taxes.
- A second message should be sent within 5 days indicating whether the complaint is being further reviewed by the agency, or has been referred to another entity, or lacks sufficient cause for follow up.
- This message should include information on the process for appeal in case the complainant is not satisfied with the result.

**Step 3: Assessing and investigating the grievance**

- All complaints should be given a facts-based, objective assessment. Investigators must be neutral and not show bias.
- Not all complaints need a full investigation. For some it might be sufficient to do a brief desktop review.
- For those that do need investigation, the response should be appropriate and proportional to the suspected abuse. This might include travel to the location where the potential problem has occurred. It can be beneficial for investigators to travel in pairs to enable collection of evidence and witness statements to be observed by a colleague.
- A proper set of notes should be kept for each investigation, including lists of witnesses, evidence, etc., a diary of actions, etc. Some investigations can result in court cases so it is important to maintain proper records.
- Summary reports should be provided to the World Bank on a monthly basis, even if there are no complaints.
- In the event that a complaint refers to fraud or corruption, this should immediately be communicated to the World Bank.

**Step 4: Deliver a resolution to the complainant within 15 days of grievance receipt**

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<sup>4</sup> This step is currently not possible to implement, but will be reviewed and included as soon as the technical possibility occurs

- Efforts will be made to conclude all complaint handling within 15 days or receiving the complaint. However, some complaints can be complex or lead to unexpected consequences, and will need more than 15 days to resolve, especially in an emergency situation.

#### **Step 5: Follow up**

Lessons learned from the complaints and cases can be extremely valuable for future programs/operations.

### **6.1 World Bank Grievance Redress System**

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org)

## **7 MONITORING AND REPORTING**

The PECU will be responsible for overall compilation of progress and results. Feedback and grievances received through the GRM will be aggregated and included in regular reports. During implementation SEP may be updated based on the identification of new stakeholders and/or the need for different forms of stakeholder engagement.

### **7.1 Involvement of Stakeholders in Monitoring Activities**

Project Affected Parties will be involved during the ex-post audit of the companies that received the grant funds. Employees will be consulted on OHS matters (e.g. do they have valid contracts, if the employer provides a workspace and condition in line with ESF standards and local legislation etc.), GRM etc.

The Employers will be consulted on fulfilling the requirements of grant conditions.

### **7.2 Reporting Back to Stakeholder Groups**

Stakeholder comments on the ESF draft document will be reviewed immediately after receipt. In case the comment implies the need for changes, the document will be updated and disclosed along with the reports on feedback.

Other comments and grievances gathered throughout the implementation will be used for the purpose of further tailoring stakeholder engagement activities and may even lead to program adjustments in case of serious complaints or if light is shed on serious problems.



ANNEX 1

Grievance Form

Reference Number	
Full name (optional)	
<input type="checkbox"/> I wish to raise my grievance/feedback anonymously. <input type="checkbox"/> I request not to disclose my identity without my consent.	
Contact information	<input type="checkbox"/> By Post: <i>Please provide mailing address:</i> _____ _____ _____
Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By telephone: _____ <input type="checkbox"/> By E-mail
Preferred language of communication	<input type="checkbox"/> Macedonian <input type="checkbox"/> Albanian <input type="checkbox"/> Other: _____
Gender	<input type="checkbox"/> Female <input type="checkbox"/> Male
Age	
Description of Incident for Grievance/Feedback	What happened? Where did it happen? Whom did it happen to? What is the result of the problem?
Date of Incident / Grievance	
	<input type="checkbox"/> One-time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen?	



