**TERMS OF REFERENCE AND SCOPE OF SERVICES**

**PERFORMANCE AUDIT OF THE CCT PROGRAM FOR SECONDARY EDUCATION AND THE CCT PROGRAM FOR SUBSIDIZED EMPLOYMENT**

1. **BACKGROUND**

Ministry of Labor and Social Protection of the Republic of Macedonia (MLSP) along with the World Bank undertook the implementation of two Conditional Cash Transfer (CCT) Programs focused on alleviating poverty among the poorest and most vulnerable population in Macedonia.

The CCT programs, are aimed at improving the education and labor sector by promoting enrollment education and employment. The implementing agency of the two programs: CCT Program for poor households with children attending secondary education and CCT Program for Subsidized Employment is the Ministry of Labor and Social Protection.

The CCT Program for secondary education is being implemented starting from the school year 2010/2011 and the CCT program for subsidized employment is being implemented starting November 2013.

1. **The CCT educational program** includes the following processes: target group identification, information dissemination process, application processdecision making, taking preventive and corrective measures, **compliance monitoring**, **payment process,** case management, complaints process and home visits, monitoring and evaluation, and exit policy. The details of the program’s design parameters and project cycle are outlined in the Manual for Educational Program operations (MEPO) which shall be given to the first ranked short listed consultant.

Each process comprised in the project cycle of the program includes various sub-processes which need to be assessed in order to achieve an adequate implementation of the CCT Program.

In this sense, the following section will outline the main aspects of the two processes: Compliance Monitoring and Payments which need to be appraised within this assignment.

**Compliance Monitoring:**

The beneficiary must attend a minimum number of the school classes performed in the defined period as set in the MEPO.

The compliance monitoring is performed at the end of each period regardless of the compliance with the conditionality in the previous period.

The schools enter the attendance records of the beneficiary students directly into the CBMIS CCT module after termination of the reporting period. Afterwards, the system calculates the attendance percentage. The attendance records must comply with those one that are contained in the hardcopy Class Book Diary that is kept in the secondary school.

 **Payment Process:**

The payment process includes payment parameters on which the CCT Education grant is focused. Likewise, the payment process involves conditionalities to be met by beneficiaries in order for them to collect their payment. Conditionalities are:

* Enrollment in a school year
* There must be a minimum attendance during the monitored quarter. If the beneficiary does not comply with this condition, s/he will not receive the quarter amount corresponding to each period that has not been fulfilled.

The payment process also outlines and describes the agencies involved in the financial processes which are overseeing by the Ministry of Labor and Social Policy.

More details on compliance and payment processes are provided in the Manual for Educational Program Operations (MEPO) which will be given to the first ranked short listed consultant.

1. **The CCT subsidized employment program** includes the following processes: targeting, identification and information dissemination process, distribution of subsidies among employment centers, enrolment process, registration of the employed individuals, **compliance process**, case management, taking preventive and corrective measures, complaints process, case management, **payment process**, monitoring and evaluation. The details of the program’s design parameters and project cycle are outlined in the Manual on Operations of the CCT Subsidized employment program (MSEPO) which shall be given to the first ranked short listed consultant.

Each process comprised in the project cycle of the program includes various sub-processes which need to be assessed in order to achieve an adequate implementation of the CCT Program.

In this sense, the following section will outline the main aspects of the two processes: Compliance Monitoring and Payments which need to be appraised within this assignment.

**Compliance Monitoring:**

Compliance of the employment conditions is done by the National Employment Agency (NEA) and shall include sporadic controls in order to determine whether the employers and the employees comply to the program conditionalities. The controls will include whether the employees fulfils it’s contract obligations and goes to work regularly

The companies receive a number of mounts subsidy per employees. The employer is obligated to keep the new employee for additional number of months, after the end of the duration of the subsidy period. The employer would not be allowed to pay participants at lower levels (lower than the subsidy received) for the period of subsidized employment. If the contract is terminated, for whatever reason, before the obligatory employment period (number of months subsidized employment + number of months employment by the employee without a subsidy) the employer is obligated to replace the employee whose contract was terminated, by hiring another individual from the group of eligible who has submitted an application as a response to the advertisement or by another individual who is registered in the NEA , through matching of the supply side skills and the demand side needs by the NEA .

 For the new individual, that will be hired as a replacement for the one who’s contract was terminated before the end of the obligatory employment period, the NEA will continue to pay wage subsidies for the number of months that represent the difference between the number of months for which the subsidy was already been paid for the first worker and the total duration of the subsidy period.

**Payment Process:**

The payment process involves conditionalities to be met by the participants in the program in order to be paid (both employees in the companies to get the wage and the companies to get the subsidy).

The payment process also outlines and describes the agencies involved in the financial processes.

More details on compliance and payment processes are provided in the Manual on Operations of the CCT Subsidized employment program (MSEPO) which will be given to the first ranked short listed consultant.

1. **ASSIGNMENT OBJECTIVE**

The objective of this assignment is assessment of the Compliance Monitoring and CCT Payment process of the two CCT programs one for secondary education and the other for subsidized employment.

For the Compliance Monitoring Process, the main objective of this consultancy is to verify the information received by the CCT Program with respect to the actual reality of applicants, the information stored in the NEA/MLSP software and the information registered in the attendance books of the schools (for the CCT educational program).

For the Payment Process, the main objective of this consultancy is to use spot checks in order to validate the accuracy of information received by the Program with respect to the actual delivery of money to Beneficiaries and the information entered into the NEA/MLSP software.

1. **METHODOLOGY AND ACTIVITIES**

The Consulting Firm will repeat the compliance monitoring process in the defined sample areas (two samples will be established one for each of the CCT program) and its own results will be compared (compliance on education conditionalities and school attendance and conditionalities for subsidized employment) with respect to results provided by the CCTIU (Conditionals Cash Transfers Implementation Unit established within the MLSP) and the NEA. Likewise, the consulting firm will interview a sample of beneficiaries in the defined sample areas on data. Such information must be compared with the information provided by the CCT program and the information in the MLSP/NEA software, depending on the CCT program.

The consulting firm will also verify the execution of payments through the use of spot checks where beneficiaries can provide information on the amount of the payment received as well as the way in which the payment is being carried out. This information will be analyzed and compared with the information of the CCT program and the information in the MLSP/NEA software, as well as the files in the SWCs and NEA offices, depending on the CCT program.

This process will allow verifying if payments are directed to the right beneficiaries and if payments are made in accordance with what has been established in the operations manuals.

For this work, the consultant firm will identify and calculate a representative sample covering around 1% to 5% of beneficiaries paid in the last 6 months (yearly there are around 5.000 beneficiaries of the CCT educational program and yearly there are around 40 employments through the CCT employment program.

The main activities for verifying the compliance monitoring results validity are:

* Calculate and propose a representative sample of applicants for both programs
* Agree with MLSP (and NEA for the CCT employment program) and CCT’s management on the methodology to be used in the study
* Carry out field visits and repeat the compliance monitoring exercise visiting, in all cases, the actual places were targeted applicants live
* Collect information to be analyzed.
* Analyze if there are significant differences between the calculated score obtained by the consultant firm and that obtained from CCTIU (and NEA for the CCT employment program) databases.
* If differences exist, suggest their causes, and propose corrective measures. In order to do so, some complementary qualitative research has to be completed.

Their main activities to verify the payment results validity are:

* Calculate and propose two representative samples of paid beneficiaries for each of the CCT program
* Agree with MLSP (and NEA for the CCT employment program) and the CCT’s management on the methodology to be used in the study. A transaction audit of beneficiary payments should: (i) verify the reconciled list of beneficiaries with the disbursement to ensure that there was no overpayment/underpayment; (ii) track possible overpayment and ensure reimbursement of the amount into the special account; (iii) verify the beneficiary list to eliminate ineligible beneficiaries, (iv) verify the transfer of the first batch of beneficiary payments to the beneficiary information system, (v) ensure that the beneficiaries have received the payments.
* Carry out field visits and interview beneficiaries who received the payments visiting them in the actual places where they live
* Capture information for its analysis
* Analyze if there are significant differences between the information collected in field and that provided by the payments agencies (MLSP, NEA, Banks) involved in the program
* If differences exit, suggest their reasons and propose corrective measures. To do so, some complementary qualitative research has to be completed.

**IV. DELIVERABLES:**

1. **Deliverables for the CCT educational program**

The consultant shall deliver the following outputs for the school year 2016/2017 and for the school year 2017/2018.

* Work plan
* Defined samples and methodology to be applied.
* Report containing the results of the compliance monitoring analysis along with conclusions and recommendations.
* Report containing the results of the payment analysis along with conclusions and recommendations.

Each audit is to be completed in a period of 2 months after receiving notification from the Ministry of Labor and social policy for starting the audit.

1. **Deliverables for the CCT employment program**

The consultant shall deliver the following two outputs for the implementation of the program: one covering the year 2017 and the other for the program implementation during 2018

* Work plan
* Defined samples and methodology to be applied.
* Report containing the results of the compliance monitoring analysis along with conclusions and recommendations.
* Report containing the results of the payment analysis along with conclusions and recommendations.

The yearly audits shall be completed in a period of 2 months after receiving notification from the Ministry of Labor and Social Policy for starting the audit.

All reports should be delivered on English and Macedonian Language

**V. QUALIFICATIONS**

# The desired qualifications of the consultants' firm for this assignment are the following:

* Minimum 3 years of experience in carrying out quantitative and qualitative researches and analyses;
* Significant number of conducted quantitative and qualitative researches;
* Excellent knowledge in the research methodology.
* Researches in the area of social protection, education and employment programs will be considered an advantage;
* Strong capacity and experience in planning and organizing survey logistics;
* Network of experienced enumerators, supervisors and data entry clerks;
* Strong capacity in data management and statistics;
* Strong knowledge in the following software: CS-Pro, SPSS, Stata;

# The requested Experience and Qualifications of Consultant’s Staff are:

**a. Team Leader**

* Advanced degree, or at least university degree,
* At least five years of experience in managing teams, supervising and coordinating all technical aspects of a contract,
* Expertise in research methodology,
* In depth knowledge of questionnaire construction and sample design,
* Profound experience in research designs,
* Experience in organization and overseeing administrative and logistical support,
* Excellent knowledge of monitoring and evaluation,
* At least five years experience in working with public administration and public administration reforms,
* Excellent drafting and reporting skills,
* Excellent knowledge of the Macedonian and English language.

**b. Financial Expert:**

* At least university degree in public finance, economy, or business administration in accounting, auditing or finance,
* Excellent knowledge of public finance, budget and treasury system,
* Experience in work with administration budget and finance,
* At least 2 years experience in working with the Macedonian public finance system;
* Excellent drafting and reporting skills,
* Excellent knowledge of the Macedonian and English language.

**c. Organizational Expert**

* At least university degree,
* Proven successful expertise in Organizational Development,.
* Experience in conducting analysis in public administration bodies (preferably in the social protection, labour and education sectors),
* Excellent drafting and reporting skills.
* Excellent knowledge of the Macedonian and English language.

**d. Social Policy Specialist:**

* At least university degree in Social Sciences,
* Excellent knowledge of organizational development,
* Knowledge of the Macedonian social protection, educational and labour market policies,
* Experience in projects and programs in the field of social protection, education and employment,
* Excellent drafting and reporting skills,
* Excellent knowledge of the Macedonian and English language.

# VI. DURATION OF THE ASSINGMENT

The expected start date of the assignment is December 2017, and the expected duration of the assignment is until August 31, 2018.