

**USAID MACEDONIA
FY 2001 Results Review and Resource Request
Submitted March 1999**

The attached results information is from the FY 2001 Results Review and Resource Request (R4) for Macedonia and was assembled and analyzed by USAID/Macedonia.

The R4 is a “pre-decisional” USAID document and does not reflect results stemming from formal USAID reviews. Additional information on the attached can be obtained from Mr. Stephen Haynes, USAID/Macedonia.

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Please Note:

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Released on or after Oct. 1, 2001

Date: June 4, 1999

To: Donald Pressley
Acting Assistant Administrator, ENI

From: Stephen Haynes
Mission Director, USAID/Macedonia

Subject: USAID/Macedonia FY 2000-2001 Results Review and Resource Request

At the request of AID/W I am submitting sections of the USAID/Macedonia R4 which were drafted prior to NATO airstrikes on Serbia which began in late March. Our workload since that time has not allowed us to complete the R4, nor has the Embassy reviewed the attached document. The document does not reflect the current economic situation nor does it address the distortions which have been introduced into the economy. Much of the Macedonian economy has been sharply affected by the war. Unemployment has increased by an estimated 50,000. While a few firms have been able to sell products or services to NATO or donors, the overall effect is negative. Whatever the outcome of peace negotiations, these distortions are likely to remain in place for some time. Demands on the Mission have skyrocketed.

Within two months our FY 99 budget has gone from \$18 million to over \$66 million. We have provided a budget for those funds, but have had no time to revisit the effect it will have on our FY 00 budget, nor do we have any idea what our FY 00 level will look like. Presumably we won't drop back to the \$12-14 million level, but there is no guarantee of that and in any case the large influx of funds this year will affect how we allocate next year's budget.

We are still two USDHs and one USPSC trying to manage new project design, budget support and an ongoing program which we were already understaffed to serve. We will soon be advertising for an additional USPSC private sector officer, but urgently need support in the democracy/community development/local government sector as well. Since filling our USDH position in the near future seems highly unlikely, we need to start looking at alternatives as soon as we have time to do so. It is certain that we can't keep up our current pace much longer. The additional staff we need to implement a program of the size we have now means that our present office space will no longer be sufficient. In addition, the Regional Security Officer has also recommended that we look for a new location as our current space cannot be sufficiently secured. We will come in with an additional OE request to cover the expected move.

I am not comfortable in submitting this document, which I still consider a draft, however at AID/W's request I am doing so. In addition to the R4, at some point we need to take a look at what effect this crisis has had on the strategic plan we submitted last year. Until

we get additional personnel we can't even consider it. We appreciate the support we have received from AID/W and RSC/Budapest. We do feel that with a short TDY from someone familiar with our program and the R4 process, that we would have been able to submit a much more realistic document.

ACRONYM

ABA/CEELI	American Bar Association/Central and East European Law Initiative
ACDI/VOCA	Agricultural Cooperatives Development International/Volunteers in Overseas Cooperative Development
AFO	Association of Financial Officers (local governments)
CFED	Center for Financial Engineering in Development, Inc.
CRS	Catholic Relief Services
EBRD	European Bank for Reconstruction and Development
ENI	European and Newly Independent States Bureau/USAID
EU	European Union
GDP	Gross Domestic Product
GoM	Government of Macedonia
IAAS	Internationally accepted accounting standards
IBRD	International Bank for Reconstruction and Development (World Bank)
IBTCI	International Business & Technical Consultants, Inc.
ICNL	International Center for Non-profit Law
IR	Intermediate result
IRI	International Republican Institute
ISC	Institute for Sustainable Communities
LoL	Land O'Lakes
MBRC	Macedonian Business Resource Center
NDI	National Democratic Institute
NGO	Non-governmental organization
OI	Opportunity International
SEAF	Small Enterprise Assistance Fund
SO	Strategic objective
SPA	Small Project Assistance
SRO	Self regulating organization
TRANSIT	Technical Training for Societies in Transition
USAID	United States Agency for International Development
USIS	United States Information Service
WOCCU	World Council of Credit Unions
ZELS	Association of Municipalities of Macedonia

USAID/MACEDONIA
2001 Results Review and Resource Request

Part I: Overview and factors affecting program performance

A. Summary of progress in implementing strategic plan

There has been significant progress in the past year towards implementing the May 1998 Country Strategic Plan. Program results generally exceeded expectations in the mission's two established strategic objectives: (a) accelerating private sector development (Strategic Objective 1.3); and (b) improving citizens' participation in Macedonia's emerging market-oriented democracy (Strategic Objective 2.1). Significant headway was also made in the development of a new strategic objective to improve local governance (Strategic Objective 2.3). This included progress towards developing the strategy to implement the local governance program, as well as encouraging indications that the new Macedonian government holds such reform as a priority.

More generally, USAID/Macedonia's programs reflect a growing focus on laying the groundwork for sustaining the transition progress once USAID leaves. This has meant greater attention towards building indigenous capacity and, particularly, local institutions or intermediate support organizations (ISOs) that can continue to build that capability in USAID's absence. This includes local business associations and support centers, and NGO coalitions with a variety of possible mandates. This trend is reflected in more explicit attention in both the economic and democratic components of the program, as highlighted in *Part II*.

In the economic reform portfolio, as first outlined in last year's strategic plan, there continues to evolve another shift in emphasis as well. As the marginal returns from firm level support decrease (in part as indigenous capacity grows and other donors—EU-Phare and the British Know-How Fund, in particular—come in with additional support), more resources are being devoted to critical needs in the financial sector. This includes promoting banking sector reforms, international accounting standards, and capital market development.

In addition, in conjunction with the emergence of a new emphasis on local governance, the USAID mission is beginning to develop more explicit links between the economic and democratic components of the portfolio. This will entail largely local level partnerships between local governments, NGOs, and the business community. Similar to the Agency's New Partnership Initiative, the objective is to nurture an integrated approach to sustainable local development.

Significant program achievements influencing progress in 1998. Overall, Macedonia's economy performed well in 1998. It grew by at least three percent (the highest annual rate yet for Macedonia), while inflation was less than one percent (the lowest rate yet). Foreign direct investment flows in 1998 exceeded the total FDI flows of all the preceding transition years. Official employment grew by at least five percent.

USAID contributed to these macroeconomic conditions. In an economy so small, USAID direct firm level support, both financial and technical, makes a difference. Perhaps of greater

significance, however, has been the USAID support and progress in the legal framework and judicial reform. This progress has been all the more impressive given the inevitable delays that stem from the political cycle (that is, from pre-election campaigning and the formation of a new government). Such progress is evident in the increased score given to legal reforms for investment in the EBRD's annual rating scheme (*Transition Report*, November 1998). More specifically, key laws were passed to facilitate enterprise restructuring and promote creditors' rights (i.e., bankruptcy law), and to increase enterprise access to capital (i.e., collateral law). With USAID support, the drafting of other laws is far along and may soon come to fruition once the new government is more firmly established. Among these, of critical importance is the judicial independence law. A key aspect of USAID's assistance has been the promotion of indigenous capacity to affect legal reform through the creation of local institutions. There are four in particular: the Macedonian Legal Resource Center; the National Information Center for Commercial Law; the Judicial Training Center; and the Macedonian Press Center.

Notable progress towards greater political rights was made in Macedonia in 1998 as measured by Freedom House's annual worldwide survey (A. Karatnycky, "The 1998 Freedom House Survey," *Journal of Democracy*, January 1999). This was attributed in no small part to an election process in the fall of 1998 that was characterized by free and fair elections, high voter turnout, and largely constructive and inclusive pre-election debates that focused more on economic issues than fueling ethnic tensions. As highlighted in *Part II*, USAID assistance played an instrumental role in this regard.

Another major achievement in 1998 has been the enactment (with USAID assistance) of a law governing operations of the non-governmental sector. Revisions to this law are needed, and the new government appears to be receptive to such changes. Still, as it is, the law should facilitate the creation of new NGOs through reform in the NGO registration process, and encourage more sustainable NGOs by recognizing the non-profit principle, and by allowing NGOs to be engaged in a broad range of economic activities. It also promotes better and more participatory governance of associations and foundations. According to many international observers, this law may be one of the most progressive of its kind in the region.

It is also worth noting encouraging developments in local governance reform. Policy recommendations from a USAID-funded study regarding the decentralization of authority to local governments have been well received by the new Macedonian government. Perhaps the strongest indication that the GOM is committed to expanding local authority and responsibility is the creation of the Ministry of Local Government. Moreover, it is not insignificant that its new minister is ethnic Albanian. Finally, as highlighted in *Part II*, important backing from the judicial system towards greater local government authority has recently been forthcoming.

B. Country and regional factors influencing progress

Developments in neighboring Kosovo loom large. The international OSCE observers have very recently been evacuated from Kosovo in possible preparation for NATO airstrikes. The repercussions for Macedonia are significant. On the economic front, conflict to the north has meant less access to Macedonia's largest market, and greater impediments to access to other European markets as well. Close to twenty-five percent of Macedonia's exports in 1997 went to

Yugoslavia. Trade barriers to Yugoslavia's market have recently been raised; as of October 1998, hard currency tariff deposits are now required on goods entering Yugoslavia.

The inflow of Kosovo refugees raises both economic and political concerns. There may currently be 10,000 Kosovo refugees in Macedonia. The government estimates that the infrastructure and resources exist to adequately handle if not help absorb 10,000 more. Unemployment is already very high in Macedonia; perhaps as high as one in three Macedonian's are unemployed. Surveys suggest that unemployment is the most important issue among the Macedonian population. A growing flow of refugees can only exacerbate these conditions and concerns. The political concerns derive from the possibility that the ethnic Albanian refugees may contribute to a radicalization of the ethnic Albanian population in Macedonia, and hence fuel ethnic tensions within Macedonia. Among other things, this could destabilize the current government coalition.

There are some positive trends from recent regional developments as well. Relations with other neighboring countries are improving, as evident in growing investment from Greece, and an agreement of cooperation between Macedonia and Bulgaria signed in early March 1999. Macedonia is also improving relations with Albania. Macedonia's standing in the international community, including NATO and the EU, has been raised as a result of its constructive role in the Kosovo crisis. Ultimately, the pursuit of membership in these organizations as well, as the World Trade Organization, may be the most effective means to both catalyze and sustain the transition gains.

The most significant recent domestic factor influencing progress has been the outcome of the fall 1998 parliamentary elections. A new and rather unlikely coalition of three parties has come to power: the VMRO-DPMNE (which previously had occupied the extreme nationalist right of Macedonian politics); the DA (a multi-ethnic party recently created to serve largely as a platform for its leader, Vasil Tupurkovski); and the DPA (previously the most radical of the political groupings representing the Albanian community). The formation of this new government looks to be encouraging on at least a couple fronts. A basis for greater cooperation between the ethnic populations likely now exists, as evident in part from recent government actions (most notably, the release from jail of two ethnic Albanian mayors). The new government also looks to be pursuing sensible economic policies, and is in constructive dialogue with the World Bank and the IMF.

Nevertheless, while the political will for renewed efforts to reform may exist, the new government needs considerable help. They are policymakers with little or no experience in governing. Moreover, this inexperience may be further undermined by some sweeping (and troubling) personnel changes in various ministries and throughout the public administration. There have also been some indications that the new government may be less tolerant of criticism from the media.

C. Prospects for progress in 1999 and beyond

As implied above, there looks to be some basis for cautious optimism for Macedonia's future, though these prospects need to be viewed in appropriate context. In particular, Macedonia yet

has far to go in its transition to a market-oriented democracy. Moreover, its economy is very small. Of all the transition countries, only the economies in Albania and Armenia are smaller than Macedonia's. This makes land-locked Macedonia all the more exposed to external events.

Macedonia remains the poorest of the countries that once constituted socialist Yugoslavia. In fact, (official) per capita income in Macedonia is more in line with income levels in some countries from the former Soviet Union than in most countries of Central and Eastern Europe (CEE). In purchasing power parity terms, only Albania of the CEE countries has a per capita income level below that in Macedonia. A relatively large informal economy in Macedonia, perhaps at least one-third the size of the official economy, tempers the hardships implied by the official statistics. Being part of the once relatively advanced Yugoslavia also needs to be factored in. Macedonia's infrastructure, for example, remains more developed than that in Bulgaria and Romania.

As highlighted above, economic and democratic reforms in Macedonia are moving forward. Still, Macedonia is well down in the pack of transition countries in this regard. By EBRD measures, Macedonia ranks sixteenth out of twenty-seven transition countries in progress towards economic reforms. Economic reform progress in Macedonia is comparable to that in Armenia and Kazakhstan and slightly ahead of that found in Albania and Yugoslavia. Progress in democratic reforms in Macedonia, by Freedom House measures, fares somewhat better: Macedonia ranks tenth, alongside Moldova and Romania.

Prospects are conditioned on how well the people of Macedonia, with help from the international community, are able to narrow the salient transition gaps. Prominent among them is improving corporate governance and hence productivity and accountability in private enterprise. Most of the privatization left ownership in the hands of former managers and employees, and there have so far been few incentives to genuinely restructure these firms. Banking sector reforms are critical as well. There are too many banks, and a high proportion of bad loans (at least thirty percent of the total). There is also a critical need to improve public governance; that is, to build the political institutions and a much more efficient and inclusive government at all levels. Finally, high unemployment affects prospects across the board. Focusing on ways to increase employment growth is critical.

USAID interventions. USAID's strategic plan aligns well these priority needs. Moreover, additional (performance fund) resources have recently been allocated to the Mission to help address these needs through assistance in four areas. Additional funding will go towards augmenting the existing micro lending program, an important source for employment generation and main line of assistance to ethnic groups and women. A second focus is on worker retraining and redeployment. This would work in tandem with the micro-lending program, and would help mitigate unemployment and make enterprise restructuring more politically palatable. Third is the community self-help initiative. Communities experiencing enterprise closures will be assisted in building community partnerships between local government, NGOs, businesses, and labor unions to nurture local economic development. This will draw from a model program that has been successfully implemented elsewhere in the region. Finally, support will be provided to parliament to help build the capacity of the new government to govern.

D. Connection to Mission Performance Plan

USAID's strategic objectives link closely to the overall U.S. national interests and goals as laid out in the Embassy's Mission Performance Plan (MPP). The overriding U.S. national interest in Macedonia is national security. Instability in Macedonia would undermine the considerable U.S. investment in peace in the region and could easily spillover to neighboring countries, including NATO allies. Facilitating Macedonia's transition to a market-oriented democracy—by promoting private enterprise development, greater participatory democracy, and more responsive governance at all levels--is the best means to ensure that U.S. national interests are met. These USAID strategic objectives mesh closely with MPP strategic goals, including the promotion of broad-based economic growth, democracy, and regional stability.

Part II: Results review by strategic objective

Strategic Objective 1.3: Accelerated development and growth of the private sector

1. Summary: Expansion of private sector economic activity is essential to increase employment and improve incomes in Macedonia. GDP in Macedonia declined 41% between 1989 and 1995, and although it has been growing at an accelerating rate since then (with an estimated 4.4% growth rate in 1998), unemployment is still estimated to be over 30%. A May 1998 survey by IRI revealed that 72% of Macedonians think their lives have worsened since the break up of Yugoslavia, and only 6% envision considerable advancement in the economy during the next two years. Although no statistics are available, public expectations about the economy are believed higher now, as a result of election of a government perceived as more responsive, and improvement of trade relations with neighboring countries. However, it is clear that for many Macedonians current conditions are bleak, and unless private sector growth can improve their living standards and future expectations, there is potential for political instability, growing ethnic tensions, and continued suffering. USAID will consider strategic objective 1.3 to be met when domestic investment as a percent of GDP is consistently over 20%, foreign direct investment is steadily growing, and private sector employment has achieved a stable 5% annual increase.

2. Key results: Four intermediate results are necessary to achieve this strategic objective: First, financial management and transparency need to improve, with firms audited according to internationally accepted standards of accounting and auditing, and with tax laws and collection procedures that treat all citizens equal being uniformly applied. Secondly, the private sector (especially small and medium enterprises) needs to have increased access to sources of financing. Third, key legal and policy reforms affecting the private sector must be implemented and disseminated. Finally, targeted private firms must implement improved management systems and practices. Program emphasis is shifting away from firm level assistance and toward support for intermediate support organizations, and is concentrating on development of the financial sector.

3. Performance and prospects: In general, results in 1998 exceeded expectations, although a number of key activities were delayed during the last half of the year by the pre-election period and by the subsequent change of government. The groundwork has been laid for significant progress in 1999, if the initial positive response by new officials to USAID promoted reforms does in fact result in changes in policies and laws. The 4.4% GDP growth in Macedonia was higher than anticipated. Of the SO level indicators, domestic investment was 22.8% of GDP, surpassing the target for 2002. Foreign direct investment totaled \$114 million, almost four times the 1997 level and nearly double the Mission's target for FY 2002. This high level is due in part to large privatization transactions that skew the data. Finally, private sector employment totaled 201,319, compared with a target of 175,000. The following describes the impact of USAID activities under each of the intermediate results:

IR 1.3.1: Improved financial management and transparency: Two USAID funded activities support this IR, the International Accounting Standards activity implemented by IBTCI, and assistance to the Ministry of Finance's Public Revenue Office to increase tax receipts (an indicator of prosperity as well as of transparency and enforcement). Although the GoM adopted

internationally accepted accounting standards (IAAS) by decree in 1997, it has not adopted the auditing standards that would allow companies to use distinct methods required for preparation of financial statements versus those used for tax reports. This distinction is essential if financial reports are to meet internationally accepted standards and satisfy the requirements of foreign investors. Although the previous government agreed to enact this provision, it failed to do so prior to the September elections and the subsequent change of government. Similarly, efforts to establish a self regulating organization (SRO) to enforce auditing standards has been delayed pending clarification of the Ministry of Finance's acceptance of this role (a new organization will need to be created). Despite these problems, IBTCI training resulted in 130 firms being audited in accordance with IAAS, versus a target of 120, and also convinced the national university to modify its accounting curriculum to incorporate these standards. Similarly, three key modifications to tax law, i.e. the tax administration law, the profits law (companies), and the income tax law (individuals), were all delayed due to the pre-election period and the change of government. The position of the new government concerning these modifications has yet to be clearly enunciated. However, despite failure to improve tax policy, total tax receipts in 1998 were still 16% higher than in 1997 (though below the target of 30%).

IR 1.3.2: Increased access to sources of financing: USAID's support for this intermediate result has two foci, the first working to create and consolidate new financing channels for small and medium enterprises, and the second working to increase the stock of funds available in commercial banks and capital markets to finance private sector activities. The first set of activities include the micro lending, rural credit, and small equity fund activities implemented by Opportunity International (OI), the World Council of Credit Unions (WOCCU), and Small Enterprise Assistance Fund (SEAF). MOZNOSTI, the OI assisted micro credit NGO, had a 1998 loan portfolio totaling \$1,935,000, matching the IR target of \$1.9 million despite the absence of anticipated credit union loans (see below). An estimated 14% of these loans went to ethnic minority groups, and 25% to women. The total value of bank loan portfolios (excluding loans to public sector agencies and inter-bank loans) increased by 9.3% this year. Opportunity International now covers all of its operational costs from revenues. Additional resources made available in FY 1999 from performance funds will allow OI to expand its activities further. The WOCCU program was hampered by failure of the GoM to re-legalize credit unions, but reacted to this impasse by creating a "saving house." Although this modality has certain legal limitations, it does present an option for the program to begin to move forward. Finally, SEAF, an equity investment fund designed to be a source of equity capital in Macedonia, is demonstrating that such a fund is feasible and potentially profitable by making its first investment in 1998, after overcoming numerous bureaucratic constraints to such ventures. The second set of activities includes technical assistance on financial sector policies and bank supervision to the National Bank of Macedonia. Total bank deposits (excluding deposits by public sector agencies) in 1998 were 19.7% higher than in 1997, in comparison with a 9% target, indicating growing confidence in the banking system, which is a key program objective. Large amounts of cash are being held outside the banking system, debilitating financial intermediation in the Macedonian economy. A modification of Macedonian bank legislation was approved in 1998, increasing bank capital requirements dramatically, which will lead to a consolidation of the twenty existing banks (expected to reduce to five or six commercially sound banks).

IR 1.3.3: Legal and policy reforms implemented and disseminated: The EBRD rating of the status of legal reform affecting investment in Macedonia improved to three (out of a possible five points) for extensiveness of reforms and 4 for effectiveness. CFED and ABA/CEELI have both assisted with the development of key legislation to reform commercial law in Macedonia, and have assisted with the creation of the Macedonian Legal Resource Center and the National Information Center for Commercial Law. These centers will continue to promote reforms after USAID support is concluded. Of the nine laws targeted a year ago, one (the foreign investment law) has been dropped, as the strategy is to level the playing field for all investors, not to create special incentives for foreigners. Of the eight targeted laws, considerable work has been carried out by the GoM drafting committees (with CFED and ABA/CEELI assistance), but legislative action is still pending on all but two due to delays resulting from the pre-election campaign and the formation of a new government. Action on all pending laws is expected in 1999, including the critically important judicial independence law (ABA/CEELI is participating on the GoM drafting committee for this law). It is worth noting that since the Collateral Registry (one of the two laws passed) initiated operations last October, \$185 million in collateral has been registered.

IR 1.3.4: Improved management systems and practices implemented by selected private firms: This intermediate result is supported through activities implemented by the Macedonian Business Resource Center (MBRC), and by ACDI/VOCA and Land O'Lakes. Under these programs, 55% of MBRC and 58% of ACDI/VOCA targeted firms showed increases in net operating income in 1998, compared with targets of 63% and 50%. Support for the MBRC is provided by Crimson Capital, and efforts are now underway to convert the Center into a for-profit firm upon termination of USAID assistance in December 2000. ACDI/VOCA in the past provided farmer-to-farmer assistance, but has now proposed to shift its strategy to develop associations of firms. Land O'Lakes completed its initial program, assisting 2600 sheep farmers to improve animal health, production, and marketing, and has initiated a new activity to develop higher quality standards within the dairy and meat-processing sectors. Many of the activities under this intermediate result assist firms in the agricultural sector, and a new results indicator has been created to judge their macro level impact on increasing agricultural sector GDP.

4. Adjustments to plans: No adjustments are anticipated at this time, although some may be required if the new GoM fails to adopt and implement critical reform measures.

5. Other donor programs: USAID is the lead technical assistance donor promoting private sector growth and development. The European Union, Britain, Finland, the Netherlands, Taiwan, Japan, and the EBRD support programs designed to increase access to financing. Norway supports employment generation programs. The European Union and the IBRD assist with commercial law reform. The IBRD has made adoption of IAAS a condition for implementation of other loan programs.

6. Major USAID contractors and grantees: IBTCI, Barents, WOCCU, Opportunity International, SEAF, ABA/CEELI, CFED, ACDI/VOCA, Land O'Lakes, and Crimson Capital.

7. Sustainability: Creation and strengthening of intermediate support organizations is contemplated under most of the intermediate results described above, and these organizations will maintain program momentum after USAID support has been completed.

**USAID/Macedonia FISCAL YEAR 2001 RESULTS REPORT
PERFORMANCE DATA TABLES**

OBJECTIVE: SO 1.3: Accelerated development and growth of the private sector. APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia RESULT NAME: SO INDICATOR: Private sector employment			
UNIT OF MEASURE: Persons employed full time. SOURCE: Annual survey of Government Statistics Bureau INDICATOR DESCRIPTION: Number of persons employed full time in the private sector.	YEAR	PLANNED	ACTUAL
	1996 (B)		191,439
	1997		184,292
	1998	175,000	201,319
	1999	180,000	
	2000	190,000	
	2001	200,000	
	2002	210,000	
COMMENTS: As noted in last year's R4 and strategy, employment was expected to dip further in 1998, as redundant workers at "privatized" firms are let go. However, the privatization has been delayed, and this impact may in fact affect 1999 more than 1998.			

OBJECTIVE: SO 1.3: Accelerated development and growth of the private sector. APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia RESULT NAME: IR 1.3.1: Improved financial management and transparency. INDICATOR: Annual percentage change in total tax receipts.			
UNIT OF MEASURE: Percent change. SOURCE: Public Revenue Office INDICATOR DESCRIPTION: Percentage change in total tax receipts from all sources. COMMENTS: This is a key indicator measuring impact of the intermediate result and progress toward achieving the SO, since total tax collections reflect prosperity, transparency, and enforcement.	YEAR:	PLANNED	ACTUAL
	1996		
	1997		0
	1998	30%	16%
	1999	20%	
	2000	20%	
	2001	15%	
	2002	10%	

OBJECTIVE: SO 1.3: Accelerated development and growth of the private sector.			
APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia			
RESULT NAME: IR 1.3.2: Increased access to sources of financing.			
INDICATOR: Change in value of the loan portfolio of a) banks and b) micro-credit and credit union loans.			
UNIT OF MEASURE: a) percentage change b) USD million.			
SOURCE: Central Bank, Micro lending and credit union funds	YEAR	PLANNED	ACTUAL
	1996		
	1997 (B)		a) 22.8 b) 1.6
	1998	a) 9% b)1.9	a) 9.3 b) 1.9
	1999	a) 10% b) 2.9	
	2000	a) 10% b)4.0	
	2001	a) 11% b)5.5	
	2002	a) 11% b) 5.5	
INDICATOR DESCRIPTION: a) percentage change in value of bank loan portfolios (loan portfolio excluding loans to public sector agencies and interbank loans); b) USD in micro-credit and credit union loans.			
COMMENTS: Micro-credit and credit union loans are shown in dollar amounts rather than percentage change, in order to provide perspective on the amounts involved. Although these loans are important sources of funds for small and micro enterprises, they represent less than 1% of bank loans. Total bank portfolios in the 1997 were 45,251 million denars.			

OBJECTIVE: SO 1.3: Accelerated development and growth of the private sector.			
APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia			
RESULT NAME: IR 1.3.4: Improved management systems and practices implemented by private firms.			
INDICATOR: Growth in agricultural sector GDP.			
UNIT OF MEASURE: Percentage change			
SOURCE: Government Statistics Bureau	YEAR:	PLANNED	ACTUAL
	1997		7.6
	1998	5.0	4.3
	1999	5.0	
	2000	5.0	
	2001	5.0	
	2002	5.0	
	2003	5.0	
2004	5.0		
INDICATOR DESCRIPTION: The percentage change in agricultural and fisheries sector GDP from prior year.			
COMMENTS: The percentage change in agricultural and fisheries sector GDP is an important indicator of the impact of the USAID firm level assistance, as it is concentrated on agricultural sector activities. GDP of the fisheries industry is included with agriculture in standard economic reporting, but is minor in Macedonia and this percentage can be assumed to be primarily from the agricultural sector.			

Strategic Objective 2.1: Increased, better-informed citizens' participation in political and economic decision-making

1. Summary: Democracy can only function effectively when citizens participate actively in its institutions and processes. Throughout history, the citizens of Macedonia have been denied the ability to participate in political and economic decision-making affecting their lives, especially during recent times when these decisions were made in Belgrade, rather than Skopje. Macedonians must now learn the rights and responsibilities of citizens in a democratic society. In addition, opportunities must be created for them to exercise these skills, and political institutions must be adapted to allow and encourage participation. The goal of this SO is to achieve active participation by informed citizens in Macedonian political and economic decision-making. The program will be considered a success when the Freedom House annual Nations in Transition survey judges political processes, civil society, and the media in Macedonia to be free (score of 2.5 or better).

2. Key results: Four key intermediate results (IRs) are required to achieve this strategic objective: (1) Strengthened civil society organizations (the first three intermediate results listed in last year's strategic plan are now sub-level results under this IR); (2) Strengthened political and parliamentary systems (the last three intermediate results listed in last year's strategic plan are now sub-level results under this IR); (3) Citizens are better informed about their rights and responsibilities; and (4) Effective, sustainable intermediate support organizations (ISOs) are in place. The presentation of these results has been changed since last year's R4 and Country Strategy, in order to add IRs 3 and 4. This allows the Mission to report more clearly on its support for civic education and media freedom, and to highlight its increased emphasis on building ISOs that will continue program initiatives after USAID/Macedonia's planned FY 2004 closure. This change does not represent a modification of the program strategy, but rather a restructuring of the framework to respond to concerns expressed during its review in Washington last year.

3. Performance and prospects: Performance of the citizen participation program activities over the past year in general exceeded expectations. At the strategic objective level, of the four results indicators for which targets were set in last year's R4 and for which results are available, performance greatly exceeded expectations for three: the number of national and local policy decisions affected by NGOs (actual 178 versus target of 10); the number of civic issue campaigns that involve three or more NGOs, involve NGOs of different ethnic groups, or address inter-ethnic concerns (actual 108 versus target of 18); and the number of target NGOs cooperating with NGOs of another ethnic group on a civic action program (27 versus a target of 12). The actual results for the other SO level indicator for which targets were set and results are available, the NGO sustainability index, had mixed results. The legal environment for NGOs improved more than expected (rank of 3 instead of target of 4), while the public image of NGOs was lower than expected (rank of 5 instead of 4). No indicators were included at the strategic objective level for the support for improved political and parliamentary systems, but this important component of the SO also exceeded expectations, and the fall parliamentary election, as will be described below, demonstrated the growing maturity of Macedonian political organizations. As noted above, selected components of the Freedom House Nations in Transition survey will be used to measure progress at the SO level in the future, and the

indicators described above will be used to judge IR or sub-IR level results. The following describes the achievements under the four intermediate results:

IR 2.1.1: Strengthened civil society organizations are effective vehicles for citizen participation:

The primary activity supporting this IR is the Democracy Network Program, implemented by the Institute for Sustainable Communities (ISC), but a number of other USAID activities also support the strengthening of civil society organizations. ISC shifted its strategy last year to support a fewer number of stronger NGOs, create coalitions, encourage advocacy, and seek to build one or more intermediate support organizations. ISC continued its assistance to environmental NGOs, as they worked with local authorities to draft local environmental action plans. Twenty-one percent of the target NGOs met the financial viability target, versus an expected 10%, and similar advances were experienced in participatory planning and advocacy indicators. Another major achievement last year was enactment of a law governing operations of the non-governmental sector. USAID provided technical assistance in the drafting of the law through the International Center for Non-Profit Law and from ISC. Unfortunately, there are still weakness in the new law, particularly concerning NGO income generating activities, but the new GoM has indicated a willingness to modify further these provisions. In general, the climate for NGO development in Macedonia is positive, but support for NGOs and other associations from the average citizen remains low, due to negative experiences in the past. Too many NGOs are merely social clubs or manifestations of the commitment of a single individual, rather than broad-based civil society organizations. Development of this sector will require sustained support throughout the USAID Mission's strategic planning period.

IR 2.1.2: Strengthened political and parliamentary systems are effective channels for citizen participation:

Support for political and parliamentary systems has primarily been provided by the National Democratic Institute, although important survey work was also done by the International Republican Institute. NDI provided intensive training to four political parties (two made up primarily of citizens from the Macedonian ethnic population, and two from the Albanian ethnic population). It focused on adoption of outreach techniques to poll voters on issues, development of clear and focused platforms, organization of party branches for spreading messages, and bringing in spokespeople to handle media queries. Candidates took a much more active role in the campaign, contacting voters directly rather than expecting volunteers to do so. The use of polls helped the campaign to focus on economic issues of greatest concern to voters, and resulted in a de-emphasis on ethnic issues, which marred previous campaigns and could have been highly divisive given the current geo-political conditions in the region. The 72% voter turnout in the election was considered very good, despite the fact that it is lower than the turnout for the 1994 election. NDI has now shifted its focus to assisting the parties to be effective in representing voter interests in parliament. USAID will also be developing a new activity to support parliamentary committees through an internship program and workshop education program, using additional resources provided to the Mission in FY 1999 from the performance fund.

IR 2.1.3: Citizens are better informed about their rights and responsibilities: Catholic Relief Services initiated civic education activities late last year, and USIS continued its USAID funded media training program. The press center created by CFED under SO 1.3 provided outstanding support to the media during the elections and is now becoming a registered NGO. Also, both

ABA/CEELI and CFED (associated with SO 1.3) supported mechanisms to increase citizen access to Macedonian laws and regulations. Finally, NDI supported a voter education program through three NGOs. The CRS program, which began last September, has initiated the design of the fourth grade civic education curriculum, and will facilitate the involvement of parents through the National Parents Association. The October parliamentary election and the formation of a new Government in November have led to significant personnel changes in the Ministry of Education, and the impact of these changes on the program is still being assessed.

IR 2.1.4: Effective, sustainable intermediate support organizations are in place: This is a new intermediate result, as ISOs will be essential to continuing support for this strategic objective after the USAID Mission's planned closure in 2004. It is anticipated that ISOs will be created or strengthened in such areas as NGO development, civic education, and the media. No results are available for reporting at this time.

4. Adjustments to plans: As described earlier, the results framework addressing several IRs has been modified to reflect better the nature of the results anticipated from the Mission program. As noted above, achievement of the SO will be judged using selected Freedom House survey parameters. The following indicators will be used in the future to measure impact at the IR level: IR 2.1.1: NGO Sustainability Index; IR 2.1.2: percent of population in national survey rating political parties and parliament as effective institutions; IR 2.1.3: percent of population in national survey demonstrating awareness of rights and responsibilities; and IR 2.1.4: number of self-sustaining ISOs. A local survey organization will be contracted to perform the annual survey required to obtain the results for IRs 2.1.2 and 2.1.3..

5. Other donor programs: USAID is the lead donor working to improve citizen participation, but support is also provided by the Governments of Finland, Switzerland, the Netherlands, Japan, and England, and by the European Union and UNESCO. Other USG organizations contributing to this objective include USIS and the Peace Corps.

6. Major USAID contractors and grantees: Institute for Sustainable Communities, National Democratic Institute, International Center for Not-for-Profit Law, and Catholic Relief Services.

7. Sustainability: As noted above, a new intermediate result has been added to the results framework to highlight assistance that will be provided to intermediate support organizations, which will assure sustainability of this program in the future.

**USAID/Macedonia FISCAL YEAR 2001 RESULTS REPORT
PERFORMANCE DATA TABLES**

<p>OBJECTIVE:SO 2.1: Increased, better informed citizens' participation in community, political, and economic decision making. APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p>			
<p>RESULT NAME: SO</p>			
<p>INDICATOR: Freedom House NIT ratings of political process, civil society, and independent media.</p>			
<p>UNIT OF MEASURE: Rating on a one to seven scale, with one being best</p>			
<p>SOURCE: Freedom House</p>			
<p>INDICATOR DESCRIPTION: Annual ratings by the independent Freedom House of Macedonia's status. Separate ratings are given for the three parameters: political process, civil society, and independent media, in that order.</p>			
	YEAR	PLANNED	ACTUAL
	1997 (B)		3.5/3.75/4.0
	1998		3.5/3.75/4.0
	1999	3.5/3.75/4.0	
	2000	3.25/3.5/3.75	
	2001	3.0/3.5/3.5	
	2002	3.0/3.25/3.5	
	2003	2.75/3.25/3.2	
		5	
	2004	2.75/3.0/3.0	
<p>COMMENTS: This is a new indicator, although results were reported in last year's R4 at the start of the SO 2.1 report. The independent media rating is a proxy for measurement of citizen awareness of their rights and responsibilities. The FH rating of Governance and Public Administration is not reported, although USAID assistance to the parliament would fall under this category, because it is not considered that merely providing assistance to the parliament is sufficient for use of this broader rating.</p>			

<p>OBJECTIVE: SO 2.1: Increased, better informed citizens' participation in community, political, and economic decision making. APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p>			
<p>RESULT NAME: IR 2.1.1 (previously SO level): Strengthened civil society organizations are effective vehicles for citizen participation.</p>			
<p>INDICATOR: ENI Bureau NGO sustainability index.</p>			
<p>UNIT OF MEASURE: Rating on one to seven scale (one is best).</p>			
<p>SOURCE: ENI Bureau</p>			
<p>INDICATOR DESCRIPTION: The NGO sustainability index focuses on five key aspects of the NGO sector: a) legal environment; b) organizational capacity; c) financial viability; d) advocacy; and e) public image.</p>			
	YEAR:	PLANNED	ACTUAL
	1997		4,4,5,5,5
	1998	4,4,5,5,4	3,4,5,5,5
	1999	3,4,5,4,4	
	2000	3,3,4,4,4	
	2001	3,3,4,4,4	
	2002	2,2,3,3,3	
	2003		
	2004		

COMMENTS: The NGO sustainability index will now be used to measure the new intermediate result 2.1.1, rather than the SO. Previous IRs 2.1.1, 2.1.2, and 2.1.3 are now sub-level results under this new IR.			
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<p>OBJECTIVE:SO 2.1: Increased, better informed citizens' participation in community, political, and economic decision making.</p> <p>APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p> <p>RESULT NAME: Sub-IR 2.1.2.1: Improved party and government systems for conducting elections.</p> <p>INDICATOR: Target parties implement local-level election plans that were coordinated with national-level platforms and strategies.</p> <p>UNIT OF MEASURE: Number of local branches.</p> <p>SOURCE: NDI</p> <p>INDICATOR DESCRIPTION: Local branches of the target parties communicate with party headquarters, develop campaign plans that receive approval from HQ, coordinate media campaigns with HQ, and incorporate visits of national party leaders into campaign plans.</p> <p>COMMENTS: This indicator is the only one related to political party assistance for which data is available. A new indicator will be used in next year's R4, based on a national survey. The initial survey will be contracted in the Spring of 1999, at which time baseline data will be gathered, and it will then be repeated annually in January. The survey will measure public opinion about the effectiveness of political and parliamentary institutions.</p>			
	YEAR	PLANNED	ACTUAL
	1996 (B)		1
	1998	4	5

SO 2.3: More effective, responsive, and accountable local government

1. Summary: This strategic objective was created last year and is being implemented using a two-phased approach. Phase I performance, reported in this R4, has as its goal to introduce specific policy recommendations and plans at the national level addressing the significant problems inherent in the current configuration of national and local government relations. Given the significant progress that has been achieved to date implementing phase one, and the positive reception by the GoM to the policy recommendations presented, the SO will proceed to phase two. Phase two will incorporate activities at the local level to develop municipal capacity to implement expanded authorities and strengthen citizen's participation in decision-making on local government issues.

2. Key Results: There are five key intermediate results that are necessary to achieve this objective: (1) clear delineation of local and national government roles and responsibilities; (2) a coherent system of local finances established; (3) improved channels for popular participation; (4) strengthened local management capacity; and (5) strengthened advocacy by municipal associations.

3. Performance and Prospects: Performance under SO 2.3 met expectations last year. Activities under IR 2.3.1 and sub-IR 2.3.4.1 comprised all of USAID's efforts last year under phase one of the SO. Therefore, only the performance of these two results is provided herein. An explanation of the recommendations regarding implementation of phase II of the SO and the specific interventions that are needed for achievement of IRs 2.3.2, 2.3.3, 2.3.4 and 2.3.5 are included below under the respective results statements. These recommendations are a result of IR 2.3.1—a USAID-funded assessment of the relationship between the local and national governments.

IR 2.3.1: Clearer delineation of local and national government roles and responsibilities. This IR met expectations in 1998. Under a contract with USAID, the Urban Institute (UI) conducted a multi-faceted study of the system of local government to diagnose the potential environment for policy reform, make specific recommendations for policies that would achieve the SO, and provide an assessment of the government's will to move ahead with reforms. USAID concurs with the recommendations contained within UI's report and is utilizing these and the analysis provided in the report in its dialogue with GoM and in planning for the implementation of phase two of the SO. Initial indications are that the national and local governments firmly support the areas described in the report as needing reform, and that the report will assist the GoM in defining its agenda.

The UI report recommends as a first priority the implementation of measures to ensure that the system, as currently conceptualized, can operate fully and effectively. The Macedonian Constitution of 1991 and the Law on Local Self-Government, adopted in 1995, include a long list of functions that are within the independent jurisdiction of municipalities. In practice however, the overall legal framework of local self-government limits the autonomy of municipalities. The report suggests that the only way to address the existing uncertainty and confusion regarding the authority of the units of self-government is to amend the Law on Local Self-Government. Throughout implementation of this recommendation USAID will strongly

support the participation of representatives of local government in dialogue with the national government on amending the Local Self-Government Law.

National elections in 1998 ushered into power a new coalition government. Recent events confirm the coalition government's commitment to decentralization and local self-governance. Perhaps the strongest indication that the government is committed to expanding local authority and responsibility is the creation of the Ministry of Local Government, through which USAID will work, among other ministries and the municipalities, to achieve this SO. One obstacle to progress, however, is this Ministry's lack of staff and inexperienced Minister. Given the government's short time in power as of this writing, this obstacle may prove temporary as the Minister gains experience and is provided with staff in the coming months. It is significant that, from within the three party coalition forming the GoM, the Minister of Local Government was selected from the Democratic Party of Albanians, one of the ethnic Albanian parties. Also, the Minister of Environment has voiced his strong support of USAID's plans to achieve the SO and has offered to present the recommendations of the UI report before a government Ministerial meeting.

There is also evidence that expanding local governance and authority has backing in the courts. On February 24, 1999, the Constitutional Court repealed two provisions of the Budget Law, determining that the Ministry of Finance is not legally empowered to interfere in the spending of restricted funds that are an income source of local government units. This important ruling by the Court will result in greater financial independence of local governments.

IR 2.3.2: A coherent system of local finances established. The wording of this IR is being changed to encompass the overall framework of local finances, not only increasing local revenues. A critical need exists for a comprehensive system of local finances that provides a coherent basis for financing the responsibilities of the local government units. The UI report suggests that it may be convenient to define this new system in a separate law on local public finances. More specifically, the report suggests: (1) that the revenues from local taxes and fees be channeled directly into the budget of the units of local self-government rather than be part of the State budget; (2) that the current system of establishing ceilings for the municipalities and of providing relief to some of them through loans and special allocations be replaced by a formal, transparent system of equalization grants, and (3) that an examination take place of the current practice of funding certain local needs from national sources. USAID will strongly support AFO (the Association of Finance Officers of the Local Governments and Public Enterprises of Macedonia) and ZELS (Association of Municipalities of Macedonia) participation and contribution in the design of any new system of local finances.

IR 2.3.3: Improved channels for the expression of popular input into local service delivery. It is vital to adopt measures that will increase public information and citizen participation as local governments gain authority over public services and local finances. One requirement should be that the views of local citizens be heard before important local decisions are taken. Additionally, the units of local self-government should require that the organizations responsible for providing local public services operate in a way that is client oriented. As phase II of the SO is implemented, USAID will work to develop improved mechanisms to increase participation of citizens in local decision-making and to permit enhanced communication between local

government officials, public enterprises, citizens, and NGOs. The Community Self-Help Initiative that will be undertaken with performance funds has an important role under this IR, as it will strengthen the relationship between the citizenry and local governments in targeted communities to work jointly to resolve problems at the local level.

IR 2.3.4: Strengthened local management capacity. The rewording of this IR recognizes the need to strengthen local management capacity in **all** areas. A first step to achievement of this IR will be to increase the number of professional staff working directly for the units of local government. The UI report suggests that to reduce the fiscal impact of this initiative might involve an offsetting decrease in staff at the national level or agreements at the local level to share staff. Eventually, there will also be a need to provide training to develop local skills and expertise.

The preliminarily developed IR 2.3.4: Local Government's Capacity to Manage and Expand Environmental Infrastructure Improved, will now become a sub-IR to the newly expanded and reworded IR 2.3.4. During 1998, progress under this sub-IR met expectations, largely due to the search for project proposals by the GoM-established and USAID-supported Fund for Environmental Protection and Promotion. More than 14 projects have been pre-screened and four projects are slated for financing by the Fund. Currently, advisory services are being provided to assist the Fund in expanding and maximizing its revenue base.

IR 2.3.5: Strengthened advocacy by municipal associations and networks. Local elected officials, NGOs, and citizens do not adequately participate in national decision-making on local issues. The UI report recommends that both ZELS and AFO play a significant role in designing and implementing the measures to strengthen the local self-government system. As in IRs 2.3.1, 2.3.2, and 2.3.3, USAID will work with local government units, NGOs, and other groups and associations to develop channels through which their interests are expressed and local leaders can speak more persuasively before the national government. Given the synergies of this IR and IR 2.1.1, SO 2.1 resources will be leveraged to achieve IR 2.3.5.

4. Possible Adjustments to Plans: As described above, the wording of IR 2.3.2 is being changed to encompass the overall framework of local finances, and not only increasing local revenues. Furthermore, IR 2.3.4 has been expanded, and hence reworded, to include strengthening local management capacity in all areas. The previously worded IR: Local Government's Capacity to Manage and Expand Environmental Infrastructure is Improved, becomes a sub-IR of IR 2.3.4 with submission of this R4. The dialogue with GoM regarding the implementation of phase II of the SO is ongoing. Once agreements are formalized and a timetable for implementation of the proposed changes developed with the national government and local governments (anticipated in the coming months), USAID will present a complete framework, with indicators, for SO 2.3.

5. Other Donor Programs: Once phase II activities are underway, USAID will be the lead donor in Macedonia working towards more effective, responsive and accountable local government. EU Phare is implementing a public administration reform assistance program with the Ministry of Justice. A second EU Phare program directed at local government will be designed this year, to commence mid-2000. The Dutch government will also be undertaking activities in the local

governance area this year. In addition, the World Bank financing of municipal water and wastewater systems relates to decentralization and infrastructure finance issues.

6. Major USAID Contractors and Grantees: The Urban Institute, Chemonics.

7. Sustainability: The system of local self-government in Macedonia established in the Constitution has great promise. USAID believes that progressing to phase II of the SO and implementing the measures described above will ensure that the system will operate fully and effectively long after USAID assistance ends.

Strategic Objective: SO 2.3: More Effective, Responsive and Accountable Local Government			
APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia			
RESULT NAME: IR 2.3.1: Clearer Delineation of Local and National Government Roles and Responsibilities			
INDICATOR: (a) A multi-faceted analysis conducted clarifying and making recommendations regarding the legal and institutional framework for local government administration and finance; and (b), written agreement with GoM reached including a specific timetable on which to implement the proposed recommendations.			
<p style="text-align: center;">UNIT OF MEASURE: (a) Yes/No, (b) Yes/No</p> <p style="text-align: center;">SOURCE: Urban Institute</p> <p style="text-align: center;">INDICATOR DESCRIPTION:</p> <p>COMMENTS: Achievement of this IR is critical to the achievement of the other IRs and is the primary measure of the government's political will. In the coming months, USAID will continue its dialogue with the GoM to reach written agreement on the activities to be implemented under Phase II of the SO.</p>	YEAR	PLANNED	ACTUAL
	1998	Yes/Yes	Yes/No

SO 4.1: Special Initiatives

The Special Initiatives under SO 4.1 do not form a comprehensive program for achieving a central objective. Thus the indicators for this SO are generally specific to individual activities, and they relate more to activity level impact or in some cases level of effort, rather than to higher level results. In addition to the activities described below, USAID funded an analysis by the Bechtel Corporation for GoM regarding options for the structure of the power sector in Macedonia. USAID also assisted the Ministry of Economy through a contract with Elecktrotek to develop the country's national energy strategy.

In FY 1999, USAID will undertake a new special initiative in labor redeployment to assist GoM offset the negative employment affects associated with the government's privatization efforts.

Pension Reform

Activities under this special initiative were slowed last year due to the national election and the subsequent change in government. Work on implementing the previously developed set of recommendations by USAID/World Bank on pension system reform continued. In addition, this initiative supported efforts to encourage the GoM to implement a system to finance the transition to a privatized pension system in Macedonia. CARANA, USAID's partner in this activity, undertook a study tour by Pension Fund officials in Poland to learn how pension reform was orchestrated there. CARANA also worked extensively with the new Minister of Labor and Social Policy on the status of pension reform in Macedonia.

Children's Educational and Multi-Cultural Television Series

Search for Common Ground is managing a new activity, designed to create a television program that is targeted at seven to eleven year-olds, with the objective of promoting inter-ethnic tolerance, and teaching problem solving and conflict resolution skills. The program has initiated preparation of the script for the program.

Transfers to Other USG Agencies

USAID also supports activities implemented by other USG agencies that indirectly support the Mission's program. These activities include the Peace Corps SPA program and USIA's Small Democracy Grants, English teaching, and Ron Brown Fellowship programs.

Medical Equipment Repair (Project Hope)

Project Hope administers this activity whose goal is to assess and recondition, distribute and install the equipment donated to the GoM by the U.S. Department of Defense, as well as train the local staff on repair and maintenance, educate the clinical end users, continue development of the two existing biomedical service centers, and establish a national preventive maintenance program for the donated medical equipment. In 1998, Project Hope procured spare parts for 1100 pieces of medical equipment needing repair throughout the Macedonian health system. Of this number, 390 pieces of equipment received the needed repairs and are ready for use.

SO 4.2: Cross-Cutting Programs

Technical Training for Societies in Transition (TRANSIT)

TRANSIT provides professionals in the public and private sectors with opportunities for short-term, job-specific training in Macedonia, the United States, and third countries. In 1998 TRANSIT made contributions to two active USAID/Macedonia strategic objectives: SO 1.3: Development and Growth of the Private Sector, and SO 2.1: Citizen's Participation. In addition, the program contributed to two special initiatives.

During 1998 52 participants received training through 15 events. These trainings were in the areas of community development, banking supervision, tax administration, bankruptcy procedure for judges, macroeconomic policy management, a software model used for pension fund projections, and biomedical equipment rehabilitation.

Part III Resource Request

Forward

The current conflict in Kosovo has had an enormous impact upon the economic and employment situation throughout Macedonia. Additional funding will be needed over the \$14 million level established earlier for FY 2000, particularly given the assistance underway to stabilize and strengthen the Front Line States (FLS). USAID/Macedonia presented the rationale for new activities to take advantage of the Talbott reprogrammed funds, and with additional funds, these interventions will be substantially strengthened in the areas where USAID has made substantial progress and possesses the predominant capability. It is not possible to detail herein our funding needs completely given the current flux in funding and crisis presently impacting Macedonia.

SO 1.3 Accelerated Development and Growth of the Private Sector

Strategic Objective 1.3 continues to focus on economic development issues consistent with the mission's resources, capabilities and lessons-learned along with Macedonia's political resolve. The Macedonian Business Resource Center (MBRC) has been the focal point of the firm-level assistance effort, but its uniqueness is beginning to diminish with the presence of other donors and a small but nascent indigenous consulting sector. Funding for the MBRC will be reduced in stages until its completion in 2002. ACDI/VOCA's farmer-to-farmer assistance has been funded for an additional year with \$416,000, and has submitted a proposal for a three-year, \$2.5 million program. The Land O'Lakes Macedonian Agriculture Marketing Association activity will continue with \$2.375 million in FY 2000 and \$2.015 million in FY 2001.

Financial sector reform is multi-faceted. Micro-lending development is achieved through a highly successful Opportunity International program which is receiving supplemental funding of \$2 million. The fully-funded WOCCU rural credit development activity will open its first savings houses in 1999. The Small Enterprise Assistance Fund (SEAF), providing SME equity investments, will receive \$1 million in FY 2000, completing the mission's \$5 million obligation. Accounting development is fully funded through its completion date in December 2000. Volunteer assistance is provided by the Financial Services Volunteers Corps (FSVC) which will receive \$225,000 in both FY 2000 and FY 2001. CFED Bank Operations, Barents Bank Supervision, and Pension Reform will end in 1999.

Commercial legal and court administration reform efforts will be consolidated with an increase in funding to ABA/CEELI to \$900,000 for FY 1999 and \$600,000 in both FY 2000 and FY 2001. Unemployment, now a critical issue in Macedonia, will be addressed through an IAA (\$2 million) with the Department of Labor over the next two years. An IAA will also conclude this year with the U.S. Treasury.

New Activities

Recent legal reform has created new opportunities to develop the financial sector via a new Capital Markets activity which will be funded with \$800,000 in FY 2000 and \$700,000 in FY 2001. A follow-on activity in bank accounting will be funded at \$1.2 million in FY 2000 and \$900,000 in FY 2001, replacing and bridging the Commercial Banking, the Barents Bank

Supervision and Accounting Development activities. World Trade Organization accession, involving mostly legal and regulatory reform, will be supported with \$550,000 in both FY 2000 and FY 2001. Close mission cooperation with SECI trade facilitation and regionalization efforts will be completed in FY 2000.

SO 2.1 Citizens Increase Their Participation in Political and Economic Decision-Making

USAID/Macedonia will be developing a strategy for building intermediate support organizations as part of its transition strategy for this SO. An amendment of the Democracy Network Program being implemented by the Institute for Sustainable Communities (ISC) will provide an additional \$2.8 million and extend the program from March 2000 to September 2001. This expanded program will support the development of partnerships and networking among NGOs. Legislative assistance and training will continue to be provided by ICNL, particularly with income generation and tax issues unresolved for NGOs.

New Activities

A new parliamentary assistance activity (\$1.94 million) will be undertaken by NDI which will focus on the Parliament's organizational development, particularly the functioning of its committees, development of its staff functions, and outreach to the public. A new media assistance activity (\$1.0 million) will focus on supporting the development of an effective media association that could support training, provide access to on-line services, create a business environment that encourages more objective and balanced reporting, and work toward better media legislation.

SO 2.3 More Effective, Responsible and Accountable Local Government

After the completion of an assessment phase, USAID/Macedonia will be competing the delivery order for the new local government activity. The initial two-year phase (\$4.0 million) will support local government association building, small grants to support local government initiatives that can be replicated, policy reform for decentralization, municipal management improvements, training-of-trainers for local government training, and public outreach technical assistance. This activity will impact local governments' ability to play a stronger and more effective role. Additionally, the EAPS activity will be expanded to include support for water sanitation and supply, gas conversion and addressing emergency needs from municipalities hosting refugees.

SO 4.0 Special Initiatives and Cross-Cutting Programs

The rationale for requests under SO 4.0 is covered under Part II, except for the Community Self-Help Initiative (\$6.0 million) and budgetary support (\$28 million ESF) being developed with emergency supplemental funds. TRANSIT will continue to be the key vehicle for providing participant training support and will be funded at \$1.0 million in FY 2000 and 2001. The civic education activity being carried out by Catholic Relief Services is scheduled to be completed in September 2002 and will be incrementally funded in FY 2000 with \$500,000 and in FY 2001 with \$400,000. The CARANA pension reform activity was given a no-cost extension through

December 1999, and additional assistance needs in this sector will be handled through TRANSIT and other mechanisms.

Workforce and Operating Expenses

USAID/Macedonia currently has approved positions for three USDHs (one vacant), three USPSCs (including the EXO and one vacant) and ten FSNs. Due to the unexpected demands and four-fold increase (\$16 million to over \$66 million) in the FY 1999 OYB, the Mission, previously understaffed, is now severely understaffed. Filling the vacant USDH position in the near future seems highly unlikely. We will soon be advertising for an additional USPSC private sector officer, but also urgently need two USPSCs to support democracy and local government activities. The administrative capacity of the office has been stretched by the reliance of three other AID offices (OFDA-DART, OTI, and USAID/Pristina) and their numerous contractors and NGOs on USAID/Macedonia for support. A resolution of problems in Kosovo will not alleviate this burden. Many contractors and NGOs working in Kosovo will choose to maintain offices in Skopje and continued requests for administrative support will undoubtedly be required.

The additional staff needed to implement our current program and assist USAID activities in Kosovo means that our present office space will no longer be sufficient. In addition, the Regional Security Officer has recommended that we look for a new location as our current space cannot be sufficiently secured.

USAID/Macedonia cannot continue to operate at its present level, and is presenting a revised OE request of \$965,000 for FY 1999, which is an increase of \$170,000. Increased OE would fund additional administrative staff (salaries and benefits), office furniture and equipment, one year rent for new office space and the move. Any additional US staff expected in FY 1999 would be program funded. We do not expect to fill the vacant USDH position in FY 1999, so additional funds will be needed in FY 2000 for post assignment travel and shipment of effects for the USDH replacement and an additional residence, furniture and equipment. No USDH staffing changes are anticipated in FY 2001. Baring unforeseen circumstances, an OE level of \$852,000 in FY 2000 and \$920,200 FY 2001 should be sufficient and both our target and request reflect that amount.

SO 1.3 Accelerated Development and Growth of the Private Sector

	FY 1999	FY 2000	FY 2001
SO 1.3 Resource Request	\$12,763,910	\$8,750,000	\$6,290,000

SO 2.1 Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making

	FY 1999	FY 2000	FY 2001
SO2.1 Resource Request	\$ 3,565,000	\$1,460,000	\$1,960,000

SO 2.3 More Effective, Responsive and Accountable Local Government

	FY 1999	FY 2000	FY 2001
SO 2.3 Resource Request	\$4,250,000	\$1,200,000	\$1,200,000

SO 4.0 Special Initiatives and Cross Cutting Programs

	FY 1999	FY 2000	FY 2001
SO 4.0 Resource Request	\$9,021,092	\$2,590,000	\$2,550,000

Results Framework

S.O. 1.3 Accelerated development and growth of the private sector

IR 1.3.1 Improved financial management and transparency

IR 1.3.2 Increased access to sources of financing

IR 1.3.3 Legal and policy reforms implemented and disseminated

IR 1.3.4 Improved management systems and practices implemented by private firms.

S.O. 2.1 Increased, better-informed citizens' participation in political and economic decision-making

IR 2.1.1 Strengthened civil society organizations are effective vehicles for citizen participation

IR 2.1.2 Strengthened political and parliamentary systems

IR 2.1.3 Citizens are better informed about rights and obligations

IR 2.1.4 Effective, sustainable ISOs are in place.

S.O. 2.3 More effective, responsive, and accountable local government

IR 2.3.1 Clearer delineation of local and national government roles and responsibilities

IR 2.3.2 A coherent system of local finances established

IR 2.3.3 Improved channels for the expression of popular input into local service delivery

IR 2.3.4 Strengthened local management capacity

IR 2.3.5 Strengthened advocacy by municipal associations and networks.

Annex A: Environmental Impact

USAID assistance to Macedonia does not include capital project support or provision of infrastructure. No requirements for Initial Environmental Assessment (IEE) or Environmental Assessment (EA) documents are anticipated.

Org USAID/Macedonia End of year On-Board								Workforce Total SO/SpO	Force Tables					All Other	Total Mgmt.	Total Staff
FY 1999 Estimate	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2		Org.	Fin.	Admin	Con- tract	Legal			
OE Funded: 1/																
U.S. Direct Hire	0.3	0.8	0.8				0.1	2	1						1	3
Other U.S. Citizens								0		1					1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN	0.3	0.3	0.3				0.1	1		3				5	8	9
Subtotal	0.6	1.1	1.1	0	0	0.2	0	3	1	0	4	0	0	5	10	13
Program Funded 1/																
U.S. Citizens	2							2							0	2
FSNs/TCNs	2	0.4	0.6					3							0	3
Subtotal	4	0.4	0.6	0	0	0	0	5	0	0	0	0	0	0	0	5
Total Direct Workfor	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFOR	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18

1/ Excludes TAACS, Fellows, and IDIs

Workforce Tables

	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO	Org. Mgmt.	Fin. Mgmt.	Admin Mgmt.	Contract	Legal	All Other	Total Mgmt.	Total Staff
FY 2000 Target																
OE Funded: 1/																
U.S. Direct Hire	0.3	0.8	0.8				0.1	2	1						1	3
Other U.S. Citizens								0			1				1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN	0.3	0.3	0.3				0.1	1			3			5	8	9
Subtotal	0.6	1.1	1.1	0	0	0.2	0	3	1	0	4	0	0	5	10	13
Program Funded 1/																
U.S. Citizens	2							2							0	2
FSNs/TCNs	2	0.4	0.6					3							0	3
Subtotal	4	0.4	0.6	0	0	0	0	5	0	0	0	0	0	0	0	5
Total Direct Workfor	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFOR	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18

FY 2000 Request																
OE Funded: 1/																
U.S. Direct Hire	0.3	0.8	0.8				0.1	2	1						1	3
Other U.S. Citizens								0			1				1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN	0.3	0.3	0.3				0.1	1			3			5	8	9
Subtotal	0.6	1.1	1.1	0	0	0.2	0	3	1	0	4	0	0	5	10	13
Program Funded 1/																
U.S. Citizens	2							2							0	2
FSNs/TCNs	2	0.4	0.6					3							0	3
Subtotal	4	0.4	0.6	0	0	0	0	5	0	0	0	0	0	0	0	5
Total Direct Workfor	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFOR	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18

1/ Excludes TAACS, Fellows, and IDIs

Org USAID/Macedonia End of year On-Board								Workfor	Workforce Tables					Total	Total	
FY 2001 Target	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Staff	Org. Mgmt.	Fin. Mgmt.	Admin Mgmt	Con-tract	Legal	All Other	Mgmt.	Staff
OE Funded: 1/																
U.S. Direct Hire	0.3	0.8	0.8					2	1						1	3
Other U.S. Citizens								0		1					1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN	0.3	0.3	0.3					1		3				5	8	9
Subtotal	0.6	1.1	1.1	0	0	0.2	0	3	1	0	4	0	0	5	10	13
Program Funded 1/																
U.S. Citizens	2							2							0	2
FSNs/TCNs	2	0.4	0.6					3							0	3
Subtotal	4	0.4	0.6	0	0	0	0	5	0	0	0	0	0	0	0	5
Total Direct Workfor	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFOR	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18

FY 2001 Request																
OE Funded: 1/																
U.S. Direct Hire	0.3	0.8	0.8					2	1						1	3
Other U.S. Citizens								0		1					1	1
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN	0.3	0.3	0.3					1		3				5	8	9
Subtotal	0.6	1.1	1.1	0	0	0.2	0	3	1	0	4	0	0	5	10	13
Program Funded 1/																
U.S. Citizens	2							2							0	2
FSNs/TCNs	2	0.4	0.6					3							0	3
Subtotal	4	0.4	0.6	0	0	0	0	5	0	0	0	0	0	0	0	5
Total Direct Workfor	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFOR	4.6	1.5	1.7	0	0	0.2	0	8	1	0	4	0	0	5	10	18

1/ Excludes TAACS, Fellows, and IDIs

Operating Expenses

Org. Title: _____ Org. No: _____ OC		Overseas Mission Budgets														
		FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
		Dollars	IF	Total												
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0		0			0			0	
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0		0			0			0	
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0		0			0			0	
11.5	FNDH			0			0		0			0			0	
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	73		73	77		77	77		77	80		80	80		80
11.8	FN PSC Salaries	100		100	160		160	160		160	170		170	170		170
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0			0			0
	Subtotal OC 11.8	173	0	173	237	0	237	237	0	237	250	0	250	250	0	250
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	21.2		21.2	31.8		31.8	31.8		31.8	42.4		42.4	42.4		42.4
12.1	Cost of Living Allowances			0			0			0			0			0
12.1	Home Service Transfer Allowances			0			0			0			0			0
12.1	Quarters Allowances			0			0			0			0			0
12.1	Other Misc. USDH Benefits			0			0			0			0			0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0			0			0			0			0
12.1	Other FNDH Benefits			0			0			0			0			0
12.1	US PSC Benefits	20		20	22		22	22		22	24		24	24		24
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0			0			0			0			0
12.1	Other FN PSC Benefits	50		50	65		65	65		65	72		72	72		72
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0			0			0
	Subtotal OC 12.1	91.2	0	91.2	118.8	0	118.8	118.8	0	118.8	138.4	0	138.4	138.4	0	138.4
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH			0			0			0			0			0
13.0	Other Benefits for Former Personnel - FNDH			0			0			0			0			0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs			0			0			0			0			0
13.0	Other Benefits for Former Personnel - FN PSCs			0			0			0			0			0
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel	10		10	20		20	20		20	20		20	20		20
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		

Operating Expenses

Org. Title: _____ Org. No: _____ OC		Overseas Mission Budgets														
		FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
		Dollars	IF	Total												
21.0	Post Assignment Travel - to field	5		5	10		10	10		10	4		4	4		4
21.0	Assignment to Washington Travel	5		5			0			0			0			0
21.0	Home Leave Travel	4		4	12		12	12		12	12		12	12		12
21.0	R & R Travel	12		12	9		9	9		9	9		9	9		9
21.0	Education Travel			0			0			0			0			0
21.0	Evacuation Travel			0			0			0			0			0
21.0	Retirement Travel			0			0			0			0			0
21.0	Pre-Employment Invitational Travel			0			0			0			0			0
21.0	Other Mandatory/Statutory Travel			0			0			0			0			0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel			0			0			0			0			0
21.0	Site Visits - Mission Personnel	4.5		4.5	8		8	8		8	8		8	8		8
21.0	Conferences/Seminars/Meetings/Retreats	15		15	20		20	20		20	20		20	20		20
21.0	Assessment Travel			0			0			0			0			0
21.0	Impact Evaluation Travel			0			0			0			0			0
21.0	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21.0	Recruitment Travel			0			0			0			0			0
21.0	Other Operational Travel	15		15	15		15	15		15	15		15	15		15
	Subtotal OC 21.0	70.5	0	70.5	94	0	94	94	0	94	88	0	88	88	0	88
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight	5		5	20		20	20		20			0			0
22.0	Home Leave Freight	2.5		2.5	5		5	5		5	5		5	5		5
22.0	Retirement Freight			0			0			0			0			0
22.0	Transportation/Freight for Office Furniture/Equip.	10		10	5		5	5		5	3		3	3		3
22.0	Transportation/Freight for Res. Furniture/Equip.	8		8	5		5	5		5	2		2	2		2
	Subtotal OC 22.0	25.5	0	25.5	35	0	35	35	0	35	10	0	10	10	0	10
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	250		250	57		57	57		57	170		170	170		170
23.2	Rental Payments to Others - Warehouse Space	1.5		1.5	3.5		3.5	3.5		3.5	3.5		3.5	3.5		3.5
23.2	Rental Payments to Others - Residences	77		77	95		95	95		95	95		95	95		95
	Subtotal OC 23.2	328.5	0	328.5	155.5	0	155.5	155.5	0	155.5	268.5	0	268.5	268.5	0	268.5
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities			0			0			0			0			0
23.3	Residential Utilities	10		10	15		15	15		15	15		15	15		15
23.3	Telephone Costs	10		10	12		12	12		12	12		12	12		12
23.3	ADP Software Leases			0			0			0			0			0
23.3	ADP Hardware Lease			0			0			0			0			0
23.3	Commercial Time Sharing			0			0			0			0			0
23.3	Postal Fees (Other than APO Mail)	0.3		0.3	0.2		0.2	0.2		0.2	0.3		0.3	0.3		0.3
23.3	Other Mail Service Costs			0			0			0			0			0
23.3	Courier Services	2		2	2		2	2		2	2		2	2		2
	Subtotal OC 23.3	22.3	0	22.3	29.2	0	29.2	29.2	0	29.2	29.3	0	29.3	29.3	0	29.3
24.0	Printing and Reproduction	1		1	2		2	2		2	2		2	2		2
	Subtotal OC 24.0	1	0	1	2	0	2	2	0	2	2	0	2	2	0	2

Operating Expenses

Org. Title: _____ Org. No: _____ OC		Overseas Mission Budgets														
		FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
		Dollars	IF	Total	Dollars	IF	Total	Dollars	IF	Total	Dollars	IF	Total	Dollars	IF	Total
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations	0			0			0			0			0		
25.1	Management & Professional Support Services	0			0			0			0			0		
25.1	Engineering & Technical Services	0			0			0			0			0		
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	0			0			0			0			0		
25.2	Residential Security Guard Services	0			0			0			0			0		
25.2	Official Residential Expenses	0			0			0			0			0		
25.2	Representation Allowances	0.5		0.5	0.5		0.5		0.5	0.5		0.5		0.5	0.5	
25.2	Non-Federal Audits	0			0			0			0			0		
25.2	Grievances/Investigations	0			0			0			0			0		
25.2	Insurance and Vehicle Registration Fees	1.5		1.5	2		2		2	2		2		2	2	
25.2	Vehicle Rental	0			0			0			0			0		
25.2	Manpower Contracts	0			0			0			0			0		
25.2	Records Declassification & Other Records Services	0			0			0			0			0		
25.2	Recruiting activities	0			0			0			0			0		
25.2	Penalty Interest Payments	0			0			0			0			0		
25.2	Other Miscellaneous Services	3.5		3.5	11		11		11	3.5		3.5		3.5	3.5	
25.2	Staff training contracts	0			0			0			0			0		
25.2	ADP related contracts	0			0			0			0			0		
	Subtotal OC 25.2	5.5	0	5.5	13.5	0	13.5	13.5	0	13.5	6	0	6	6	0	6
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	75		75	82		82		82	90		90		90	90	
25.3	All Other Services from Other Gov't. accounts	9		9	12		12		12	14		14		14	14	
	Subtotal OC 25.3	84	0	84	94	0	94	94	0	94	104	0	104	104	0	104
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	3		3	5		5		5	1		1		1	1	
25.4	Residential Building Maintenance	3		3	3		3		3	2		2		2	2	
	Subtotal OC 25.4	6	0	6	8	0	8	8	0	8	3	0	3	3	0	3
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	2		2	2		2		2	1		1		1	1	
25.7	Storage Services	0			0			0			0			0		
25.7	Office Furniture/Equip. Repair and Maintenance	1.5		1.5	2		2		2	1.5		1.5		1.5	1.5	
25.7	Vehicle Repair and Maintenance	1		1	1		1		1	1		1		1	1	
25.7	Residential Furniture/Equip. Repair and Maintenance	2		2	2		2		2	2		2		2	2	
	Subtotal OC 25.7	6.5	0	6.5	7	0	7	7	0	7	5.5	0	5.5	5.5	0	5.5
25.8	Subsistence & spt. of persons (by contract or Gov't.)	0			0			0			0			0		
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26.0	Supplies and materials	6		6	4		4		4	2.5		2.5		2.5	2.5	
	Subtotal OC 26.0	6	0	6	4	0	4	4	0	4	2.5	0	2.5	2.5	0	2.5

Operating Expenses

Org. Title: _____ Org. No: _____ OC		Overseas Mission Budgets														
		FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
		Dollars	IF	Total												
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	30		30	6		6	6		6	2		2	2		2
31.0	Purchase of Office Furniture/Equip.	85		85	12		12	12		12	3		3	3		3
31.0	Purchase of Vehicles			0	26		26	26		26			0			0
31.0	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31.0	ADP Hardware purchases	30		30	10		10	10		10	8		8	8		8
31.0	ADP Software purchases			0			0			0			0			0
	Subtotal OC 31.0	145	0	145	54	0	54	54	0	54	13	0	13	13	0	13
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)			0			0			0			0			0
32.0	Purchase of fixed equipment for buildings			0			0			0			0			0
32.0	Building Renovations/Alterations - Office			0			0			0			0			0
32.0	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42.0	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		965	0	965	852	0	852	852	0	852	920.2	0	920.2	920.2	0	920.2

Additional Mandatory Information

Dollars Used for Local Currency Purchases	<u>32</u>		<u>35</u>		<u>35</u>		<u>35</u>		<u>35</u>	
Exchange Rate Used in Computations	<u>1\$</u>	<u>55MKD</u>	<u>1\$</u>	<u>56MKD</u>	<u>1\$</u>	<u>56MKD</u>	<u>1\$</u>	<u>56MKD</u>	<u>1\$</u>	<u>56MKD</u>

** If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.
On that form, OE funded deposits must equal: 0 0 0 0 0