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# MACEDONIA

# DECENTRALIZATION PROJECT

## Work Plan (July 2006 – July 2007)

Contract No. EEU-I-00-99-00012-00

Task Order No. 804



June, 2006

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USAID DECENTRALIZATION PROJECT

# Work Plan

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July 2006 – July 2007

**Contract: EEU-I-00-99-00012-00**

**Task Order #804**

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## 1. Executive Summary

The Work Plan for the final year of the USAID Decentralization Project (USAID/DP)<sup>1</sup> reflects the continued focus on innovative techniques and concrete, verifiable results that has characterized the project from its inception. In January–February 2006 a comprehensive Mid-Project Review was conducted to assess progress, identify problems and design solutions. That review has significantly informed the development of this Work Plan.

The Year Two Work Plan named three serious areas of concern requiring much greater Government of Macedonia (GoM) action, specifically tax administration, municipal debt and the equalization formula. Unfortunately in none of these areas was there real improvement in the GoM's position. On tax administration, some GoM action was belatedly induced so that municipal and USAID/DP efforts should achieve acceptable results notwithstanding the lack of real cooperation. Debt and the equalization formula however, remain very serious problems that threaten the ability of municipalities to reach a reasonable state of financial health. They are therefore again noted as serious concerns that may require high level external assistance since they can be addressed only by strong and sensible GoM action.

As this Work Plan is being written, parliamentary elections are approaching with a real possibility of a new governing coalition or at least a reorganization of the current one. Recent history suggests that no change is likely to make a significant difference to the work of this project. The Project will continue its efforts in municipalities and with ministries in the context of whatever government appears.

The core of the project remains the direct support for municipal partners. The Year Two Work Plan described an important shift toward very focused, small group or individual technical assistance. This shift was carried out effectively by project experts and the innovative Local Consultants Network (LCN). The Mid-Project Review led to the development of an important new approach to delivering assistance, the Integrated Technical Assistance system (ITA). This system, which is described within, was itself reviewed after three months and is now being refined and adjusted. ITA will remain the central structure for working with our municipal partners.

In Year Two, the first half of an expected one million dollar ICT procurement took place including installation in 29 appreciative and enthusiastic municipalities. The second phase will commence in the next weeks and provides the backbone for the technical assistance since municipal capacity in tax, finance and budget and urban planning is to a large extent IT-based.

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<sup>1</sup> The contractual name of the project is Make Decentralization Work. However, at the direction of USAID Skopje, it is now referred to solely as USAID Decentralization Project (USAID/DP, or DP) and is so designated herein.

The Policy Reform Team will continue, in partnership with ZELS, to seek Ministry of Finance action on the critical issues of municipal debt, a fair equalization formula for VAT distribution and repeal of the broad business exemption from the local property tax. The team will also continue to assist the Ministry of Education and Science to design the formula for the categorical grants and monitor those grants.

Support from the Association Development Team will continue for ZELS and ADKOM but the Work Plan proposes a complete cessation of efforts to assist AFO in light of its total resistance to any reform proposals and the continued control of the association by an employee of the central government.

The Macedonia Municipal Capacity Index (MMCI), the unique measuring tool developed by DAI will be used again in the early and late stages of Year Three. This adds an entirely new dimension to performance measurement. In conjunction with the Integrated Technical Assistance system it helps municipal officials to focus their own efforts. Both the project and the municipality have clear identification of not only the effectiveness of efforts to date but also the areas where more work is needed.

The Information Office, established in Year Two, will continue to serve the outreach and information needs not just of the project but also of the USAID Mission and the US Embassy.

The project effected a significant integration of the Municipal Good Governance Fund (MGGF) into other project activities. This coordination was bolstered by the ITA approach and will continue in Year Three.

## **2. Decentralization Project Year Three Program Implementation Strategy**

### **2.1 The Mission**

The USAID/DP Task Order states that “The fundamental objective of the Make Decentralization Work (MDW) Project is to produce More Effective, Responsive, and Accountable (Local) Government”. Specific Task Order Project Objectives and underlying Results and Deliverables are these:

- 1) Macedonia's municipalities have the financial management and tax administration capacities to assume new competencies under decentralization (Make Decentralization Work-MDW)

*1. A minimum of two-thirds of Macedonian municipalities, covering no less than 60% of the population of Macedonia, have established the financial management and tax administration capacity to assume new competencies under decentralization, according to the standards established by the GoM Certification Body (by project's end).*

- 2. A minimum of two-thirds of Macedonia municipalities, covering no less than 60% of the population of Macedonia, successfully manage the package of property tax and related local taxes, demonstrating significantly increased collection rates and levels (by project's end).*
- 2) Macedonia's Municipalities Incorporate Citizen Participation in the Public Decision-making Process.
- 3. A significant majority of participant/target municipalities regularly utilize identified citizen participation mechanisms and incorporate citizen input into public decision-making.*
- 3) Municipalities have Increased Urban Planning Capacity, facilitating Improved Zoning, Customer Service, Economic Activity and Land Tenure Security.
- 4. Between 30 and 50% of Macedonian municipalities have implemented modern urban planning systems, resulting in demonstrated improvement in the key indicator areas (zoning, customer service/ permitting, city planning).*
- 4) Municipalities are Empowered to help Generate Local Economic Development (LED).
- 5) Municipal Associations Assure the Continued Implementation of Decentralization, and Prepare their Members to assume New Competencies.
- 5. The Municipal associations demonstrate increasing financial independence and sustainability through collections of fees for services and for membership.*
- 6) Secondary Legislation and Regulations that are Critical to the Decentralization Process are Prepared, Passed and Implemented on Time.
- 7) An Improved Regulatory Environment for Public Communal Enterprises Leads to Improved Provision of Municipal Services.
- 6. An improved regulatory environment for Public Communal Enterprises is established, demonstrated by higher collection rates, improved financial management and improved customer satisfaction.*
- 8) Municipal Good Governance Fund (MGGF).

## **2.2 Progress & Strategy**

### **2.2.1 Municipal Management Group: Results To-date**

At the heart of it all is the requirement that at least 2/3 (56) of Macedonia's municipalities have "established the financial management and tax administration capacity to assume new competencies under decentralization". Implementation of "modern urban planning systems" is specified in at least 30% (25) of the Macedonian municipalities, while regularized use of citizen participation mechanisms is to be incorporated in a "majority of participant/target municipalities" (30). These three numbers—56, 25, 30--drive the interventions of the Municipal Management Group under USAID/DP.

In order to achieve the USAID Objectives and Deliverables in the stipulated number of municipalities, a 3-year program of training, technical assistance, information technology system installation and funding to high priority municipal infrastructure projects was designed. In Year One, *Training* was the watchword, with project resources heavily concentrated on providing Macedonian municipal employees with an exposure to needed municipal management skills in the major competency areas outlined in the USAID/DP Task Order.

Year Two saw a shift to *Technical Assistance* and the identification of 56 Partner Municipalities. As a first step USAID/DP administered the Municipal Capacity Index assessment tool in all 84 Macedonian municipalities to measure current municipal management capacity in each USAID/DP competency area. Computer software and hardware installation targeting tax administration, financial management and construction permitting were accomplished in more than half of the Partner Municipalities. Creation and Ministry-level approval of a new construction land permitting system was achieved, a new software developed and implementation was begun in an initial group of Partner Municipalities. And Local Economic Development technical assistance interventions were initiated in many Partner Municipalities.

In preparation for the final Year Three technical assistance campaign that will target all 56 Partner Municipalities—inclusive of the 30 CP municipalities and 25 modern urban planning system municipalities--an innovative *Integrated Technical Assistance* (ITA) program was rolled-out toward the end of Year Two. The ITA approach seeks to combine the Project's training, computer support and technical assistance and apply them to municipal priorities--thus improving the municipality's rating in the Municipal Capacity Index. The system works like this:

- One overall Memorandum of Understanding, describing the responsibilities of the municipality and the project, is signed with each Partner Municipality.
- Project technical assistance resources (staff experts, international and national STTA consultants, institutional contractors and Local Consultant Network members) are organized into ITA Consultant Teams for each Partner Municipality.

- Each Team is headed by a Consultant Team Manager. (Twenty USAID/DP staff members have been assigned as Consultant Team Managers in at least one and as many as four municipalities.)
- The ITA Consultant Team works with a counterpart Municipal Development Team comprised of municipal officers who are direct implementers of the provided technical assistance.
- MCI score results are reviewed and high priority task areas are identified for which Operational Teams are appointed, headed by Municipal Development Team members.
- Operational Teams identify Potential Points of Improvement, then design and implement solutions utilizing in-house capacity, the Project's technical assistance and support from other donors.

### **2.2.2 Municipal Management Group: Year Three Strategy**

Responsibility for activities targeting five of the eight of the USAID/DP Task Order Project Objectives and five of the six Results and Deliverables rests with members of the MM Group. Furthermore, the number of municipalities involved and breadth of anticipated management reforms represents a huge challenge. To meet that challenge, *Integration* of project activities will be the watchword in Year Three:

1. Putting to use the management skills of twenty USAID/DP staff members, the *Phase One ITA* activity will be completed in all 56 Partner Municipalities by the end of September 2006. MoUs will be signed, ITA Inception Workshops will be held and a Municipal Development Team--and Operational Teams where appropriate--will be formed. And these teams will have started identifying Potential Points of Improvement to improve their municipal MCI scores.
2. A second round of *Tax Administration and Financial Management Information Technology Procurement* - together with targeted technical assistance - will be accomplished for all remaining Partner Municipalities.
3. The next *MCI Assessment* will be undertaken in September/October 2006. The results will provide USAID/DP and Partner Municipalities with a measure of the success-to-date of our work together.
4. The *Phase Two ITA* activity will follow the MCI assessment results—applying the resources of our ITA Consultant Teams to identified Points of Improvement in the weakest areas of municipal management in up to 25 top performing Partner Municipalities for the next MCI assessment in May 2007.
5. Intense *Modern Urban Planning System* team-building—combining construction permitting, citizen engagement, land use management and spatial planning--will be undertaken in 25 municipalities following the mid-July 2006 completion of the EAR Train-Urban Planning Project.

6. *LED implementation* activities in up to 25 municipalities will seek to utilize different municipal management tools to build more business-friendly environments, seize micro-region economic opportunities and support women entrepreneurs.
7. A combination of *Citizen Engagement* tools—budget hearings, citizen input to municipal capital improvement planning, Community Advisory Boards, strengthening Citizen Information Centers—will achieve the routine utilization of citizen input in a minimum of 30 municipalities.
8. *Entrepreneurial initiatives* to seize unique opportunities will continue:
  - Working with program partners to facilitate the creation of e-sessions and e-procurement;
  - Undertaking a ‘Decade of the Roma’ land tenure initiative to pave the way in Prilep for Roma citizens to purchase and own the land on which they have long resided;
  - Utilizing the availability of U.S. university student Intern from Tetovo to explore opportunities to facilitate the planned consolidation of Kichevo with its surrounding towns.

### **2.2.3 Association Development Group: Results To-date**

**ZELS:** In Year Two the AD Team assistance built on the activities implemented in the initial year of our program by establishing the basic systems necessary for the proper functioning of ZELS. The major efforts were invested in the assessment of the ZELS organizational capacities which resulted in the comprehensive Organizational Review Report containing recommendations for strengthening the ZELS organizational structure and sustainability; Part of these recommendations have already been addressed during Year Two, one of the most important ones being the ZELS Strategic Plan 2006-2011 and development of the new 5-year implementation plan.

Also, during Year Two the AD Team carried out various activities to ensure that the new ZELS leadership is equipped with the necessary tools to build on the policy committee structure to represent the views of all the municipalities to the central government. A Policy Development workshop was delivered to the newly appointed ZELS board members on the consolidation of the committee structure and revision of the committee membership criteria and selection process, as well as the roles and responsibilities of the committee members and the ZELS staff. Furthermore, a scope of work and a list of most priority policy issues that policy committee needed to address was defined for each committee.

**ADKOM:** Year Two activities were focused on the institutional development of the association, particularly its policy development capacity. With the AD Team support during Year Two ADKOM developed the following basic capacities: improved communication by creating its own web-site, e-mail system and a Newsletter, established a data base with information on communal enterprises throughout the country, and delivered training to improve the knowledge and skills of the PCE staff. The AD Team also supported improvement of the ADKOM policy development capacity and the advocacy and lobbying activities. Policy priorities of the ADKOM Policy Action Plan were addressed.

**AFO:** As a result of the laborious efforts of the AD Team, AFO adopted significant institutional reforms especially in the sphere of corporate governance and membership criteria. The adoption of the new by-laws should have been an indication of AFO's commitment to further improve the image of their organization as a professional membership association. Unfortunately, this was not borne out by subsequent actions. Additionally, several other important policies need to be approved for making AFO a transparent organization.

Even though the AD Team put in a lot of effort, the assistance has not borne fruit. The standstill condition was brought about primarily due to the lack of responsiveness of the AFO's Executive Leadership to DP's technical assistance in institutional capacity development.

In March 2005 USAID/DP engaged Ernst & Young to undertake audit of the AFO 2003/4 financial statements as part of the institutional strengthening support that our project had been providing to the Association. As a result of the lack of commitment and business ethics of AFO executive management, the Final Audit Report and Management Letter were issued with a 9-month delay. The Reports contained comprehensive and valuable recommendations which mainly referred to the working procedures and the system that AFO has in place, and could be easily implemented. Furthermore, the AD Team committed to provide technical support in the implementation of the recommendations and at the same time clearly stated that the further support from USAID/DP largely depended on the success of this process. Knowing all this, the leadership showed no initiative whatsoever in undertaking any actions that would lead to implementation of any of the recommendations.

Since there are no indications that the current resistance to reform will improve in the foreseeable future, this project will cease all efforts to assist AFO.

#### **2.2.4 Association Development Group: Year Three Strategy**

During the course of this final year of the AD Team support to municipal associations, the main focus will be to prepare the associations to continue their operations beyond the USAID/DP project. This will include more intensive support to complete the associations' sustainability strategies, strengthen their service delivery systems and their overall internal management capacity. The support for the

associations' advocacy role will remain to be an important component of the AD Team strategy to strengthen the membership support to their association by demonstrating the utilities and benefits their association brings in improving policy environment for implementation of decentralization.

### **2.2.5 Policy Reform Group: Results To-date**

The beginning of Year Two of USAID/DP coincided with the beginning of the First Phase of Decentralization (July, 2005). The newly elected Mayors (municipal elections were in April, 2006) assumed the functions and unresolved problems such as: outstanding arrears in the education sector, a Plan for Municipal Debt Resolution that left the municipalities deal with the creditors on their own and that did nothing to stop the practices that led to the accumulation of the debt, confusion within ZELS (mostly created by MoF) on whether the VAT moneys should be used for equalization purposes or not, no transfer of databases of the property taxes and communal fees by the PRO to the municipalities, etc.

To assist the mayors in assuming the new financial functions, in December 2005, the Policy Reform Team organized three regional roundtables on the Macedonian Municipal Finance System. At the roundtables, a parallel was drawn between the old and the new system of financing of the municipalities, using analyses and projections for the revenues of local governments. The challenges in the implementation of the new system, such as – the municipal debt, the non-transfer of PRO database to the municipalities, the large fiscal disparities among the municipalities, the allocation of targeted grant for education and the future role of the Municipalities in the system of decentralized education (the block grant including the teachers' wage bill), were among the most important issues discussed for the system going forward.

By April 2006, Policy Reform Team had assisted ZELS in establishing a position on the problem of Municipal Debt, and the possibility of designing new Municipal Insolvency Legislation.

PR Team presented and discussed with ZELS options for the resolution of the municipal debt, as well as the concept of Municipal Insolvency Legislation and its application in the Macedonian environment. The result of these discussions was a position of ZELS before the GoM on this critical issue for the decentralization process.

To help ZELS improve the allocation formula for the VAT funds for 2007, the PR Team designed a Simulator and presented and discussed it with ZELS leadership, and Finance and Education Committees.

The Simulator was presented as a tool that would enable ZELS test various policies and come up with an improved allocation of the VAT fund for 2007. ZELS Finance Committee used the simulator, modified it and presented a new allocation to the Governing Board for adoption, while the MoF proposed to continue with the same

formula as in 2005 and 2006. At the time this document is written, ZELS' leadership has been debating the allocation proposed by the Finance Committee.

PR Team also provided support to the Ministry of Education and Science in developing an objective formula for allocation of categorical grants for 2006 and 2007 (in progress), and negotiating it with the important stakeholders, including: ZELS, Ministry of Finance, Ministry of Local-Self Government, etc.

The categorical grants would finance the maintenance of schools and transport of primary school students. Important in this regard was to revise the norms regarding school space and teaching equipment. This work has undergone a solid progress, and we expect to conclude it in Year Three.

Furthermore, to assist the Ministry of Education and Science in monitoring the spending of the education funds at the local level, PR Team initiated and provided assistance in the drafting of Financial Monitoring Procedures. Essential for this activity was the communication between the two Ministries – Finance and Education and Science. PR Team facilitated these discussions. This activity will continue in the final year of USAID/DP, until the procedures are adopted by the Ministry and implementation begins.

USAID/DP has also continued its support to the Analytical Unit of the Ministry of Education and Science, by providing “on the job” guidance and support, and going through a training-project in Advanced Microsoft Access.

### **2.2.6 Policy Reform Group: Year Three Strategy**

While most of the same issues remain to be resolved as in the beginning of USAID/DP Year Two, the shift of the focus of our assistance in Year Two from the MoF to ZELS has produced movement by ZELS on a number of the critical issues.

ZELS has established a position on the resolution of the municipal debt issue. ZELS have been simulating various allocation scenarios for the allocation of the VAT fund. ZELS have also been discussed the formula for targeted grants for education with representatives of the Ministry of Education and Science.

PR Team will continue to provide assistance to ZELS in defining their policy positions and lobbying for them before the Government. Nevertheless, as much as the moving forward of ZELS on these issues is important for the whole process, critical to the resolution of these issues is the action by the central government.

The Parliamentary Elections would lead to a new Government, whether formed by the current position or the opposition. To bring the process of decentralization, and the issues associated with it to the focus of the new Government, we will assist ZELS in organizing a Conference that would present the major issues before the Government, and ask for an improved cooperation and coordination for their resolution.

For the implementation of a real Municipal Debt Relief Plan, possible new municipal insolvency legislation would be needed. We would be able to provide assistance in this area to both ZELS and the MoF.

To assist the MoF and the Committee of the GoM that is to monitor and assess the completion of the first phase of decentralization, we will offer assistance to the MoF in developing a data base of categorical grants allocated to local governments by other agencies of the national government, in designing Financial Monitoring Procedures to govern the provision of this information to the MoF as well as the allocation of the concerned funds to local government.

In the area of education decentralization in Year Three our activities would primarily focus on wrapping up the activities in the development, adoption and initial implementation of the two pieces of secondary legislation we are currently working on: 1) Financial Monitoring Procedures and 2) Norms for School Space and Equipment. USAID/DP PR Team will do this by supporting the task forces working on these documents with policy guidance and trainings.

Equally important, the support for the development of the grant allocation formulae will continue. We will assist the Ministry of Education and Science in developing draft allocation formulae for 2007 and 2008 and discussing them with important stakeholders. The Project will also assist the Ministry in preparations for financing local education through the block grants, which should be introduced when the second phase of the decentralization is launched. Therefore we will continue our support to the Analytical Unit by providing trainings and IT equipment.

### **2.2.7 Municipal Good Governance Fund Group: Results To-date**

Approved projects by USAID – A total of 34 municipal projects were submitted and approved by USAID. As of June 12, 2006, 29 projects were approved, 2 projects were pending USAID approval and 3 projects were under development to be submitted to USAID by the end of the July 2006.

Completed projects – The implementation of 11 projects was completed in Y2. 9 projects have been fully implemented and 2 will be finished by the end of July 2006.

The total approved budget for the 34 approved municipal projects is \$ 1,670,000.

The total approved USAID budget for the 11 completed projects is \$445,365 (w/o VAT) or approximately \$40,488 (w/o VAT) per project.

Original awarded subcontracts for 11 completed projects total \$368,086.50. The total approved amount of modifications to original subcontracts is \$28,357 (w/o VAT) or \$2,578 (w/o VAT) per project. The total amount of subcontracts including modifications

totals \$396,443.53. The total savings from these projects including the modifications is \$48,921 (w/o VAT) or approximately \$4,447 (w/o VAT) per project.

As of June 2006, the total money spent for the implementation of the 11 projects was \$ 330,000 (including VAT). Estimated amount of money that will be spent in Y2 is approximately \$ 510,000 (VAT included).

### **2.2.8 Municipal Good Governance Fund Group: Year Three Strategy**

Overall, MGGF has \$2.4 million for the implementation of 48 projects in 45 municipalities. A total of 38 out of these 48 were approved in Year Two. Fourteen (14) projects from the Implementation schedule will be developed, submitted to USAID for approval and implemented.

The implementation plan for the projects is shown in the document “Project Implementation Track Report” (shown in MGGF Activity Plan in section 3). Construction projects related to weather conditions (roads, water supply systems, filter stations, school etc.) will be developed and implemented during the summer and the fall of 2006. Procurement projects (backhoe loaders, trash trucks etc.) will be implemented in 2007 due to the fact that there are no external obstacles for their implementation.

There are some savings from the project implementation (the difference between the approved budget for the project and the awarded subcontracts). The anticipated amount of money (savings and VAT reimbursement) available for implementation of new municipal projects is estimated at \$651,360 (with 5% savings) and \$792,960 (with 10% savings). With this money MGGF can develop and implement 13 - 16 additional projects with budget contribution of \$50,000.

These savings will be used for implementation of new projects from the MGGF “Municipal Projects Frozen List” that will be selected by the Panel Review Committee and with USAID approval. This list includes municipal projects submitted to USAID/DP MGGF with approved Concept Papers (CPs) by the Panel Review Committee. There are 35 municipal projects with accepted CPs on the Frozen List. In addition, there will also be some money from the VAT reimbursement that will be used for new projects.

Immediately, two projects from the municipalities of Debar and Radovish have been removed from the frozen list and accepted for further development of their proposed projects; the road in Debar and the school in Radovish.

## **3. Decentralization Project Year Three Activity Plans**

Year Three is the final year of the USAID Decentralization Project. Because the final two months of the project must be devoted to close-down activities, each of the activities outlined below are planned to be completed by May 31, 2007.

**Task Order Objective--Overall: The fundamental objective of the USAID Decentralization Project is to produce More Effective, Responsive, and Accountable (Local) Government.**

**1.1 Municipal Management/1.1.1 Integrated Technical Assistance (ITA)**

In response to a felt need for greater integration of project activities that emerged from an internal Mid-Project Review and to achieve this fundamental and overriding objective—and thus ‘Make Decentralization Work’--USAID/DP decided to implement a coordinated technical assistance delivery system in 56 Partner Municipalities. The Project’s technical assistance resources include USAID/DP staff experts, international and national STTA consultants, institutional contractors and members of USAID/DP’s Local Consultant Network. These resources have been organized into Integrated Technical Assistance (ITA) Consultant Teams for each Partner Municipality. Each Team is headed by an USAID/DP staff member who works in collaboration with a counterpart Municipal Development Team (and Municipal Development Team Manager) comprised of municipal officers who are direct implementers of the provided technical assistance.

The approach involves numerous activities: workshops, coordination meetings and comprehensive MoUs with each Partner Municipality that detail each party’s responsibilities. The appointed Municipal Development Team acts as a counterpart to the USAID/DP Consultant Team. A municipal Integrator is selected in each Partner Municipality to facilitate a process whereby Operational Teams headed by Municipal Development Team members study the municipality’s Municipal Capacity Index score and other municipal Potential Improvement Points (PIPs). Then, through a collaborative organizational diagnosis process, they then identify Potential Improvement Points and cluster them into initiatives that can be undertaken by the municipality on its own, or with assistance from USAID/DP and other donors.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	<b>Overall: More Effective, Responsive and Accountable (Local) Government</b>	
	<b>1.1 Municipal Management</b>	
<b>Name of Sub-Activity:</b>	<b>1.1.1 Integrated Technical Assistance</b>	
<b>IR:</b>		
<b>Leader:</b>	<b>Virna Manasieva</b>	
<b>Staff:</b>	<b>Staff Members:</b>	
	Gose Hristov Bardhyl Marku Zoran Gligorov Igor Kostovski Vesna Atanasova Gjorgji Josifov Rozalija Vasilevska Mirjana Makedonska Kelmend Zajazi Nada Vuchinich Mevlija Grbovich	Liljana Ristovska Natasha Acevska Nebojsa Mojsovski Natasha Stankovich Oliver Nachevski Slobodan Ignatovski Dragana Conich Mile Arsovski Cvetko Smilevski (60 days) LCN
<b>Activity Plan:</b>	In the next period, USAID/DP will continue with the implementation of the ongoing ITA process through the following phases: <ul style="list-style-type: none"> <li>• MoUs with remaining Partner Municipalities will be signed</li> <li>• Inception Workshops will be held with remaining Partner Municipalities</li> <li>• Potential Improvement Points (PIPs) including the ones tied to the Municipal Capacity Index will be identified by municipal Operational Teams</li> <li>• PIPs will be clustered according to whether they can be addressed by the municipality itself, or by the municipality with assistance from USAID/DP or other sources (other donors, Central Government, banks, etc)</li> <li>• Workshop on Phase 2 ITA implementation process for USAID/DP Consultant Team Managers</li> <li>• Workshop on Phase 2 ITA implementation process for managers of Municipal Development Teams and integrators</li> <li>• Workshop on Phase 2 ITA implementation process for LCN members</li> <li>• Assisting partner municipalities in developing HRD Strategy in accordance with the identified PIPs</li> <li>• Hub Workshops on the best ITA practices.</li> </ul>	
<b>Partners (Internal and External):</b>	Municipalities, ZELS, Agency for Civil Servants (ACS), Local Consultant Network (LCN), UNDP TSF Unit (Training Support Facility)	
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• By the end of July 06, workshop on Phase 2 ITA implementation process for managers of consultants teams is organized</li> <li>• By the end of September 2006, workshops on Phase 2 ITA implementation for managers of Municipal Development Teams, Integrators and LCN members is organized</li> <li>• By the end of September 2006, all 56 ITA MoUs are signed</li> <li>• By the end of September 2006, all 56 Inception Workshops are finalized</li> <li>• By the end of September 2006, all 56 municipalities formed development and operational teams, identified PIPs and clusters</li> <li>• By the end of March 2007, the managers of the operational teams in up to 25 top performing municipalities received training in capacity building (team building, communication, project proposal writing, performance measurement,</li> </ul>	

	<ul style="list-style-type: none"> <li>action planning)</li> <li>By the end of April 2007, 4 hub workshops organized on the best ITA practices</li> <li>By the end of May 2007, up to 25 top performing municipalities will have developed HRD strategy in accordance with the identified PIPs</li> <li></li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
USAID/DP partner municipalities establish municipal development and operational teams as part of ITA.	Cumulative number of municipalities	Annual
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
LCN	Advanced Implemented ITA process in selected municipalities Workshops, Trainings	
	<b>Total:</b>	<b>\$25,000</b>

**Task Order Objective # 1: Macedonia's municipalities have the financial management and tax administration capacities to assume new competencies under decentralization (Make Decentralization Work- MDW).**

**1.2 Financial Management**

In Year Two, 38 Partner Municipalities were selected and their municipal finance and budget departments were equipped with an information technology technical assistance package containing computer equipment and an integrated financial management software package.

In addition to receiving the information technology package, these 38 Partner Municipalities also participated in a comprehensive municipal financial management and budget training program. Beside budget planning, preparation and execution, capital investment and debt management are among the weakest points detected in the work of the municipalities regarding their municipal and financial management capacity. Within the financial management training that USAID/DP provided in Year Two, debt management and development of a capital investment inventory and capital improvement plans were included as crucial parts of the training.

In Year Three, the municipal finance & budget activity will focus on providing the same technical assistance and information technology package to an additional 18 Partner Municipalities to improve financial management practices in compliance with the new Ministry of Finance requirements for transparent financial management procedures and reporting. Further technical assistance will also be provided to these municipalities through on-site visits from the MM Financial Services Team and by regional finance and budget specialists within the Local Consultant Network. These visits will be tailored to the special needs of each Partner Municipality.

To prepare the municipalities for the period when the moratorium of municipal debt financing imposed by the Law on Local Government Finance will come to an end, will require more sophisticated financial management techniques. In Year Three, those municipalities with the greatest financial management capacity—as measured by the Municipal Capacity Index assessment that will be conducted in September/October 2006—will be offered a new round of technical assistance targeting their overall fiscal capacity. In four pilot municipalities, a credit, borrowing & credit-rating exercise will seek to create a model approach for debt financing in Macedonian municipalities.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	A minimum of two-thirds of Macedonian municipalities, covering no less than 60% of the population of Macedonia, have established the financial management and tax administration capacity to assume new competencies under decentralization, according to the standards established by the GoM Certification Body (by project's end).
<b>Name of Activity:</b>	1.2 Financial Management
<b>Name of Sub-Activity:</b>	1.2.1 Enhance Financial Management Capacity
<b>IR:</b>	2.3.4.1. Local governments have increased responsibility and finance resources 2.3.4.2. Municipalities and enterprises generate increased revenues
<b>Leader:</b>	Gjorgji Josifov
<b>Staff:</b>	<b>Staff Members:</b>
	Gjorgji Josifov
	Bardhyl Marku
	Zoran Gligorov
	Virna Gerasimova Manasieva
	Rozalija Vasilevska
	Vesna Atanasova
	Local STTA (176 days)
<b>Activity Plan:</b>	<p>Within the Financial Management in Year Three, USAID/DP will continue to provide selected partner municipalities with technical assistance:</p> <ol style="list-style-type: none"> <li>1. Implementing budget planning, preparation, execution, and financial management policy processes, procedures and practices through on-site technical assistance conducted by the Local Consultant Network.</li> <li>2. Developing the municipal debt and current obligations management by providing direct technical assistance on implementation of the reporting forms for current obligations adopted by MoF, in a minimum number of 18 municipalities (Year Three partner municipalities).</li> <li>3. Capital improvement planning that identifies local self-government priorities and time frame for undertaking capital projects and provides a financing plan for those projects, conducted in 18 municipalities. It will help the local self-government to have the tools to assess the long-term financial implications of current and proposed policies, programs and assumptions and that develops appropriate strategies to achieve its goals. At the same time thirty-eight (38) Year Two partner municipalities, will be finalizing their mid-term Capital Improvement Plans.</li> <li>4. Measuring the fiscal capacity in a minimum number of 15 Partner Municipalities (those which have the highest MCI score in Municipal Management and Financial Management Capacity) and developing a strategy to improve the financial condition of the municipality. This is needed for fiscal decentralization &amp; intergovernmental fiscal relations, state equalization grants and collection of the local revenues.</li> <li>5. Developing a Credit and Borrowing model for 4 (four) pilot local self-governments - Preparing a Credit Rating Model using the municipal data to analyze the borrowing capacity and creditworthiness of municipal governments. Due to impossibility of the Local Governments getting into debt until 2007, this is a very good time to adapt the credit worthiness tool as a means of preparing municipalities for municipal borrowing and municipal bonds issuing in 2007 according to the Law on Local Government Finance.</li> </ol>

	6. In Year Three, 18 Partner Municipality finance and budget departments will be provided with necessary IT equipment, an integrated financial management software package and training in areas related to their functioning.	
<b>Partners (Internal and External):</b>	Municipalities, Ministry of Finance, ZELS, EAR, OSCE	
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• By the end of April 2007, eighteen (18) municipalities (selected partner municipalities for year-three) followed by technical assistance have received on-site financial management training.</li> <li>• By the end of March 2007, eighteen (18) municipalities have established finance and budget department, equipped with necessary hardware and integrated financial management software package.</li> <li>• By end of April 2007, eighteen (18) year-three partner municipalities have implemented, or are in the process of implementing, improved financial management and budget policy processes and practices as well as debt &amp; current obligations management that comply with the requirements of MoF for transparent financial management procedures and reporting.</li> <li>• By the end of October 2006, thirty-eight (38) municipalities (selected partner municipalities for year-two) have developed municipal Capital Improvement Plans, or improved their Capital Investment Planning.</li> <li>• By the end of May 2007, eighteen (18) municipalities (selected partner municipalities for year-three) have improved Capital Investment Planning.</li> <li>• By the end of February 2007 at least fifteen (15) municipalities have determined fiscal capacity and increased credit worthiness.</li> <li>• By the end of June 2007 Credit Rating for four (4) pilot municipalities is created.</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
1.1 Municipal staff is trained in improved financial management and tax administration that meet GoM standards.	Cumulative number of people trained, disaggregated by gender, ethnicity and municipality.	Annual
1.6 USAID/DP partner municipalities implement municipal management and financial management practices provided by USAID/DP and WB training program.	Cumulative number of municipalities.	Annual
1.9 USAID/DP partner municipalities consistently use integrated financial/municipal/ tax administration IT system.	Cumulative number of municipalities.	Annual
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	Training and Workshops	
	STTA	
	Printing of the publications for CIP and Municipal Fiscal Capacity	
	FM Software licensees included in E-Gov chart	MGGF Purchase
	Hardware included in E-Gov chart	MGGF Purchase
	<b>Total:</b>	<b>\$38,055</b>

**Task Order Objective # 1: Macedonia's municipalities have the financial management and tax administration capacities to assume new competencies under decentralization (Make Decentralization Work- MDW)**

**1.3 Tax Administration**

In Year Two, 30<sup>2</sup> Partner Municipalities were selected and their tax administration departments were equipped with information technology packages--internal wiring, installation of a server and computer hardware--appropriate to each partner Municipality's unique situation. Two software systems--for tracking and monitoring communal fees and administering property taxes--were developed, tested, approved by the MoF and are being installed in these 30 Partner Municipalities.

As a companion to the information technology package, these 30 Partner Municipalities also participated in a comprehensive tax administration support program in which direct technical assistance was provided to put in place fully operational property tax collection departments, establish municipal commissions for determining real estate market values and implement the methodology for real estate market value adopted by the GoM.

In Year Three, the tax administration activity will focus on providing the same technical assistance and information technology package to an additional 26 Partner Municipalities. USAID/DP will coordinate regional clinics and provide direct technical assistance to these municipalities as they seek to overcome any obstacles they may encounter in creating tax collection departments. Municipalities will be encouraged to exchange experiences with other municipalities and use the lessons learned in the first phase of software, hardware and tax department installation undertaken in Year Two. Upon their request, USAID/DP will help rural municipalities wishing to establish joint property tax administration offices.

It is expected that, by the end of Year Three, a total of 56 Partner Municipalities will have established functional tax collection offices. These municipalities will have received technical assistance, supported by information technology applications (integrated property tax software) and tax collection practices. Local experts in property tax from USAID/DP's Local Consulting Network will work with all Partner Municipalities to ensure that they are organizing activities in accordance with the tax collection calendar and have implemented lessons learned from Year Two and the previous LGRP property tax pilot project.

In Year Three, a public outreach campaign on local taxes will be implemented following the calendar of the property tax activities. This campaign was jointly developed in Year Two by the USAID/DP Tax Administration and Citizen Participation Team Leaders. The goal is to raise citizen awareness on property tax and communal fees and their use. A property tax catalogue of services, functions and responsibilities will be provided for municipal tax officials and citizens and municipal tax department staff will be trained on customer service and public outreach.

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<sup>2</sup> Actual number is 29 plus software licences for 10 Skopje municipalities.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	<b>A minimum of two-thirds of Macedonia municipalities, covering no less than 60% of the population of Macedonia, successfully manage the package of property tax and related local taxes, demonstrating significantly increased collection rates and levels (by project’s end).</b>
<b>Name of Activity:</b>	<b>1.3 Tax Administration</b>
<b>Name of Sub-Activity:</b>	<b>1.3.1 Enhance Tax Administration Capacity</b>
<b>IR:</b>	2.3.4.1. Local government human resources capacities strengthened 2.3.4.2. Municipalities and enterprises generate increased revenues
<b>Leader:</b>	Bardhyl Marku
<b>Staff:</b>	<b>Staff Members:</b>
	Bardhyl Marku
	Gjorgji Josifov
	Rozalija Vasilevska
	Virna Manasieva Gerasimova
	Vesna Atanasova
	Local STTAs (80 days)
<b>Activity Plan:</b>	<p>To reach the objective, “Enhance Tax Administration and Assessment Capacity”, in a minimum two-thirds of Macedonian municipalities, USAID/DP will continue to provide direct technical assistance using existing resources established during Year One and Year Two, in cooperation with ZELS and other donors (if any), as well as lessons learned from LGRP and USAID/DP over the past years. At the same time, USAID/DP will continue to support and provide consultancies on every-day basis (as it needed) to the selected Year One and Year Two tax administration municipalities.</p> <p><b><u>In year three:</u></b></p> <ul style="list-style-type: none"> <li>• Up to 26 (out of the total USAID/DP target of 56) Partner Municipalities will receive direct technical assistance in a process of establishing municipal revenue units (MRU) and municipal valuation commissions (MVC) for determining of real estate market value and in the everyday work of implementing the methodology for real estate market value.</li> <li>• Technical assistance will be provided for the selected municipalities (out of the total USAID/DP target of 56) by providing regional workshops and direct technical assistance on implementation of the Methodology for Real Estate Market value for the members of municipal revenue units and members of valuation commissions.</li> <li>• A local expert in property tax will work closely with (all) selected MRUs to ensure that they organize activities in a right way and in accordance with the tax collection calendar (including as well year one and year two tax municipalities).</li> <li>• Up to 26 (out of the total USAID/DP target of 56) selected municipalities will be equipped with necessary equipment--hardware and integrated property tax software--for tracking and monitoring communal fees and local taxes.</li> <li>• Technical assistance will be provided during the process of migrating, installing and updating property tax registries from PRO to municipal revenue units.</li> <li>• For the selected rural municipalities interested to establish joint tax administration, USAID/DP will provide technical assistance by implementing strategies for joint property tax administration developed during Year One.</li> <li>• For the selected Year One and Year Two municipalities, technical assistance and everyday consultancy will be provided as needed.</li> </ul>

<b>Partners (Internal and External):</b>	Municipalities, ZELS, other donors working in the same area (if any)
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• By the end of October 2006 property tax workshops delivered to 25 (out of the total USAID/DP target of 56) selected municipalities.</li> <li>• By end of April 2007 up to new 26 municipalities, or in total 56 selected municipalities, will have established functional tax collection offices, hardware and integrated property tax administration software provided.</li> <li>• Between October and December 2006, three-day workshop on implementation of the Methodology for Real Estate Market value will be delivered for 26 new (out of total USAID/DP target of 56) revenue unit employees and members of valuation commissions from the selected municipalities.</li> <li>• It is expected that by the end of Year Three, 56 municipalities will have established fully functional MRUs and MVCs according to the Law on Property Tax, Law on Communal Fees and the Valuation Methodology.</li> </ul>

<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
1.2. Selected USAID/DP partner municipalities with municipal property tax departments established and fully functional according to the Law on Local Government Finance.	Cumulative number of municipalities.	Annual
1.3 Municipal property tax base expanded.	Percentage of increase.	Annual
1.4 Selected USAID/DP partner municipalities increase collection rate of property taxes.	Cumulative percentage of increase in the rate added to the baseline.	Annual
1.5 Selected USAID/DP partner municipalities increase collection rate of communal fees.	Cumulative percentage of increase in the rate added to the baseline.	Annual

<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	<b>Using existing resources established over past two years of the project, USAID/DP will deliver a property tax workshop for twenty five (25) of the total of fifty six (56) Partner Municipalities.</b> (Up to 25 new municipalities; three (3 + 3) participants from each municipality; three days workshop)	
	Workshops, preparation, materials and logistics	
	Local STTA	
	(Hardware and software licensees included in E-Gov chart)	
	<b>Total:</b>	<b>\$17,740</b>

**Task Order Objective # 1: Macedonia's municipalities have the financial management and tax administration capacities to assume new competencies under decentralization (Make Decentralization Work-MDW)**

**1.4 E-Government**

This is the core IT support activity for implementing modern municipal financial management and tax administration systems in the USAID/DP Partner Municipalities. In Year Two, servers were installed in 26 Partner Municipalities providing them with the capacity and power to use and maintain different software packages. Hardware and software to support tax administration was installed in 29 municipalities, while hardware and software to support municipal financial management was installed in 38 Partner Municipalities and hardware and software to support construction permitting is being installed in 6 Partner Municipalities.

In conjunction with the installation of the above information technology, training in office software, intermediate system administration and how to use their new IT packages was provided to all these Partner Municipalities. These trainings facilitate the establishment of the leadership relationships between municipal officials and their IT professionals so necessary to improving municipal management capacity and enhancing decision-making processes.

Enhanced e-government services were also pursued in Year Two. A landmark urban construction permitting application system was created, as was a system for tracking citizen interaction with 16 Citizen Information Centers. A Cooperation Arrangement and Joint Resource Allocation Plan were agreed to with the Foundation Open Society Macedonia and USAID E-Gov Project to create, or adapt, software applications for local governments and municipal management.

In Year Three, the same activities will be repeated. Servers will be installed, as required, in the remaining Partner Municipalities. Hardware and software to support tax administration and municipal financial management will be installed in all remaining Partner Municipalities. Hardware and software to support construction permitting will also be installed in an additional 10 Partner Municipalities.

The CIC tracking application will be completed, as will an information portal for construction permitting activities. These new modules will supplement the current CIC tracking and urbanism applications to provide the citizen information access points over the internet that are important features of a modern urban planning system.

Additionally, the Project is contributing significantly to the design of the E-Gov project's e-sessions activity.

A network will be established to connect municipal system administrators and enable help and service exchange.

Together these electronic tools will improve local governance. Several of them will directly reach citizens, specifically the permitting and tax portals and the e-sessions portal.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	A minimum of two-thirds of Macedonian municipalities, covering no less than 60% of the population of Macedonia, have established the financial management and tax administration capacity to assume new competencies under decentralization, according to the standards established by the GoM Certification Body (by project's end).	
<b>Name of Activity:</b>	1.4 E-Government	
<b>Name of Sub-Activity:</b>	1.4.1 Integrated Municipal Management Information Systems 1.4.2 Enhanced E-Government Services	
<b>IR:</b>	IR 2.3.4. Local governments improve the management of municipal services	
<b>Leader:</b>	Zoran Gligorov	
<b>Staff:</b>	<b>Staff Members:</b>	
	Zoran Gligorov	
	Gjorgji Josifov	
	Bardhyl Marku	
	Igor Kostovski	
	Virna Manasieva Gerasimova	
	LCN Consultant (40 days)	
<b>Activity Plan:</b>	<ul style="list-style-type: none"> <li>• Complete IT package installation necessary to meet target of 56 Partner Municipalities for tax and financial management and target of 24 Partner Municipalities for the construction permitting element of a modern urban planning system.</li> <li>• Install IT servers in remaining 24 Partner Municipalities.</li> <li>• Install tax administration software and hardware in remaining 23 Partner Municipalities.</li> <li>• Install financial management software and hardware in remaining 24 Partner Municipalities</li> <li>• Install construction permitting software and hardware in remaining 10 Partner Municipalities</li> </ul>	
<b>Partners (Internal and External):</b>	Partner municipalities, ZELS, FOSIM, Metamorphosis, Commission for IT, e-Gov Project	
<b>Milestones:</b>	It is expected that by the end of year three up to 56 municipalities will have: <ul style="list-style-type: none"> <li>▪ equipment and necessary software installed</li> <li>▪ trainings for the use of software delivered</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
1.9 USAID/DP partner municipalities consistently use integrated financial/municipal/	Cumulative number of municipalities.	Annual

tax administration IT system.		

<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	Financial Management software and hardware (24 municipalities)	MGGF Purchase
	Tax Administration software and hardware (23 municipalities)	MGGF Purchase
	Core IT municipal support (24 municipalities)	MGGF Purchase
	One Stop Permitting Centers – hardware (10 municipalities)	MGGF Purchase
	Basic Office and Internet Training	\$10,000.00
	Administrator Training	\$4,000.00
	E-services development	\$5,000.00
	<b>Total:</b>	

**Task Order Objective # 2: Macedonia's Municipalities Incorporate Citizen Participation in the Public Decision-making Process**

**2.1 Citizen Participation**

The overall USAID/DP strategy for citizen participation is to focus on providing information to citizens and raising awareness within the general public on issues pertaining to decentralization. This activity mostly complements and extends the efforts of the Municipal Management Group, with activities primarily serving to enhance the outreach aspect of the new local governance programs that are being introduced.

Two major kinds of activities are being pursued. The first is to install mechanisms that enable the absolutely critical interaction between citizens, their municipal officials and municipal policy-makers during the annual municipal budgeting and tax administration cycles. Second, USAID/DP seeks to introduce and seek the sustainability of discreet citizen engagement bodies so integral to modern municipal management systems.

During Year Two, a tax administration promotional package was developed and published. Officials from 30 Target Municipalities were trained on issues covered in the manual. An assessment was undertaken of the 17 Citizen Information Centers established during LGRP. Based on that assessment, an individualized technical assistance approach was designed and will continue in Year Three. Also in Year Two, 6 Citizen Advisory Boards were created through which citizens can voice their needs and provide input on issues of interest to the community as a whole.

In Year Three the manual for municipal tax administration, together with supporting posters and citizen brochures, will be introduced in all 56 Partner Municipalities to raise citizen awareness and encourage public outreach on the use and collection of property taxes and communal fees. Citizen engagement in the annual budget preparation process

will also be supported in Partner Municipalities. USAID/DP will continue to work with the 6 CABs to enhance their capacities to implement the development programs adopted through the City Councils and with the CICs to assist them with conducting public hearings.

To support the Year Three concentration on modern urban planning systems, CP will assist the Urban Planning Team Leader to launch the One-Stop Permitting Center promotional campaign that was developed in Year Two. CP will also work closely with the Team Leader to design the most appropriate citizen engagement methodology to support the implementation of modern urban planning systems in 25 Partner Municipalities.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	A significant majority of participant/target municipalities regularly utilize identified citizen participation mechanisms and incorporate citizen input into public decision-making.	
<b>Name of Activity:</b>	2 Citizen Participation	
<b>Name of Sub-Activity:</b>	2.1.1 Citizen Participation Mechanisms Routinely Employed by Partner Municipalities: Enhance capacity of the existing Citizen Advisory Boards 2.1.2. Public Education Activities for Enhancing Participatory Municipal Governance: Public Outreach on property tax	
<b>IR:</b>	2.3.2. Effective Relationship Between Citizens and Local Government Exists, 2.3.2.1. Sustainable mechanisms for citizen involvement in decision-making at the local level exist 2.3.2.2. Adequate Information on Municipal Issues and Functions Exists and Is Understood	
<b>Leader:</b>	Vesna Atanasova	
<b>Staff:</b>	<b>Staff Members:</b>	
	Vesna Atanasova	
	Virna Manasieva	
	Zoran Gligorov	
	Igor Kostovski	
	Bardhyl Marku	
	Gjorgji Josifov	
	Rozalija Vasilevska/Georgi Hristov	
<b>Activity Plan:</b>	<ul style="list-style-type: none"> <li>• Provide technical assistance to CABs in the implementation of their development programs, action plans, writing project proposals and fundraising for their activities</li> <li>• Provide support to CICs in conducting Public Hearings</li> <li>• Provide promotional package and technical assistance in public outreach on the use and collection of taxes</li> <li>• Provide promotional package and technical assistance in the public OSCP campaign</li> <li>• Provide support to six (6) Partner Municipalities to organize public hearings to present their LED strategic plans</li> <li>• Utilize ITA operational teams and LCN members to support effective citizen engagement in Partner Municipalities during the course of the 2006-2007 municipal budget development process.</li> </ul>	
<b>Partners (Internal and External):</b>	Selected 6 CABs, local consultant network (LCN), Local NGO Center for Institutional Development - CIRa, municipalities, CIC Network, ZELS	
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• By end of March 2007, up to six (6) CABs implemented their development programs</li> <li>• By end of March 2007, up to six (6) municipalities regularly use CABs to provide citizen input into municipal decisions</li> <li>• By April 2007, municipal tax officials in selected municipalities trained on issues covered by the manual on Public Outreach on Property Tax</li> <li>• By April 2007, promotional campaign for OSCP in 10 municipalities organized</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
2.1. Increased citizens' awareness in municipalities due to Citizen	Number of citizens (per each CIC) disaggregated by issue and gender	Annual

Information Centers (CICs) 2.2 USAID/DP partner municipalities regularly utilize identified citizen participation mechanisms and incorporate citizen input in decision-making.	Cumulative number of municipalities	Annual
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	Implemented development programs of six (6) CABs	
	Raising Citizen Awareness/Conducting Public Outreach on Property Tax and Communal Fees and Their Use	
	<b>Total:</b>	<b>\$9,000</b>

## MAKE DECENTRALIZATION WORK ACTIVITY PLAN

<b>MDW Component</b>	<b>T.O.</b>	A significant majority of participant/target municipalities regularly utilize identified citizen participation mechanisms and incorporate citizen input into public decision-making.
<b>Name of Activity:</b>	2 Citizen Participation	
<b>Name of Sub-Activity:</b>	2.2 E-Governance : Efficient access to municipal information for citizens, businesses and policymakers	
<b>IR:</b>		
<b>Leader:</b>	Zoran Gligorov	
<b>Staff:</b>	<b>Staff Members:</b>	
	Vesna Atanasova	
	Virna Manasieva-Gerasimova	
	Michael Bogdan	
<b>Activity Plan:</b>	<p>The success of decentralization in the Republic of Macedonia depends upon the engagement of the citizens in its application. Citizens must be aware of and willing and able to use the new municipal authority.</p> <p>Electronic services must not exist as a novelty but must meet at least one of two goals, transparency or convenience, ideally both.</p> <p>The Project is using its platform of IT hardware and software and extensive technical assistance to develop a package of worthwhile citizen-friendly electronic services. The following three e-services will be bundled for installation and rollout in three to five municipalities.</p> <ul style="list-style-type: none"> <li>• <u>e-session</u>: software will be written, in collaboration with the USAID IMPACT project, to allow citizens to access on-line the positions and voting records of their municipal councilors and the council agenda and to communicate directly with one or all councilors.</li> <li>• <u>e-information</u>: municipal websites will present the budget, employee salaries, upcoming contracts and projects and other relevant information; also included will be an electronic “suggestion box”</li> <li>• <u>e-procurement</u>: software for transparent on-line procurement developed by IMPACT will be included and training and promotion provided</li> </ul> <p>Pilot municipalities will be selected in coordination with USAID based on the following criteria:</p> <ol style="list-style-type: none"> <li>1. Existing municipal IT infrastructure &amp; level of Internet connectivity</li> <li>2. IT Administrator employed by the municipality</li> <li>3. Size of the Municipality – Greater need for, and meaningful usage of, e-gov services in large municipalities (vs. small municipalities where informal communication is an effective way to get things done)</li> <li>4. Existence of IT Faculty in the Municipality – Faculty &amp; students will see the benefit and be good partners in our public outreach activities</li> <li>5. Past USAID/DP relationship with the Municipality – Proven commitment of the Mayor to citizen participation and to effective follow-through</li> </ol>	

	<p>An intensive but low-cost outreach campaign will be conducted in each pilot municipality to make citizens, businesses and policymakers aware of the services. There is a probable hierarchy of what would be of interest to most citizens. E-Procurement will be of interest primarily to vendors, a small segment of the population. E-Sessions will be viewed by those with a strong interest in local politics--people that currently read the official gazette. E-Information content might be the most provocative--hooking people and getting them interested in the other areas of the activity. Even those who are not computer literate would be interested to know about municipal elected official and employee salaries.</p> <p>Fliers, stickers on computers in internet cafe's, local television "how-to" promotion, town meetings, free radio PSAs, partnerships with NGOs and other inexpensive tools will be used.</p> <p>The activity will result in a tested package of e-services each of which improves both transparency and convenience and that can be applied in all Macedonian municipalities</p>	
<b>Partners (Internal and External):</b>	USAID's IMPACT project Metamorphosis	
<b>Milestones:</b>		
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	<b>Total:</b>	\$15,000

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Deliverable</b>	<b>Task Order</b>	A significant majority of participant/target municipalities regularly utilize identified citizen participation mechanisms and incorporate citizen input into public decision-making.	
		2 Citizen Participation	
<b>Name of Activity:</b>	<b>Sub-</b>	2.3 Citizen-government dialogue to prepare for joint administration of Kichevo with surrounding municipalities Drugovo, Oslomej, Vranestica and Zajaz (DOVZ)	
<b>IR:</b>			
<b>Leader:</b>		Vesna Atanasova	
<b>Staff:</b>		<b>Staff Members:</b>	
		William Althaus Virna Manasieva Gerasimova Gjorgji Josifov Bardhyl Marku Zoran Gligorov Gose Hristov Igor Kostovski Michael Bogdan Kelmend Zajazi Nebojsa Mojsovski LCN	
<b>Activity Plan:</b>		<p>According to the Law on Territorial Organization, as of the next municipal elections (2008 or 2009), the four neighboring municipalities of Drugovo, Oslomej, Vranestica, and Zajaz (DOVZ) will be merged into Kichevo. Since the majority in the surrounding villages is the Albanian population, the consolidated municipality of Kichevo will become majority ethnic-Albanian. Having in mind the identical but inapt process that occurred in Struga (2004), where civil turmoil exacerbated the inter-ethnic relations, it becomes more urgent to have a well thought out strategy for tackling this issue in Kichevo.</p> <p>In the next period, USAID/DP will provide integrated technical assistance to the municipalities of Kichevo and DOVZ to prepare the five municipalities for a smooth, peaceful consolidation by assisting in the creation of a successful joint service administration system.</p> <p>This activity will be implemented as follows:</p> <ul style="list-style-type: none"> <li>• Creation of a five-municipality Task Force of municipal officials and citizens to design and oversee the joint service activity</li> <li>• Discuss a consolidation system and identify a 5-municipality pilot project</li> <li>• Rollout/public outreach to citizens explaining the project and proposed consolidation system</li> <li>• Quarterly monitoring meetings of mayors and administrators</li> </ul>	
<b>Partners (Internal and External):</b>		Municipalities, UNDP, ZELS, ADKOM, Local Consultant Network (LCN),	
<b>Milestones:</b>		<ul style="list-style-type: none"> <li>• By the end of October 2006, formal presentation meeting with mayors and council presidents will be held</li> <li>• By the end of December 2006 a five-municipality Citizen Task Force will be created</li> <li>• By the end of January 2007, a pilot project will be designed</li> </ul>	

Indicator:		Measurement:	Recording Interval:
ODC Resources:	Description:	Cost (USD)	
	<b>Total:</b>	<b>\$4,000</b>	

**Task Order Objective # 3: Municipalities have Increased Urban Planning Capacity, facilitating Improved Zoning, Customer Service, Economic Activity and Land Tenure Security**

**3.1 Urban Planning/3.1.1 One-Stop Permitting Centers**

The overall goal of USAID/DP OSPC activity is to decrease the time needed for completing construction permitting procedures by at least 30%, thus enhancing local economic development and capital investments. The strategy is to provide support to 25 Partner Municipalities to dramatically improve the process of issuing construction permits by improving cooperation between employees and making the process more transparent within a reduced timeframe.

In Year Two, USAID/DP succeeded in creating, and winning approval for, a new set of construction permitting procedures and documents to be available to all Macedonian municipalities. Working under the guidance of a joint ZELS-Ministry of Transport & Communications-Donor Committee, the new system was designed, tested, endorsed by the Committee and officially accepted by the Ministry.

Also in Year Two, a comprehensive OSPC IT package (software--incorporating the newly adopted procedures and documents--municipal server, internal networking and computer equipment) is being installed in the first six Partner Municipalities. Trainings are being organized for these municipalities following an analysis of urbanism employee skills and the identification of skill gaps in basic computer knowledge and programs such as MS Office: Word, Excel, etc. Finally, USAID/DP is supporting these municipalities in the process of digitization of all updated urban plans.

In Year Three, the same OSPC IT package will be installed in 10 additional Partner Municipalities. In the 9 original LGRP pilot municipalities, USAID/DP will support already established OSPCs by installing the new permitting software and re-designing permitting operations accordingly. This will bring the total number of OSPC Partner Municipalities to 25.

All newly selected Partner Municipalities—including the 9 municipalities where updating will occur—will be taken through a similar process of analyzing current skills, identifying skill gaps and receiving training on basic computer knowledge and needed computer

programs. USAID/DP will then support the process of urban plan & maps digitization in these additional 10 Partner Municipalities. Finally, through a joint activity with USAID/DP Citizen Participation activity, Local Permitting Advisory Boards (LPABs) will be established in all 25 Partner Municipalities.

### USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order</b>	<b>Deliverable</b>	Between 30 and 50% of Macedonian municipalities have implemented modern urban planning systems, resulting in demonstrated improvement in the key indicator areas (zoning, customer service/ permitting, city planning).
<b>Name of Activity:</b>	3.1 Urban Planning	
<b>Name of Sub-Activity:</b>	3.1.1 Establishing One-Stop Permitting Centers (OSPCs)	
<b>IR:</b>	IR 2.3.4. Local governments improve the management of municipal services	
<b>Leader:</b>	Igor Kostovski	
<b>Staff:</b>	<b>Staff Members:</b>	
	Igor Kostovski	
	Zoran Gligorov	
	Rozalija Vasilevska	
	Support staff (40 days)	
	Local consultant – Naum Lazarevski (100 days)	
<b>Activity Plan:</b>	<ol style="list-style-type: none"> <li>1. The newly selected Partner Municipalities (10) will analyse the current skills of their urbanism employees, identify the existing skill gaps and organize trainings for selected employees related to basic computer knowledge/programs such as MS Office: Word, Excel, etc.</li> <li>2. The newly selected partner municipalities (10) will develop a detailed list of all updated urban plans and other maps subject to digitization. USAID/DP will then facilitate the process of map digitization.</li> <li>3. USAID/DP will provide support to the newly selected Partner Municipalities to improve the process of issuing construction permits; by making the process more transparent within a reduced timeframe. Through this process, the activity will aim to: improve cooperation between the employees involved in the process of issuing construction permits, decrease the time needed for completing the permitting procedure by at least 30% (compared to the base-line data provided), and enhance local economic development and capital investments.</li> <li>4. Establishing Local Permitting Advisory Boards (LPABs) in all 10 Partner Municipalities (cross-cutting with CP).</li> <li>5. USAID/DP will support the nine (9) already established OSPCs by installing the new permitting software and re-designing the permitting operations within the permitting department.</li> </ol>	
<b>Partners (Internal and External):</b>	ZELS – Urban and Spatial Planning Technical Sub-Committee Local Permitting Advisory Boards (LPABs) Ministry of Transport and Communications One-Stop Permitting Centers already established	
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• By the end of Year Three, urban plans digitized in 16 Partner Municipalities.</li> <li>• By the end of April 2007, 10 new LPABs established.</li> <li>• By the end of Year Three, 16 OSPCs established.</li> <li>• By the end of May 2007, new permitting software installed in the 9 already established OSPCs and their permitting procedures re-designed.</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
3.3 USAID/DP partner municipalities with	Cumulative number of municipalities.	Annual

One-Stop Permitting Centres (OSPC) established and fully functional.		
3.4 USAID/DP partner municipalities establish local permitting advisory boards (LPABs) that meet on quarterly basis.	Cumulative number of municipalities.	Annual
3.5 USAID/DP partner municipalities have improved permitting time.	Cumulative number of municipalities with reduced permitting time.	Annual
<b>ODC Resources:</b>		
<b>Description:</b>		<b>Cost (USD)</b>
	Equipment and software	MGGF Purchase
	Networking	10,000
	Digitization	20,000
	Permitting Software training	
	Office supplies	
	Printed materials	
	Local consultants	
	OSPC Upgrade	MGGF Purchase
	<b>Total:</b>	<b>\$59,000</b>

**Task Order Objective # 3: Municipalities have Increased Urban Planning Capacity, facilitating Improved Zoning, Customer Service, Economic Activity and Land Tenure Security**

**3.1 Urban Planning/3.1.2 Municipal Urban Planning Capacity Developed**

Early in the USAID Decentralization Project, joint meetings were held with the EAR-TRAIN Urban Planning Project whose two-year project life corresponded with the first two years of USAID/DP. Those discussions culminated in an agreement between the two projects and a signed Memorandum of Understanding endorsed by USAID. Under this arrangement, EAR/TRAIN--with its significant resources and countrywide mandate—has implemented a comprehensive urban planning skills development program and the purchase of basic computer equipment to support urbanism employees in all 84 Macedonian municipalities. USAID/DP, on the other hand, was tasked with developing construction permitting software and the installation of one-stop permitting centers in selected municipalities.

With the TRAIN project scheduled to close on July 14, 2006, discussions between the two projects have again been held to determine how best to build upon TRAIN’s work to achieve implementation of modern urban planning systems in a minimum of 30% of Macedonia’s municipalities.

The result is a strategy to build upon the OSPC system development work (and EAR-TRAIN activities) in the 25 OSPC Partner Municipalities.

Specifically, USAID/DP proposes to retain the services of an STTA urban planning expert who, while consulting for the EAR/TRAIN project, has worked closely with the

USAID/DP Urban Planning Activity Leader. The STTA will conduct an assessment of the results of the TRAIN project and the capacities of urbanism personnel and facilities in the 25 target Partner Municipalities. The STTA will then lead a program development process—inclusive of an implementation strategy and action plan to put in place modern urban planning systems in each of the 25 Partner Municipalities during Year Three.

### USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Deliverable</b>	<b>Task</b>	<b>Order</b>	<b>Between 30 and 50% of Macedonian municipalities have implemented modern urban planning systems, resulting in demonstrated improvement in the key indicator areas (zoning, customer service/ permitting, city planning).</b>
<b>Name of Activity:</b>			<b>3.1 Urban Planning</b>
<b>Name of Sub-Activity:</b>			<b>3.1.2 Municipal Urban Planning Capacity Developed</b>
<b>IR:</b>			IR 2.3.4. Local governments improve the management of municipal services
<b>Leader:</b>			Igor Kostovski
<b>Staff:</b>			<b>Staff Members:</b>
			Igor Kostovski
			Rozalija Vasilevska
			Local consultant – Naum Lazarevski (16 days)
			Local consultant(s) – Urban Planning Specialists (196 days)
			TCN STTA– Urban Planning Expert (35 days)
<b>Activity Plan:</b>			<ol style="list-style-type: none"> <li>1. USAID/DP will conduct an assessment of the EAR/TRAIN Project and the current state of the Partner Municipalities’ urban planning offices (human resources, knowledge, skills, hardware, software) as a result of the implementation of that project.</li> <li>2. USAID/DP will identify 25 (twenty-five) municipalities for implementation of modern urban planning systems (MUPS).</li> <li>3. USAID/DP will design a Program Approach, Implementation Strategy and Action Plan for putting in place a MUPS in each of the 25 selected municipalities.</li> <li>4. USAID/DP will implement the action plan.</li> </ol>
<b>Partners (Internal and External):</b>			ZELS – Urban and Spatial Planning Technical Committee Ministry of Transport and Communications
<b>Milestones:</b>			<ul style="list-style-type: none"> <li>• By September 1, 2006, the TRAIN Project assessment will be completed.</li> <li>• By October 1, 2006, a program design to create modern urban planning systems in 25 Partner Municipalities will have been created</li> <li>• By the end of April 2007, modern urban planning systems implemented in 25 (twenty-five) municipalities.</li> </ul>
<b>Indicator:</b>			<b>Measurement:</b>
3.1 USAID/DP partner municipalities with established and fully functional new urban planning departments consistent with new competencies in this area.			Cumulative number of municipalities.
			<b>Recording Interval:</b>
			Annual
<b>ODC Resources:</b>	<b>Description:</b>		<b>Cost (USD)</b>
	Training		

	Local consultants	
	Printed materials	
	<b>Total</b>	<b>\$29,550</b>

**Task Order Objective # 3: Municipalities have Increased Urban Planning Capacity, facilitating Improved Zoning, Customer Service, Economic Activity and Land Tenure Security**

**3.1 Urban Planning/3.1.3 Land Tenure Security**

The Republic of Macedonia (RoM) has passed laws to remove, or at least clarify, legal constraints in land rights. Macedonia's administrative structures have yet to translate these into real end-results that will benefit the society and the economy. Minorities, such as the Roma, occupy a large amount of untitled land, and the implementation of the USAID/DP Land Tenure Activity, is targeting a largely Roma neighborhood, known as Trizla, in the Municipality of Prilep. The goal is to prepare a Detailed Urban Plan (DUP) for the target area and then prepare a plan and financing strategy for residents to be able to obtain ownership of their land.

Implementation of this activity began, in earnest, in April 2006 with the following results so far achieved:

- An international STTA developed a recommended strategy and pilot project action plan to improve the urban land tenure situation in Macedonia.
- Other projects' similar experiences were considered and, following careful analysis of alternative sites, Prilep's Trizla neighborhood was chosen for the pilot activity.
- Two local consultants were hired—a land law expert and a community development specialist from the Roma community.
- An Implementation Agreement was signed with the Municipality of Prilep.
- Preliminary field research was conducted with the assistance of local NGOs, yielding data from more than 800 houses in the Trizla area.
- Key project participants were identified (Municipality of Prilep, NGOs, Roma community, etc), and a Trizla Land Tenure Task Force (TLTTF) was established;
- Project boundaries were defined.

In Year Three, the activity will be completed through the following key steps:

1. The municipality will retain a private contractor to develop a Detailed Urban Plan (DUP) for the Trizla area, and will enforce its official approval.
2. A land privatization plan will be developed and a micro-financing strategy for land purchase will be proposed.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	<b>Between 30 and 50% of Macedonian municipalities have implemented modern urban planning systems, resulting in demonstrated improvement in the key indicator areas (zoning, customer service/ permitting, city planning).</b>
<b>Name of Activity:</b>	<b>3.1 Urban Planning</b>
<b>Name of Sub-Activity:</b>	<b>3.1.3 Land Tenure Security</b>
<b>IR:</b>	2.3.4. Local governments improve the management of municipal services
<b>Leader:</b>	<b>Georgi Hristov/Hristov Georgi</b>
<b>Staff:</b>	<p><b>Staff Members:</b></p> <p>Georgi Hristov</p> <p>Vesna Andonovska</p> <p>Anita Begova (consultant) (Up to 30 days)</p> <p>Shemsi Sainov (consultant) (Up to 30 days)</p>
<b>Activity Plan:</b>	<p><b><i>Phase 1--Project Start-up (to be completed in July, 2006)</i></b></p> <ol style="list-style-type: none"> <li>a. USAID/DP Activity Team (Georgi Hristov, Vesna Andonovska, Igor Kostovski and the consultants) meet with Mayor and identify municipal contact person. Contact person to be a member of the Prilep ITA Municipal Development Team and head of an operational team for land tenure security.</li> <li>b. USAID/DP Activity Team and Municipality identify key project participants from municipality, Roma community, NGOs &amp; other partners.</li> <li>c. USAID/DP Activity Team develops proposed list of Trizla Land Tenure Task Force (TLTTF) members. Several TLTTF members to be included in the ITA Operational Team in Prilep.</li> <li>d. The Mayor of Prilep forms Trizla Land Tenure Task Force and commences work.</li> <li>e. USAID/DP Activity Team and Municipality negotiate and defines project area boundary.</li> <li>f. USAID/DP Activity Team signs Implementation Agreement (if needed, or to include it the ITA MoU) with the Municipality of Prilep.</li> <li>g. USAID/DP Activity Team organizes conducting preliminary field research (approximate number of constructions to be legalized, citizen financial capability, community needs, status of infrastructure). The preparation of the questionnaire and survey itself are to be done involving different stakeholders (USAID/DP, Municipality (ITA Operational Team), TLTTF, research company).</li> </ol> <p><b><i>Phase 2—Preparation of Detailed Urban Plan (DUP) (to be completed by December, 2006)</i></b></p> <ol style="list-style-type: none"> <li>a. Municipality retains private contractor to work in partnership with Trizla Land Tenure Task Force to prepare the DUP</li> <li>b. Trizla Land Tenure Task Force works with the community to educate leaders and residents about the DUP, reasons why it needs to be created, community improvement benefits, property tax &amp; property financing implications, and anticipated new capital improvement projects</li> <li>c. Contractor collects field data on: population, number of households, household characteristics, number of businesses, employment, land use, community facilities and existing buildings and summarizes existing conditions on maps and tables</li> <li>d. Contractor presents existing conditions information to Trizla Land Tenure Task Force, Mayor and City Council to obtain their guidance</li> <li>e. Contractor prepares draft DUP and presents existing it to the Trizla Land Tenure Task Force, Mayor and City Council to obtain their feedback</li> <li>f. Municipality organizes Public hearing on the draft DUP</li> <li>g. Contractor revises DUP in accordance with all feedback and laws in effect</li> <li>h. Municipality presents DUP to City Council for adoption</li> </ol>

	i. Municipality includes cost share resources in Municipal Budget for 2007 to co-finance the identified near-term projects. <b>Phase 3--Land Privatization Initiated (to be completed by April, 2007)</b> a. USAID/DP assists municipality to develop a land privatization strategy b. USAID/DP develops a proposed micro-financing strategy (outsourced to an expert) to support land purchase by residents	
<b>Partners (Internal and External):</b>	Municipality of Prilep, Prilep ITA Development Team and OT, TLTTF, survey specialists, DUP contractor	
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• Private contractor for DUP preparation is chosen through a transparent bidding process, by November 2006.</li> <li>• DUP for Trizla prepared by December 2006.</li> <li>• Public awareness and education campaign organized, by the end of February 2006.</li> <li>• Trizla DUP adopted by the City Council by January 2007.</li> <li>• Land privatization strategy and micro-financing strategy developed by March 2007.</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
TBD		
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	Local Consultants	6,000
	Developing DUP	25,000
	Local assistants	3,000
	Micro-Finance Strategy	5,000
	Administration and Travel expenses	3,000
	Donor Conference Organization	5,000
	<b>Total:</b>	<b>\$47,000</b>

## **Task Order Objective # 4: Municipalities are Empowered to help Generate Local Economic Development (LED)**

### **4.1 Local Economic Development**

In Year Two, seven LED Partner Municipalities were selected to participate in a comprehensive process to create a municipal LED strategy. The package included trainings, creation of a commission comprised of citizens, business people and municipal officials, actual formulation of a municipal LED strategy, creation of a municipal LED office and preparation of a community profile.

Three additional Partner Municipalities were selected to put in place Business Improvement Districts through a public-private partnership between municipal officials and businesses located in the selected zones. Results included a BID zone shoppers and shop keepers opinion surveys, infrastructure strategy and customer marketing strategy and selection & design of an infrastructure project through the Municipal Good Governance Fund.

Finally, in an attempt to learn exactly how far the original 13 LGRP LED municipalities have come in implementing the LED strategies, USAID/DP hired Urban Rural Consulting (URC) to do an LED assessment of each of these original 13 LED municipalities. URC concluded that significant progress had been made in implementing the actions called for in the original LED strategies. They recommended three specific, more advanced LED activities to be undertaken in Year Three targeting regional and municipal comparative advantages with activities that require a more integrated approach to local economic development, involving many municipal offices and utilizing a number of tools available to municipalities.

In Year Three, there will be three main working areas:

1. LED implementation will be supported in previously assisted LED municipalities by carrying out the three recommendations proposed by URC in May 2006:
  - Preparation of feasibility studies for the development of economic zones in urban centers serving regional populations and industries.
  - Preparation of a regional tourism marketing strategy for the Osogovo Region of northeastern Macedonia where Mayors from as many as seven (7) municipalities have joined in a coalition to grow the tourism potential of their region.
  - Support for woman entrepreneurship development in municipalities that have identified this as a priority for local economic development.
2. Two new municipalities will be supported to develop LED strategic plans. Each selected municipality will receive three (3) sets of trainings: (1) Basics of the LED process, Business Attitude Survey and Community Profile, (2) Strategic Planning, Business Improvement Districts and Tourism Development; (3) Action Planning, Foreign Direct Investments and Investors Guide. By the end of Year

Three and following training in the subject areas, the two new municipalities (19 have already completed the process) will prepare their respective Community Profile and LED Strategic Plan. Those plans will be a key deliverable of this sub-activity.

3. In order to assure sustainability of the BID zones institutions, we shall continue to support BID in two of the three BID Partner Municipalities as MGGF-funded infrastructure development is completed. (Work in the third BID Partner Municipality, Struga, is being suspended at the direction of USAID.) And a BID Extension program will utilize the results of the Karposh and Kavadarci BID zone experience in order to teach BID development techniques to interested Partner Municipalities.

In addition, crosscutting activities designed in cooperation with the Financial Management Activity will incorporate Capital Improvement Budgeting in the LED strategic planning process and vice versa. Establishment of new local taxation systems will generate additional revenue for particular LED programs. Current urban plans will be reviewed by the LED department/sector in the context of establishing modern urban planning systems. And IT support will serve as a driving force on LED promotion (especially FDI attraction and tourism promotion). The outcome of this integrated USAID/DP approach should give Partner Municipalities a better starting position for faster and more efficient implementation of their adopted LED Strategies.

## DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	None
<b>Name of Activity:</b>	<b>4.1 Local Economic Development</b>
<b>Name of Sub-Activity:</b>	<b>4.1.1 Strengthening Communities' Capacity in Local Economic Development</b>
<b>IR:</b>	IR 2.3.4. Local governments improve the management of municipal services
<b>Leader:</b>	<b>Rozalija Vasilevska/Georgi Hristov</b>
<b>Staff:</b>	<p><b>Staff Members:</b></p> <p>Rozalija Vasilevska</p> <p>Nathaniel Bowditch</p> <p>Vesna Andonovska</p> <p>Mirjana Makedonska</p> <p>Georgi Hristov</p> <p>STTA--Nora Maderkova (50 days)</p> <p>STTA—Alan Beals (10 days)</p>
<b>Activity Plan:</b>	<ol style="list-style-type: none"> <li>1. USAID/DP will support implementation of the LED Strategic Plans of LED Partner Municipalities. The URC recommendations will be implemented. Focus will be on stimulating regional cooperation, and will include: <ul style="list-style-type: none"> <li>• Developing Tourism Development Program for the Osogovian area. The activity will include preparation of regional marketing plan for tourism for the Osogovo Region and preparation of regional tourism packages for the municipalities Kochani and Kriva Palanka (with the possibility to include the municipalities: Rankovce, Kratovo, Makedonska Kamenica, Vinica, Probistip, and Chesinovo-Obleshevo).</li> <li>• Preparation of feasibility studies for development of economic zones in some of the URC recommended municipalities. Candidate municipalities are: Kumanovo, Debar, Bitola, Sveti Nikole.</li> <li>• Implementing a woman entrepreneurship initiative in support of LED sector/departments in six municipalities recommended by URC to assist woman entrepreneurs to develop business and marketing plans. Candidate municipalities are: Kumanovo, Bitola, Kochani, Kriva Palanka, Veles i Negotino.</li> </ul> </li> <li>2. Five (5) new Partner Municipalities will be identified for the LED strategic planning &amp; training program. After signing Implementation Agreements with the selected municipalities and the appointment of LED coordinators, the LED activity team, supported by the Local Consulting Network, will deliver a training program for LED and provide TA to the target municipalities. USAID/DP will add five (5) new training modules to the existing training program. These new training modules, to be developed by LED experts include: Business Attitude Survey, Business Improvement District, Tourism Development, Foreign Direct Investment and Investor Guide.</li> <li>3. The BID program will be brought to a successful conclusion in 2 of the 3 municipal BID zones and a BID extension activity will teach interested Partner Municipalities how to proceed with the development and implementation of their own BID zones.</li> </ol>
<b>Partners (Internal and External):</b>	ZELS, Ministry of Economy, ESA Agencies, UNDP
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• By the end of April 2007, five (5) municipalities will demonstrate successful implementation of the SP for LED.</li> </ul>

	<ul style="list-style-type: none"> <li>• By the end of May 2007, five (5) cities have completed LED strategic plans.</li> <li>• By the end of April 2007, Tourism Development Program for Osogovian area will be prepared.</li> <li>• By the end of April 2007, feasibility studies for economic zones will be prepared.</li> <li>• During Year Three three (3) LED training sessions will have been delivered.</li> <li>• During Year Three woman entrepreneurial program will have been delivered.</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
4.1 With USAID/DP assistance, municipalities have: 1) their Community Profiles developed; and 2) Municipal local economic development (LED) plan developed through broad participatory process and adopted by their municipal council.	Cumulative number of municipalities --(community profile /adopted strategic plan)	Annual
4.2 USAID/DP partner municipalities implement projects and/or activities defined in their LED Strategic Plans.	Cumulative number of municipalities.	Annual
4.3 With USAID/DP assistance, selected municipalities have: 1) a BID Board established and operational; and 2) a BID established.	Cumulative number of municipalities (BID Board/BID established).	Annual
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	Trainings and TA	8,000
	Local STTA	5,000
	Printing Profiles and Strategic plans	10,00
	Miscellaneous	2,000
	Implementation of the LED Strategic Plans	25,000
	<b>Total:</b>	<b>\$50,000</b>

**Task Order Objective # 5: Municipal Associations Assure the Continued Implementation of Decentralization, and Prepare their Members to assume New Competencies**

**5.1 Association Development / 5.1.1 Municipal Associations have the Institutional Capacity to Provide Essential Services to their Members**

**ZELS:** The AD Team support over several years has made significant progress in creating a viable organization “that is the only advocate within Macedonia leading decentralization efforts.” On paper, the results of our program work look like a model municipal association. However, it is a very fragile one that can easily and quickly come undone by political and executive leadership inattention, lack of staff capacity and lack of donor support for internal management capability as opposed to program priorities.

For Year Three there are many challenges that still remain to be addressed so that ZELS will continue to function beyond the life of the USAID/DP project. A good basis for the efforts that we need to undertake in Year Three of the project is given in the Organizational Review Report which outlines recommendations for the future organization and sustainability of ZELS. An implementation plan for the recommendations is currently being carried out and will be carried over in Year Three of the project.

Since one of the critical components of the ZELS' new Strategic Plan is for the Association to become financially independent and start providing fee based services, the AD Team will invest major efforts in assisting ZELS staff develop a Sustainability strategy that will include specific steps, phases and milestones for its implementation. To ensure perspectives of ZELS sustainability the member service portfolio will be designed to become operational starting January 2007. The main tool which the AD Team will use to enhance these capacities will be through training and direct technical assistance.

AD will also continue to provide support for strengthening the critical areas of ZELS' institutional capacity which include financial planning and management tools, human resource management, and evaluation. Activities related to strengthening the staff capacity to enhance services to members will continue in year-three.

**ADKOM:** ADKOM is in its initial phase of organizational development. It has only a two member staff running the executive office which has to put up with constant turnover of the leadership. However, ADKOM is showing relative financial independence, as its office has been operational with minimal outside funding support. The membership fee collection makes an important portion of the ADKOM annual budget, but the member services need to be more effective to maintain the fee collection in the long term. Year Three activities will be aimed at strengthening the staff capacity by adding a third staff member to drive development of new member services, advertise the services and increase the membership. ADKOM's strategic planning process begun at the end of Year Two, will be extended into Year Three. The AD Team will provide assistance in the strategic plan implementation as well as project development.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	<b>Municipal Associations Assure the Continued Implementation of Decentralization, and Prepare their Members to Assume New Competencies</b>
<b>Name of Activity:</b>	<b>5.1 Association Development</b>
<b>Name of Sub-Activity:</b>	<b>5.1.1 Municipal Associations Have the Institutional Capacity to Provide Essential Services to their Members.</b>
<b>IR:</b>	2.3.3. Municipal Associations satisfactorily serve their members; 2.3.3.3 Associations are on track for long term sustainability.
<b>Leader:</b>	<b>Kelmend Zajazi</b>
<b>Staff:</b>	<b>Staff Members:</b>
	Nada Vucinic-Gavrilovska
	Kelmend Zajazi
	Mirjana Makedonska
	Alan Beals (40 days)
	Michael Bogdan
<b>Activity Plan:</b>	<p>Since one of the critical components of the ZELS' new Strategic Plan is for the Association to become financially independent and start providing fee based services, the AD Team will invest major efforts in assisting ZELS staff develop a Sustainability strategy that will include specific steps, phases and milestones for its implementation.</p> <p>To ensure perspectives of ZELS sustainability the member service portfolio will be designed to become operational starting January 2007. The main tool which the AD Team will use to enhance these capacities will be through training and direct technical assistance.</p> <p>AD will also continue to provide support for strengthening the critical areas of ZELS' institutional capacity which include financial planning and management tools, human resource management, and evaluation. Activities related to strengthening the staff capacity to enhance services to members will continue in year-three.</p> <p>Year Three activities for ADKOM will be aimed at strengthening the staff capacity by adding a third staff member to drive development of new member services, advertise the services and increase the membership. ADKOM's strategic planning process begun at the end of Year Two and extending over into Year Three will require AD technical assistance in its implementation as well as project development.</p> <p>DP will provide grant assistance to associations based on performance criteria. The criteria will be related to institutional capacity as well as policy development / advocacy targets.</p>
<b>Partners (Internal and External):</b>	VNG, MM Team
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• Conduct a workshop for ZELS' key staff to develop a Sustainability Strategy and identify member revenue service program - August 2006</li> <li>• Conduct face –to- face ZELS membership survey to identify potential fee based services - October 2006</li> <li>• Design program for sharing of best practices - October 2006</li> <li>• Organize a series of more in depth ZELS staff trainings - ongoing</li> <li>• Organize training on key associations governance topics for the new Governing Board members- May 2007</li> <li>• Assist ZELS in the development of its policy about ZELS role in the training activities – October 2006</li> </ul>

	<ul style="list-style-type: none"> <li>• Assist ADKOM develop its first long term strategic and action plan-October 2006</li> <li>• Technical assistance on associations' management issues- ongoing</li> <li>• Develop Annual Work Plans for the associations and respective budgets for 2007 that reflects member priorities - November 2006</li> <li>• Provide grant assistance-ongoing</li> <li>• Conducted needs assessment for organizing the association of municipal managers – February 2007</li> <li>• Regional meetings with the managers of the municipal development teams – May 2007</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
5.3 Increased annual percentage of associations' members paying their membership dues on timely basis.	Percentage of municipalities for each association	Annually
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	Grant to ZELS	MGGF Purchase
	Training/workshops	
	Printing	
	Consultancy	
	Web-site development IT training	
	<b>Total:</b>	<b>\$12,750</b>

**5.1 Association Development / 5.1.2 Municipal Associations will have the Capacity to Undertake Successful Policy Development and Advocacy Activities on Behalf of their Members.**

**ZELS:** ZELS policy committees are in need of strengthening. The new staff, who have been assigned to policy committees, have not been trained in their duties and responsibilities. This will be an early priority for AD assistance.

The AD Team will continue working with the ZELS policy committees to assist them with the management of the policy development process and identification of policy issues. This effort will call for a major cross-cutting activity requiring increased coordination and integration of all DP team activities. The DP specialists will serve as a resource for the ZELS policy committees in providing information from “the field” and helping them frame policy positions and recommendations.

For ZELS to be able to communicate their positions effectively a continuing training effort will be provided for both the committees' members and staff on lobbying techniques and communication strategies. Outreach activities will be important to raise awareness about obstacles in the decentralization implementation and mobilize wide support to timely address the problems. For that purpose, the AD Team will help the

associations encourage bottom up advocacy i.e. organize grassroots activities to include regional meetings of members.

**ADKOM:** ADKOM committee structure is not very functional at this point. Members of the PCE administration sit at the committees and this has not proven to be the right committee composition. Therefore, the AD will assist ADKOM reorganize the committees by strengthening them with the PCE directors in addition to the existing professional technical staff.

Another critical point of deficiency of the ADKOM policy process is the action that follows up the Governing Board policy decisions. There is a high political pressure that the mayors put over the PCE directors to control their advocacy activities. AD Team will work with ADKOM to find alternative ways to increase the effectiveness of the ADKOM advocacy targets.

This will include training on communication strategies with the media in particular to help ADKOM staff to simply, efficiently and professionally compose and deliver their message about their contribution in resolving certain issues of public interest.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	<b>Municipal Associations Assure the Continued Implementation of Decentralization, and Prepare their Members to Assume New Competencies Association Development</b>	
<b>Name of Activity:</b>	<b>5.1 Association Development</b>	
<b>Name of Sub-Activity:</b>	<b>5.1.2 Municipal Associations Will Have the Capacity to Undertake Successful Policy Development and Advocacy Activities on Behalf of Their Members</b>	
<b>IR:</b>	2.3.3. Municipal Associations satisfactorily serve their members; 2.3.3.3 Associations are on track for long term sustainability.	
<b>Leader:</b>	<b>Nada Vucinic-Gavrilovska</b>	
<b>Staff:</b>	<b>Staff Members:</b>	
	Kelmend Zajazi	
	Nada Vucinic-Gavrilovska	
	Mirjana Makedonska	
	Alan Beals (45 days)	
	Liljana Ristovska	
	Anthony Levitas (5 days)	
	Georgi Hristov	
<b>Activity Plan:</b>	<p>The AD Team will work in the key areas important for building the capacity of the associations to organize a solid policy development process. The Year Three emphasis will be placed on policy development, representation and advocacy. The main activities will include:</p> <ul style="list-style-type: none"> <li>▪ Organizing and managing policy development process;</li> <li>▪ Advocacy and public information mobilization</li> </ul>	
<b>Partners (Internal and External):</b>	PR & MM Teams	
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• Train the Policy Committee staff liaisons on their roles and responsibilities – September 2006</li> <li>• Organize Regional Meetings of ZELS' members to collect information on policy needs – on-going</li> <li>• Create municipal financial database – December 2006</li> <li>• Enhance the technical expertise in ZELS- on-giong</li> <li>• Develop a list of municipal experts – August 2006</li> <li>• Conduct ToT on Lobbying Techniques for the association staff – February 2007</li> <li>• Conduct training for the Association staff on communication with the Media – September 2006</li> <li>• Conduct training for the ZELS Governing Board on communication with the Media – December 2006</li> <li>• Develop ZELS Communication Strategy – November 2006</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
5.1 Association's policy committees develop positions and recommendations as part of their policy plan implementation.	Cumulative number of positions and recommendations by each association.	Annual
5.2 Associations' positions and/or their parts incorporated in pieces of secondary legislation or regulations.	Cumulative number of positions by each association.	Annual

ODC Resources:	Description:	Cost (USD)
	Trainings/Workshops	
	Regional Meetings	
	<b>Total:</b>	<b>\$4,750</b>

**Task Order Objective # 6: Secondary Legislation and Regulations that are Critical to the Decentralization Process are Prepared, Passed and Implemented on Time**

**6. 1 Policy – Decentralization Process / 6.1.1 Support Fiscal Decentralization**

In Year Three USAID/DP Policy Reform Team will continue to provide assistance to both, the central government and ZELS in resolving the outstanding issues. To kick start the process with the new Government, we will assist ZELS in organizing a Conference that would present the major issues before the Government, and ask for an improved cooperation and coordination for their resolution.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	<b>Secondary Legislation and Regulations that are critical to the Decentralization Process are prepared, passed and implemented on time</b>
<b>Name of Activity:</b>	<b>6.1. Policy – Decentralization Process</b>
<b>Name of Sub-Activity:</b>	<b>6.1.1 Support Fiscal Decentralization</b>
<b>IR:</b>	2.3.1. Local governments have increased responsibility and financial resources 2.3.1.2. Implementing regulations that transfer responsibilities are in place 2.3.1.3. Local governments have predictable sources of revenues, 2.3.1.2. Implementing regulations that transfer responsibilities are in place, 2.3.1.3. Local governments have predictable sources of revenues
<b>Leader:</b>	<b>Liljana Ristovska</b>
<b>Staff:</b>	<b>Staff Members:</b>
	Liljana Ristovska
	Anthony Levitas (35 days)
	Michael De Angelis (10 days)
	Local STTA – finance (15 days)
	Natasha Acevska
	Jan Herczynski (5 days)
<b>Activity Plan:</b>	<p>As Parliamentary elections are scheduled for 5 July, 2006, much of the remaining issues will be left to the new Government to deal. To assist in this process, Policy team will engage in the following activities:</p> <ul style="list-style-type: none"> <li>• Methodology for the distribution of VAT proceeds (Equalization Formula) – 2007/2008 <ul style="list-style-type: none"> <li>- Assistance to ZELS in collecting and analyzing the municipal financial information – 2005/2006 –</li> <li>- Proposals for improving the VAT simulator (with possible additional weights) and formula</li> <li>- Proposal for improving the financial reporting and accounting to ensure timely, reliable and accurate information on municipal finances and the decentralization process.</li> <li>- Assist ZELS in discussion of proposed Formulae for 2007 and 2008 with MoF</li> </ul> </li> <li>• Municipal Insolvency Legislation and Debt Resolution Plan <ul style="list-style-type: none"> <li>- Assist ZELS in placing the issue of municipal debt before the GoM and lobbying for its resolution</li> <li>- Assist the MoF in designing new Municipal Insolvency Legislation, and adoption of a Municipal Debt Resolution Plan</li> </ul> </li> <li>• Revision of the Law on Property Taxes for the property tax exemptions for legal entities</li> <li>• Review with ZELS how local governments are collecting local taxes, fees, and charges and prepare a report on how to improve the efficacy, efficiency and equity of this collection.</li> <li>• Assist the MoF in developing data base of categorical grants given to local governments by other agencies of the national government and design Financial Monitoring Procedures to govern the provision of this information to MoF as well as the allocation of the concerned funds to local government. <ul style="list-style-type: none"> <li>- The defined procedures for Financial Monitoring for the Education Grant could be used to assist the MoF and other Ministries for the</li> </ul> </li> </ul>

	monitoring of the targeted grants for other decentralized functions – culture, labour and social policy	
<b>Partners (Internal and External):</b>	AD Team, ZELS, Ministry of Finance, Ministry of Local Government, Other Line Ministries, IMF, WB and other donors	
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• Methodology for allocation of VAT funds for 2007 adopted by August 2006 (expected delays as a result of Parliamentary elections 5 July).</li> <li>• Methodology for allocation of VAT funds for 2007 discussed adopted by June 2007.</li> <li>• Municipal Debt Relief Plan adopted by April 2007.</li> <li>• Proposals for amendments to the Law on Property Taxes on the exemptions for legal entities designed, December 2006.</li> <li>• Report on the tax collection and recommendations for improvement, April 2007.</li> <li>• Design of Financial Monitoring Procedures for the monitoring of the targeted grants for other decentralized functions (culture, labour and social policy).</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
6.1 Measure of progress in various stages of USAID/DP assistance to ZELS and the Ministry of Finance leading to drafting, issuance and revision of equalization formula.	Cumulative aggregate score on the Scorecard	Annual
6.2 Measure of progress in various stages of USAID/DP assistance to ZELS and the Ministry of Finance leading to defining Municipal Debt Relief Plan.	Cumulative aggregate score on the Scorecard	Annual
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	Conference on Decentralization issues	
	Workshops/seminars	
	Translation	
	Printing	
	<b>Total:</b>	<b>\$15,400</b>

**Task Order Objective # 6: Secondary Legislation and Regulations that are Critical to the Decentralization Process are Prepared, Passed and Implemented on Time**

**6. 1 Policy – Decentralization Process / 6.1.2 Support Education Decentralization**

In Year Three, USAID/DP Policy Reform Team will continue to provide assistance to the Ministry of Education and Science in building its capacities for management of education decentralization process. More specifically, we would continue to provide assistance in the area of design of categorical grants, preparations for the block grant, drafting and preparation for implementation of the Procedures for Financial Monitoring, and new norms for school space and equipment. We will also continue our support to the MoES Analytical Unit.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	<b>Secondary Legislation and Regulations that are Critical to the decentralization Process are Prepared, Passed and Implemented on Time</b>
<b>Name of Activity:</b>	<b>6.1 Policy – Decentralization Process</b>
<b>Name of Sub-Activity:</b>	<b>6.1.2 Support Education Decentralization</b>
<b>IR:</b>	<b>IR 2.3.1.2. Implementing regulations that transfer responsibilities are in place</b>
<b>Leader:</b>	<b>Liljana Ristovska</b>
<b>Staff:</b>	<b>Staff Members:</b>
	Liljana Ristovska
	Natasha Ilijeva - Acevska
	Jan Herczynski (45 days)
	Anthony Levitas (5 days)
	Local STTA (10 days)
	Foreign STTA (5 days)
<b>Activity Plan:</b>	<p>In Year Two, the support for the Analytical Unit will be continued in Year Three, both with trainings and new equipment.</p> <p>In short, the planned activities for Projects support to education decentralization are:</p> <ul style="list-style-type: none"> <li>▪ Presentation of USAID Decentralization Project Plan for support of Education Decentralization before the Ministry of Education and Science (wider presentation if new persons assume the management positions within the Ministry, after the elections).</li> <li>▪ Support to the Ministry of Education and Science in concluding the activities regarding the allocation of the categorical grants for education for 2007, including negotiations with stakeholders.</li> <li>▪ Support to the Ministry of Education and Science in development, adoption and promotion of the education grant for 2008.</li> <li>▪ Assistance to the Ministry of Education and Science in drafting, adopting, promoting and implementing the Procedures for Financial Monitoring Over the Local Spending of the Categorical Grants.</li> <li>▪ Assist MoES in adopting and promoting the new Norms for Schools Space and Equipment.</li> <li>▪ Capacity building of the Analytical Unit.</li> </ul>
<b>Partners (Internal and External):</b>	Ministry of Education and Science and its subordinate bodies (BDE, Inspectorate), other relevant ministries as needed, ZELS, education projects financed by USAID, CPU of Education Modernization Project (financed by the World Bank)
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>▪ Norms for School Space and Equipment proposed for adoption to the Minister of Education and Science – September 2006.</li> <li>▪ New IT equipment supplied to the Analytical Unit.</li> <li>▪ Procedures for Financial Monitoring over the Local Spending of the Categorical Grants proposed for adoption to the Minister of Education and Science – October 2006.</li> <li>▪ The Ordinances for Allocation of Categorical Grants for Education for 2007 proposed for adoption to the Government of Republic of Macedonia – November 2006.</li> <li>▪ Policy Paper on Allocation of Block Grants submitted to the Minister of Education and Science – March 2007.</li> </ul>

<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
6.4 Measure of progress in various stages of USAID/DP assistance leading to improving the targeted line ministries' capacity to properly cost functions and allocate grants.	Cumulative aggregate score on the Scorecard	Annual
<b>ODC Resources:</b>		
	<b>Description:</b>	<b>Cost (USD)</b>
	Seminars and WG sessions:	
	IT Equipment for the Analytical Unit:	
	Trainings for the Analytical Unit:	
	Translation:	
	<b>Total:</b>	<b>\$10,000</b>

### **Task Order Objective # 7: An Improved Regulatory Environment for Public Communal Enterprises Leads to Improved Provision of Municipal Services**

#### **7.1 Communal Public Enterprises**

The Communal Public Enterprise program of the USAID/DP will continue to work through its Municipal Management, Association Development and Policy Reform Teams. The goal is to work hand-in-hand with ADKOM (Association of Providers of Communal Services in Republic of Macedonia) to develop and achieve acceptance by Parliament of badly needed regulatory reforms that impede success by Macedonia's CPEs. In Years One and Two, ADKOM has been supported and six specific pieces of legislation have been developed, three of them adopted by the Parliament.

Since elections are scheduled for July 5, 2006, Parliament has entered a prolonged period of inactivity and this will require postponement of the remaining Year Two activity, i.e. submission of three additional initiatives for amending the legislation to Parliament (Law on Obligatory Relations, Law on Social Welfare).

In addition, USAID/DP will:

1. USAID/DP will continue to support ADKOM by preparing four new legislative proposals to amend the Law on Water Supply and Outflow of Urban Waste Water, as per the "Action Plan for Changing and Amending the Legislation" which was adopted by the ADKOM Governing Board.
2. USAID/DP will establish Working Group for by-laws preparation to support the implementation of the Law on Solid Waste Management. Work closely with ADKOM and ZELS committees to provide timely submission of comments to Parliament on proposed new laws and amendments that may arise.

## USAID DECENTRALIZATION PROJECT ACTIVITY PLAN

<b>DP Task Order Deliverable</b>	<b>An improved regulatory environment for public communal enterprises leads to improved provision of municipal service.</b>	
<b>Name of Activity:</b>	<b>7.1. Improve Regulatory Environment for Public Communal Enterprises</b>	
<b>Name of Sub-Activity:</b>	<b>7.1.1. Support legislation changes and initializing managing reform for comunal service delivery</b>	
<b>IR:</b>	IR 2.3.4.2. Municipalities and enterprises generate increased revenues	
<b>Leader:</b>	<b>Georgi Hristov</b>	
<b>Staff:</b>	<b>Staff Members:</b>	
	Georgi Hristov	
	Liljana Ristovska	
<b>Activity Plan:</b>	<p>USAID/DP will continue to support ADKOM's initiatives for amending some of the legislation according to the adopted Action Plan for changing and amending the legislation. Also, Year Three activities will be focused of providing different and more effective ways of managing communal services (or part of communal service delivery process). This will be achieved by:</p> <ol style="list-style-type: none"> <li>1) Submission of the initiatives for amending the legislation to Parliament.</li> <li>2) Drafting two or three by-laws which derive from the Law on Solid Waste Management, and Law on Water Supply and Outflow of Urban Waste Water.</li> <li>3) Monitor and support municipalities to undertake a review of water supply fees according to the Methodology adopted in December 2005 by the Government of Macedonia.</li> </ol>	
<b>Partners (Internal and External):</b>	ZELS, ADKOM, GTZ, Ministry of Economy, Ministry of Transport and Communication, Ministry of Finance, Ministry of Environment, Ministry of Local Government, Economic Chamber of Macedonia	
<b>Milestones:</b>	<ul style="list-style-type: none"> <li>• Initiatives submitted Parliament by the end of 2006</li> <li>• Two (three) by-laws prepared and adopted by the GoM or Parliament, by May 2007</li> <li>• ITA municipalities reviewed the price of water supply, by June 2007</li> </ul>	
<b>Indicator:</b>	<b>Measurement:</b>	<b>Recording Interval:</b>
7.1 Policy working group positions developed and submitted to the GoM through the Government Working Group headed by the MoLSG and/or directly.	Cumulative number of positions	Annual
7.2 Policy working group positions incorporated in regulations on public communal enterprises reform.	Cumulative number of positions	Annual
<b>ODC Resources:</b>	<b>Description:</b>	<b>Cost (USD)</b>
	<b>Total:</b>	<b>4600</b>



## **4. Decentralization Project Performance Monitoring and Evaluation**

The two-dimensional Decentralization Project Performance Monitoring and Evaluation system will continue to have two goals: (1) to provide useful, timely information for results-based management decision-making, accountability and mutual learning and (2) to increase plausibility of impact attribution between the program outputs and observed program impacts.

To achieve these goals, in Year Three the Decentralization Project Monitoring and Evaluation staff, in cooperation with USAID/Macedonia will continue working with two methods for tracking Project activities and directly correlating them to measurable results. These methods are:

- The Macedonia Municipal Capacity Index (MMCI), and
- The Performance/Work Plan Monitoring and Impact Indicators.

The MMCI data was collected for the first time in September/October 2005 for all 84 Macedonian municipalities and the individual municipal scores were shared with each municipality. As very specific and objective evaluation methodology that measures changes in municipal capacity in five key program areas, MMCI stirred up a lot of interest with the municipal officials. This first annual progress data helped DP staff clearly identify areas requiring more focus or additional interventions in Year Two. It was also used by DP partner municipalities to identify and define concrete points in their municipalities' work that will be improved either with Project assistance or with their own internal efforts. The progress data of thus combined efforts and their results will be collected and analyzed in September 2006. The focus will be on a comparative analysis of MMCI scores of DP partner municipalities vs. non-partner ones.

The Year Two Performance/Work Plan Monitoring and Impact Indicators actual data will be collected and reported in August 2006. Year Three targets will all be met.

Besides using these two formal methods, the Decentralization Project will continue reporting its accomplishments (with an emphasis on specific program outputs) in the form of regular monthly and quarterly reports which represent records not only of program events but also a fine and detailed description of progress against work plan targets in each project component.

## **5. Gender Integration**

The project will undertake a gender-oriented capacity-building activity with an achievable proportion of the women councilors in Macedonian municipalities. A total of nine regional trainings on gender issues and political skills is planned for September, October and November, with three workshops each month. 25% of the women counselors

will be invited to attend the trainings (approximately 250 women). This will be organized in partnership with OSCE as part of their regional training on political skills.

## **6. Decentralization Project Information Office**

Cooperating with each project team, the Information Office will create a heightened, positive public profile for the Decentralization Project and USAID Macedonia. This is done by (1) highlighting USAID Decentralization Project activities and (2) serving as a municipal affairs/decentralization resource for the US Mission to Macedonia.

The Information Office applies a variety of mechanisms to highlight the work of the Decentralization Project:

- Press Releases are drafted regularly to spread awareness of project activities.
- Success stories show how technical assistance that improves municipal management positively impacts citizens' everyday lives.
- Public event planning and management - coordinating VIP visits to project activities in line with USAID/Embassy protocol.
- Meeting with Macedonian journalists to explain how the USAID Decentralization Project works to strengthen the decentralization and local governance processes in Macedonia. This cooperation allows the project to share with the media which the aspects of decentralization it feels should be brought to the attention of the general public based on the Project's experiences in the field.

In addition to highlighting existing Project activities, the Information Office adds value to the Decentralization Project by serving as a municipal affairs resource for the US Mission to Macedonia. Combining independent research and institutional knowledge the Information Office maintains a database of municipal information. Regularly updated, the contents of this database are used to develop briefing materials for high profile Decentralization Project events. As a service to the Mission, the Information Office produces municipal briefs by request, further positioning the Decentralization Project as the Mission's municipal affairs point of contact.

For Year Three the Information Office will work with the Association Development team to assist Macedonian municipal associations to become the source of best practice knowledge for their clients. The concept behind this activity is that the techniques employed by the Information Office to promote the Decentralization Project can be of value to the domestic organizations promoting the interests of municipal institutions. Working specifically with public relations counterparts at Decentralization Project partner organizations ADKOM and ZELS, the Information Office will train the associations in methods to identify the best practices of Macedonian local governments and public communal enterprises. Trainings will be followed up by regularly scheduled meetings to discuss specific best practices and their development into case studies and success stories. Following this cooperation the associations will be able to organize their own regional "brown bag" lunches, where the implementer of the best practice can share

their experiences with municipalities facing similar challenges. The associations will have the opportunity to use these findings in communication with the Macedonian media, promoting the work of all parties involved.

In managing all Decentralization Project external communications the Information Office will continue to provide final English language editing of all reports and other documents.

## **7. Gantt Chart of Year Three Activities**