

R4

USAID/MACEDONIA

Results Review and
Resource Request (R4)

1 MARCH 2000

Please Note:

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Released on or after Oct. 1, 2002

Cover Memo

Date: March 20, 2000

To: Donald Pressley
Assistant Administrator, E&E

From: Stephen L. Haynes
Mission Director, USAID/Macedonia

Subject: USAID/Macedonia FY 2002 Results Review and Resource Request

With this cover memo, I am submitting for your review USAID/Macedonia's FY 2002 Results Review and Resource Request. The Kosovo crisis and its spillover in Macedonia dominated much of the past year. In many respects, Macedonia weathered the crisis remarkably well, yet many concerns and repercussions continue. Largely as a result, our annual budget has doubled. By early summer, we hope to be in a new office with roughly twice the space of our current office. Clearly we need more staff as well. This process has already started and will be on the agenda of the discussions in April.

USAID/Macedonia has begun a process of re-visiting its strategic plan. However despite the tumultuous events of the past year, many of the problems identified in preparation of our strategy in 1998 are the same. The economy, unemployment, ethnic tension and democracy issues continue as problems. It is difficult to see us moving away from our focus on the economy and democracy. The increase in resources has allowed us to broaden our activities in those areas and in some cases accelerate implementation. At the same time, we find ourselves being pulled into areas we had not previously considered. One example is higher education for minorities, which is an issue of ethnic harmony that broadly fits into the rubric of democracy. The other is anti-corruption. Since the Kosovo crisis there has been at least a perceived increase in "mafia" activities and smuggling by ethnic Albanian gangs. Three Macedonian policemen were recently killed near an ethnic Albanian village by smugglers. Subsequently one of the suspects died in police custody under questionable circumstances. Corruption has a negative effect on the economy and in Macedonia potentially on ethnic harmony as well.

To facilitate discussions on strategic directions during the R4 review, and to provide some objective basis for decision making, a preliminary assessment done by a USAID/Washington team of Macedonia's transition progress will accompany the R4. Highlights of this assessment are summarized in the R4 overview that follows.

I am very pleased with the direction of our program in Macedonia and I think we have most of the pieces in place to continue to make a positive impact. We have excellent relations with the Embassy and Macedonian government officials and we are very close to having the staff in place that we need to get the job done. I look forward to discussing these and other issues at our review in April.

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R4 Part I: Overview/Factors Affecting Program Performance

R4 Part I: Overview and Factors Affecting Program Performance

Introduction

The Kosovo conflict dominated events in the Balkans in 1999. It significantly affected Macedonia's progress in its transition to a market-oriented democracy and USAID's contribution towards achieving that goal. In particular, repercussions from Kosovo to Macedonia and to the Balkan region increased dramatically with the onset of war in late March 1999. While open hostilities ceased in June 1999, spillovers continue. Nevertheless, some of the earlier estimates of the war's economic impact on Macedonia proved to be overly pessimistic, and, in important respects, the Macedonian economy has rebounded remarkably, albeit unevenly. The political situation as well as the social conditions, deriving in no small part from ethnic tensions within Macedonia, may portray a much more tenuous and fragile situation.

Another very important outcome from Kosovo, however, has been a greater focus and commitment on the part of the international community to help address the challenges in the Balkans. In the multilateral context, this has manifested most visibly in the Stability Pact that has as its aim greater regional integration among the Balkan countries leading ultimately to greater integration within European and global structures, particularly the European Union. The Kosovo conflict has also directly contributed to a sizable increase in U.S. government assistance to Macedonia; annual SEED Act assistance has roughly doubled.

Given these circumstances, USAID/Macedonia has begun a process of re-visiting its strategic plan. How can the additional resources best be utilized? Have needs and opportunities in the country shifted as a result of the crisis? To what extent do the priorities articulated in the 1998 Strategic Plan fit the current situation?

To facilitate the ensuing discussions on strategic directions, and to provide some objective basis for decision making, USAID/Macedonia is submitting alongside this R4 document, a preliminary assessment done by a USAID/Washington team of Macedonia's transition progress. Included in this assessment is an update of how other donors are responding to the needs of Macedonia. Highlights of this assessment are also summarized in *Sections B* and *D* below.

B. Country and regional factors influencing progress

By and large, transition progress in 1999 slowed considerably due to a combination of inter-related reasons, both external and internal to Macedonia. Early 1999 was characterized in part by significant personnel changes in various ministries as the new coalition government took shape. This was then followed by the Kosovo conflict that accelerated with the NATO bombings in late March and continued in force through June. Following late summer recess of Parliament, the political cycle began anew with the

campaign for the presidential elections. Catalyzed by events in Kosovo, these elections took place in three stages and were characterized by voting irregularities and heightened ethnic tensions. More cabinet reshuffling followed.

The economy proved to be more resilient in the face of events in Kosovo than was initially estimated. Latest estimates show the economy grew 2.7 percent in 1999. This is lower than pre-Kosovo forecasts for 1999 (of around five percent), but considerably better than the five to ten percent contraction forecast during the conflict. Macroeconomic stability in 1999 remained intact, characterized by single-digit inflation, a stable currency, growing foreign exchange reserves (equivalent to about three months of import cover by year's end), and a moderate current account deficit of four to five percent of GDP. Some of these favorable developments were actually due to Kosovo: exports to Kosovo in the second half of the year surged, and a large international community presence spurred consumption.

Progress in economic reforms, however, stalled considerably as the window of opportunity for the new government in early spring 1999 all but closed. The enhanced structural adjustment facility (ESAF) with the IMF was suspended soon after escalation of the Kosovo conflict. Talks with both the IMF and the World Bank resumed in October 1999. More recently, the Government of Macedonia has pushed economic reforms more aggressively, particularly in large-scale privatization (including the Okta oil refinery and soon hopefully the Stopanska Bank) and in legislation (including pension reform and labor relations). In addition, a value-added tax is scheduled to take effect on April 1, 2000. If the World Bank and IMF are successful in initiating new policy-based programs in the next several months, this would signal a meaningful resumption of reform efforts by the GOM.

The costs from Kosovo in Macedonia's democratization seem to stem primarily from the notable increase in ethnic tensions within Macedonia. Driving this may be concern among the ethnic Macedonian majority that an independent Kosovo threatens the very existence of Macedonia. Moreover, the perception, if not the reality, seems to be widespread within the ethnic Macedonian community that the ethnic Albanians are benefiting disproportionately from Western assistance. This occurs in the context of longstanding feelings from the ethnic Albanians of pervasive discrimination by the ethnic Macedonian majority. It is ironic that assistance intended to defuse tensions by addressing Albanian needs, could, if not handled with political sensitivity, end up exacerbating tension.

Added to this mix is the widespread feeling in Macedonia that Macedonians bore a disproportionate share of the regional costs from the Kosovo crisis, and yet have not been justly compensated. Macedonia took in 360,000 refugees during the crisis; roughly one-sixth the nation's population. Macedonia is the first country of a newly designated West Balkan region to begin negotiations with the EU towards a Stabilization and Association Agreement (SAA). Yet this is a step removed from the Association Agreements (AA) that have been awarded to others in the region, Bulgaria and Romania included. Many Macedonians view this with frustration and anger.

During the fall 1999 presidential campaign, it became good politics for the opposition party (the SDSM) to whip up support among the ethnic Macedonians by espousing anti-Albanian

rhetoric. The fallout of the Albanian PDP party that could have served as a moderating influence in a coalition with the SDSM facilitated this. The leading Macedonian party (VMRO-DPMNE) of the ruling coalition depended on the support of the Albanian party (DPA) to get their presidential candidate elected. Now the VMRO must balance accommodation of Albanian demands (most notably perhaps, the establishment of an accredited Albanian language university in Tetovo) with ethnic Macedonian backlash.

The impact from Kosovo on social conditions in Macedonia follows from the economic and political effects. Living standards for many likely continued to fall through much of 1999. Many jobs disappeared over night with the onset of war and the disruption of economic ties with Yugoslavia and Western Europe that ensued. Most of these jobs have likely not returned. This has occurred in the context of already very high unemployment, at perhaps forty percent, by far the highest in the Balkan region. The rebound in economic activity since the war's end has no doubt mitigated some of the social costs.

However, the profile of this new economic activity may be much different from that of pre-Kosovo, and with it, new distribution implications. This emerging profile includes new sectors (such as construction), and new trade customers (such as the Greeks). There is also growing evidence that the ethnic Albanians have been better able to take advantage of the emerging opportunities than have the ethnic Macedonians. This could help redress inequities between the two ethnic communities, and may also help the economy more broadly if it results in bringing much of the ethnic Albanian capital from a very large informal economy into the official economy. It could also fuel more resentment from the majority Macedonians.

A 1999 World Bank study, drawing primarily on 1996 data, observed that poverty remains largely a rural phenomenon, with nearly two-thirds of the poor living in rural areas. An update of this poverty profile is needed to help ascertain more recent trends in light of the Kosovo crisis in the rural-urban gap in living standards.

C. Summary of 1999 progress in implementing the strategic plan

It is in this context that one finds mixed results from USAID program efforts in the past year towards implementing the May 1998 Country Strategic Plan. Overall, while there were setbacks in some areas, the program displayed resilience in the face of remarkable challenges.

Program results met expectations in the mission's economic strategic objective (SO 1.3: accelerating private sector development). Results were below the expectations set at this time last year in one democracy strategic objective (SO 2.1: improving citizens' participation in Macedonia's emerging market-oriented democracy). The relatively modest expectations towards developing a relatively new SO 2.3 (improving local governance) were met.

Key results for 1999 included the following :

USAID provided critical assistance to the Ministry of Trade in its responses to questions from other countries concerning Macedonia's application to the World Trade Organization. Progress continues, with the first Working Party meeting scheduled for May 2000.

Through the U.S Department of Treasury as implementing partner, USAID has delivered fundamental technical assistance and training to allow implementation of the VAT to go forward in April 2000.

In spite of logistical challenges associated with the Kosovo conflict, microlending continued to expand, with special attention paid to increasing access by women and minority businesses.

USAID partners collaborated to initiate a "Buy Macedonian" campaign to encourage purchase of Macedonian goods and services by organizations working in Kosovo. Success of this campaign has led the GoM to follow up with its current "Made in Macedonia" campaign, oriented to domestic consumers.

USAID carried out a major assessment of local government reform, which contributed major components to the GoM's current local government strategy and guided design of the new prime activity in SO 2.3 (the Local Government Reform Project).

A civic education curriculum for grades K-4, emphasizing democratic culture and participatory community decision making, has begun in pilot schools. Upon evaluation of results of this effort and completion of any necessary design revisions, full implementation of the curriculum is expected to begin in fall of 2000.

A children's TV series, designed to strengthen the culture of peace and ethnic cooperation among future generations of Macedonian citizens, completed its first season on Macedonian TV.

More generally, USAID/Macedonia's programs continued to reflect a growing focus on laying the groundwork for sustaining the transition progress once USAID leaves. This has meant greater attention towards building indigenous capacity, and, particularly, local institutions or intermediate support organizations (ISOs) that can continue to build that capability in USAID's absence. Events over the past year, however, have underscored that the challenge in this regard is significant and that results can not be expected overnight.

Nevertheless, the development and/or nurturing of such local institutions by USAID/Macedonia has been ongoing. In the economic assistance portfolio, for example, the ACDI/VOCA project has led directly to the establishment of seven private farmer associations. The Macedonian Agribusiness Marketing Activity (MAMA) has as a major component a consumer-focused quality awareness campaign and product promotion program implemented and enforced by the Association of Private Meat and Dairy Processors of Macedonia. The International Accounting Standards program has as a primary aim the development of a professional accounting and auditing self-regulatory organization.

In addition, the USAID mission continues to work towards the development of more explicit links between the economic and democratic components of the portfolio. Eventually this will entail largely local level partnerships between local government, NGOs, and the business community. There has begun a growing co-location and partnering of civil society organizations across the portfolio. The objective is to nurture an integrated approach to sustainable local development. The Community Self-Help Initiative (CSHI) is to serve as a primary vehicle for attaining this objective.

D. Prospects for progress in 2000 and beyond

Macedonia's prospects need to be viewed in the context of how far it has gone in its transition to a market-oriented democracy. Drawing from the E&E Bureau's *Monitoring Country Progress in CEE & Eurasia* (March 2000), Macedonia ranks twelfth out of twenty-seven countries in economic reforms and eleventh in democratization. It lags slightly behind Romania and Bulgaria in progress in these reforms, but is well ahead of Albania, Bosnia-Herzegovina, and Yugoslavia. Roughly fifty-five percent of Macedonia's economy is in private sector hands. This is comparable to Slovenia, slightly less than that found in Bulgaria, Romania, and Croatia (sixty percent in each case), but much higher than in Bosnia-Herzegovina (thirty-five percent).

Macedonia's economy is landlocked and very small; only the transition economies of Albania and Armenia are smaller. The Macedonian economy is close to one-fourth the size of the Bulgarian economy; it is one-fifth the Yugoslavia economy, and less than one-tenth the size of the Romanian economy. Average annual income in Macedonia (of \$1,300) is roughly comparable to that found in Bulgaria and Romania, notably greater than that in Albania and Bosnia-Herzegovina (\$810 and \$920, respectively), but significantly short of that in Croatia (\$4,520) and particularly Slovenia (\$9,760).

Regional events remain pivotal to prospects in Macedonia and regional stability is a prerequisite for progress. Stabilizing and developing Kosovo may be more difficult than Bosnia-Herzegovina. Moreover, as long as Milosevic remains in control of Yugoslavia, the region is faced with a major source of instability. The effectiveness of the Stability Pact remains an open question.

Many challenges at home confront Macedonia. Foremost in the minds of many are concerns stemming from heightened ethnic tensions. These tensions are real and need to be addressed. Nevertheless, Macedonia has shown remarkable durability in the face of crises beyond its borders. Moreover, there is a widespread sense within the country that there is no alternative but to work and live together. The current political coalition seems to be evidence of this, with its good working relationship between ethnic Albanians and ethnic Macedonians.

However, there is little coalition building below the national level. Strong needs exist to build inter-ethnic coalitions at the local level. There are few outlets to vent and communicate, and civil society outlets are largely not there. Media can be an effective tool

to disseminate and inform, though at this juncture, it is largely “part of the problem.” Media remains highly political and serves ethnic communities, not national interests.

Improving economic conditions may ultimately be the best remedy towards integrating the ethnic communities. There are several key challenges in this domain. Privatization and/or liquidation of ten or so large public enterprises remain on the agenda. So, too, does public administration reform. This includes paring down significantly the number of civil servants employed; the current bloated government workforce contributes to high government spending and taxes. Progress in both large-scale privatization and public administration reform has been constrained by concern over increasing the already very large pool of the unemployed.

Nurturing new-start firms and small and medium sized enterprises (SMEs) that are capable of absorbing the unemployed can help alleviate the aforementioned bottlenecks. What are the primary constraints faced by the emergence of new firms? An important one is a banking sector that is unable to provide affordable access to capital for young enterprises (and yet continues to subsidize the large treasury-draining loss-makers). Second are significant labor market rigidities. It's too expensive for firms to hire employees and too difficult to fire them. High taxes add an enormous burden to the wage bill. This environment encourages small-scale economic activity to remain in the informal economy.

A third constraint in broad terms is an absence of an adequate rule of law, or absence of a level playing field. Critical towards addressing this is an adequate commercial law framework (such as the development of bankruptcy, company, competition, and collateral laws). Equally important is the capacity, currently lacking for the most part in Macedonia, to implement and enforce these rules. An effective judiciary is key in this regard. Currently, the judiciary in Macedonia constrains enterprise development “at both ends”; slowing the process of opening a business, and failing to enforce bankruptcy and thus allowing for orderly market exit. Moreover, there is also at least anecdotal evidence that crime (such as cross-border smuggling) and corruption (beyond just petty corruption) have been increasing, partly a spillover from the Kosovo conflict.

Finally, prospects are conditioned in no small part on how well Macedonia is able to continue to move towards greater integration (institutional and otherwise) in South East Europe and in key global structures. This includes expanded trade and investment relations as well as cross border cooperation in infrastructure, environment, and in other areas. In many respects, the trends in 1999 were favorable in this regard--free trade agreements with Bulgaria and Turkey; growing economic ties (trade and investment) with Greece; an agreement with the EU to pursue an SAA; and Macedonia hosting a Stability Pact conference to reduce SEE trade barriers. These ties need to continue and to be deepened to ensure best chances for regional stability and prosperity.

R4 Part II Results Review by SO

Text for SO a

Country/Organization: USAID Macedonia

Objective ID: 165-013-01

Objective Name: Accelerated development and growth of the private sector

Self Assessment: On Track

Self Assessment Narrative: As noted in Part I, the overall Macedonian economy displayed mixed performance in 1999. Implementation was notably resilient in the face of challenges posed by changes in key GoM personnel and the Kosovo crisis. Lending to microenterprises continued to expand. “Buy Macedonian” and “Seal of Quality” campaigns were initiated and widely applied throughout the country, reinforcing the purchase of Macedonian goods and services. USAID training and technical assistance were instrumental in the GoM’s ability to reach critical benchmarks toward implementation of a VAT and accession to the WTO. As a result of broad-ranging work on improvement in accounting standards, the Macedonian self-regulating organization of accountants will likely be accepted as a member of the International Federation of Accountants (IFAC) in May of 2000. At the same time, the need continues for further policy and regulatory forms, and for aggressive actions to deal with high rates of unemployment.

Primary Link to Strategic Agency Framework: 1.1 Private Markets

(please select only one)

Secondary Link to Strategic Agency Framework:

(select as many as you require)

- | | |
|---|---|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input checked="" type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov’t Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl’s Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions |
| Reestablished | |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Regional Stability

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

Despite the Kosovo crisis, Macedonia maintained macroeconomic stability in 1999. USAID continued providing technical assistance to Macedonia in the areas of enterprise assistance, legal/accounting reform and financial sector reform during the very difficult mid-year period. Banks continued to operate despite low liquidity, over-regulation, and a lack of effective collateral legislation. USAID is working to strengthen the banking system at the National Bank level, and with several commercial banks. USAID is also providing alternative financing resources to businesses through micro lending, equity capital, and the establishment of rural credit unions. In the future, USAID will continue to optimize complementary results in its portfolio. Consolidation of political power and reshuffling of pertinent ministerial positions following the presidential elections of late 1999 could increase political will to effect private sector reform. USAID will consider Strategic Objective 1.3 to be met when domestic investment as a percent of GDP is consistently over 20 percent, foreign direct investment is steadily growing, and private sector employment has achieved a stable annual increase of at least 5 percent.

Key Results:

The following describes the impact of USAID activities under each of the intermediate results:

IR 1.3.1: Improved financial management and transparency: Macedonia is the first E & E country to adopt International Accounting Standards (IAS) in full. A new accounting curriculum and Master's degree program have been implemented at the university, and the accounting self-regulating organization (SRO) has applied for membership to the International Federation of Accountants. The number of firms audited in 1999 in accordance with IAS was 173, exceeding this IR indicator's target of 165. Total GoM tax receipts increased 12 percent over 1998. This compares unfavorably to the IR target of 20 percent. The waiver of customs duties for products destined for Kosovo appears to be the primary reason for this result. The leading accomplishment in the taxation area has been USAID support for implementation of the value-added tax (VAT), for which collection will begin on April 1, 2000.

IR 1.3.2: Increased access to sources of financing: Moznosti, a Macedonian-run microfinance institution founded by Opportunity International with USAID support, made over 745 loans in 1999; forty-one percent of these were to women. Moznosti opened its third office, in western Macedonia. The total microfinance portfolio outstanding was \$ 2.6 million, \$ 0.3 million under target. Disruptions associated with the Kosovo conflict somewhat inhibited the pace of lending. A solidarity group loan program, begun in 1999, has disbursed 250 loans (all of them to women) with a 100% repayment rate. The Small Enterprise Assistance Fund (SEAF) made four equity investments in 1999, compared with one in 1998. As a signal of confidence in SEAF's success, the EBRD, IFC, and DEG

(German Development Agency) together invested an additional US \$ 9 million into the fund. Macedonia's first rural savings house was opened by the World Council of Credit Unions to improve rural access to credit.

IR 1.3.3: Legal and policy reforms implemented and disseminated: Progress with a new Law on Pension and Disability Insurance was a key result for this IR. While a final version of the legislation remains to be passed through Parliament in April of 2000, USAID assisted in drafting of the law and with its initial review in Parliament. The new law is expected to significantly realign benefit provisions and improve the financial health of the pension fund. In addition, the Office of the Prime Minister requested USAID to assist in the establishment in 2000 of a pension fund regulatory agency, to add accountability and transparency to these funds. Corporate governance principles were addressed in a coordinated fashion by several USAID activities, including workshops sponsored with the Macedonian Business Lawyers' Association and development and dissemination of a comprehensive "Corporate Governance Manual for Macedonia."

IR 1.3.4: Improved management systems and practices implemented by selected private firms: Technical assistance and training from this SO's five enterprise assistance activities stimulated domestic trade and supported import substitution. First, a "Buy Macedonian" campaign was carried out with Macedonian businesses in response to the needs and opportunities posed by the Kosovo crisis. Employment generation and increased profits in the agricultural sector were sustained by assistance to a local meat and dairy NGO in implementing a "Seal of Quality" program, alleviating existing market constraints, improving domestic consumption and enhancing profitability. These initiatives were followed by a GoM-initiated "Made in Macedonia" campaign to promote purchase of locally produced products. ACDI/VOCA's farmer-to-farmer assistance has led directly to establishment of seven private farmer associations; specialized training in policy advocacy techniques will be provided to these groups in 2000. The ACDI/VOCA activity currently is planned for closeout at the end of August 2000. A follow-on activity is anticipated.

Performance and Prospects:

While Macedonia's economy in 1999 experienced significant stresses, continued progress is notable. Private sector employment, a key SO-level performance indicator, substantially exceeded its target for the second year in a row. In response, USAID/Macedonia has adjusted future targets for this indicator. Foreign direct investment (FDI) was valued at \$ 121 million in 1998, but only \$ 30 million in 1999. The latter is a large decrease from the year before, but it matches the SO-level indicator target for 1999. FDI is expected to rebound in 2000. As an objective for USAID accomplishment, this SO as stated is very ambitious, even in a relatively small country context such as Macedonia. With the exception of a few areas (such as microlending, WTO accession and tax administration), USAID could not claim that it alone makes significant progress toward the objective. On the other hand, USAID clearly makes major contributions to each of the four Intermediate Results in this SO's framework. The ongoing economic growth sector assessment, as well as the review of the USAID/Macedonia Country Strategic Plan, are expected to contribute to a Mission discussion, in coming months, of options for better capturing key results in this SO's Results Framework. This will include consideration of SO-level indicator revisions, with the goal of improving the linkage of intermediate results to SO-level performance.

Future program prospects include: more rapid expansion of trade and investment; enhanced organizational capacity of professional associations and other intermediate service

organizations; expanded application of IAS in the private sector to stimulate efficiency; corporate governance; labor redeployment; and marked improvement in the performance of capital market institutions and processes.

Possible Adjustments to Plans:

The Mission will continue to respond to requests for assistance from progressive counterpart ministries. In addition, the ongoing EG assessment is expected to elicit discussion of: (a) possible consolidation among activities; (b) opportunities to shift the portfolio further towards “wholesale” (policy and regulatory) activities; (c) regional cooperation on SMEs and trade and investment development; (d) more fully integrating the role of new financial sector activities into the private sector development portfolio; (e) possible interventions in selected areas of pressing need, including anti-corruption and association building; and (f) support of U.S. policy initiatives, to include Stability Pact-related activities.

Other Donor Programs:

USAID programs are highly coordinated with other donor activities. Several World Bank loan conditionalities are based on USAID activities, primarily in the financial sector. Also, the World Bank and the EU are funding significant work on reforming the payments system, which augments USAID’s work in banking and the capital markets. EU/PHARE activities partially complement USAID efforts in accounting and banking. The German and Dutch governments are active in providing funds for small businesses and working in community development.

Major Contractors and Grantees:

Crimson Capital, Land O’Lakes, DAI/PriceWaterhouseCoopers, Booz-Allen and Hamilton, SEAF, ACDI/VOCA, ABA/CEELI, IBTCI, WOCCU, Carana, Financial Services Volunteer Corps, and Opportunity International. USAID/Macedonia also has interagency agreements with the U.S. Departments of Treasury and Labor.

**USAID/Macedonia FISCAL YEAR 2002 RESULTS REPORT
PERFORMANCE DATA TABLES**

| | | | |
|---|----------|---------|---------|
| OBJECTIVE: SO 1.3: Accelerated development and growth of the private sector. APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia | | | |
| RESULT NAME: SO 1.3: Accelerated development and growth of the private sector | | | |
| INDICATOR: Private sector employment | | | |
| UNIT OF MEASURE: Persons employed full time. SOURCE: Annual survey of Government Statistics Bureau | YEAR | PLANNED | ACTUAL |
| INDICATOR DESCRIPTION: Number of persons employed full time in the private sector. | 1996 (B) | | 191,439 |
| | 1997 | | 184,292 |
| | 1998 | 175,000 | 201,319 |
| | 1999 | 180,000 | 227,029 |
| | 2000 | 254,000 | |
| | 2001 | 279,000 | |
| | 2002 | 309,000 | |
| COMMENTS: The Statistics Bureau does not collect these data in a manner that allows disaggregation by gender or ethnicity. Targets for 2000 and forward have been revised upward as follows: Year-on-year percentage changes since 1997 have been -3.7%, +9.2%, and +12.8%. Taking 10% as a reasonable expected annual increase (straightlined) for the next 3 years, the targets come to 254,000, 279,000, and 309,000. | | | |

| | | | |
|--|------|---------|--------|
| OBJECTIVE: SO 1.3: Accelerated development and growth of the private sector. APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia | | | |
| RESULT NAME: IR 1.3.1: Improved financial management and transparency. | | | |
| INDICATOR: Annual percentage change in total tax receipts. | | | |
| UNIT OF MEASURE: Percent change. | YEAR | PLANNED | ACTUAL |
| SOURCE: Public Revenue Office | 1996 | | 0 |
| | 1997 | | 16% |
| | 1998 | 30% | 12% |
| | 1999 | 20% | |
| | 2000 | 20% | |
| | 2001 | 15% | |
| | 2002 | 10% | |
| INDICATOR DESCRIPTION: Percentage change in total tax receipts from all sources. | | | |
| COMMENTS: This is a key indicator measuring impact of the intermediate result and progress toward achieving the SO, since total tax collections reflect prosperity, transparency, and enforcement. Actual performance has not met targets for the last two years, but USAID expects that the planned levels for 2000 and beyond are feasible targets. | | | |

| | | | |
|---|----------|---------------|----------------|
| <p>OBJECTIVE: SO 1.3: Accelerated development and growth of the private sector.</p> <p>APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p> | | | |
| <p>RESULT NAME: IR 1.3.2: Increased access to sources of financing.</p> | | | |
| <p>INDICATOR: Change in value of the loan portfolio of a) banks and b) micro-credit and credit union loans.</p> | | | |
| <p>UNIT OF MEASURE: a) percentage change b) USD million. Available figures are for calendar years.</p> | YEAR | PLANNED | ACTUAL |
| <p>SOURCE: Central Bank, Micro lending and credit union funds</p> | 1997 (B) | | a) 22.8 b) 1.6 |
| <p>INDICATOR DESCRIPTION: a) percentage change in value of bank loan portfolios (loan portfolio excluding loans to public sector agencies and interbank loans); b) USD in micro-credit and credit union loans.</p> | 1998 | a) 9% b)1.9 | a) 9.3 b) 1.9 |
| <p></p> | 1999 | a) 10% b) 2.9 | a) 6.4 b) 2.6 |
| <p></p> | 2000 | a) 10% b)4.0 | |
| <p></p> | 2001 | a) 11% b)5.5 | |
| <p></p> | 2002 | a) 11% b) 5.5 | |
| <p>COMMENTS: Micro-credit and credit union loans are shown in dollar amounts rather than percentage change, in order to provide perspective on the amounts involved. Although these loans are important sources of funds for small and micro enterprises, they represent less than 1% of bank loans. Total bank loan portfolios (excluding loans to public sector agencies and interbank loans) in 1999 were 33,993 million denars, or approximately \$ 548.3 million in U.S. dollar equivalent (using an exchange rate of 62 denars per dollar). Not meeting the 1999 target for bank loan portfolios is due to the general economic slowdown during that year. Forty-one percent of microcredit loans in 1999 were to women, and 14 percent were to minorities.</p> | | | |
| <p></p> | | | |
| <p></p> | | | |
| <p></p> | | | |

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|---|------------------------|----------------------|------------------------|
| <p>OBJECTIVE: SO 1.3: Accelerated development and growth of the private sector.</p> <p>APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p> | | | |
| <p>RESULT NAME: IR 1.3.3: Legal and policy reforms implemented and disseminated</p> | | | |
| <p>INDICATOR: EBRD legal transition indicator for commercial law</p> | | | |
| <p>UNIT OF MEASURE: Rating</p> | <p>YEAR</p> | <p>PLANNED</p> | <p>ACTUAL</p> |
| | <p>1998 (baseline)</p> | | <p>a) 3 b) 4</p> |
| | <p>1999</p> | <p>a) 3 b) 4</p> | <p>a) 4- b) 4-</p> |
| <p>SOURCE: EBRD (available from EE Bureau). Data cover developments through September of each year.</p> | <p>2000</p> | <p>a) 4 b) 4</p> | |
| | <p>2001</p> | <p>a) 4 b) 5</p> | |
| | <p>2002</p> | <p>a) 5 b) 5</p> | |
| <p>INDICATOR DESCRIPTION: Rating of a) extensiveness and b) effectiveness of legal reform for investments on a scale of one to five (five is best). For 1999, EBRD began using + and – suffixes to ratings, to signify that country performance is on the borderline between two categories.</p> | | | |
| <p>COMMENTS: Performance for 1999 is somewhat above target for extensiveness but somewhat below target for effectiveness. This may be explained by the fact that for some key areas, such as bankruptcy law, the reform challenge lies in court administration and judicial support, rather than in the legislative arena.</p> | | | |
| <p>Because USAID/EE/PER's Commercial Law Reform Assessment for Europe and Eurasia Development Indicators will offer a more comprehensive and detailed picture of reform progress, USAID/Macedonia plans to replace the current indicator in future R4s with the Assessment's "aggregate totals" for Macedonia, disaggregated into four sectors: legal framework, implementing institutions, supporting institutions and market for reform. Baseline figures are expected to be available later in FY 2000. Targets for this indicator will be developed once the baseline data are available.</p> | | | |

Text for SO b

Country/Organization: USAID Macedonia

Objective ID: 165-021-01

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

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: While evidence is present that activities across the SO are bouncing back from difficulties, the Kosovo crisis and other events negatively affected speed and continuity of effort in some areas critical for progress toward the objective. NGOs receiving USAID assistance often found their attentions diverted from efforts to build their own organizational capacities in order to respond to the humanitarian crisis. Sessions of Parliament were sporadic as the Government mobilized to deal with Kosovo events, disrupting parliamentary assistance. On a broader societal level, the Kosovo crisis exacerbated inter-ethnic and inter-party tensions, straining the environment for citizen participation. These circumstances combined with existing low levels of civic awareness, nascent civil society organizations (CSO), a callow political culture, and a concentration of power in the executive branch, continue to inhibit Macedonia's democratic transition.

Primary Link to Strategic Agency Framework: 2.3 Politically Active Civil Society
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input type="checkbox"/> 1.1 Private Markets Security | <input type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Regional Stability

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

Building a sustainable foundation in democracy requires the development of bottom-up mechanisms that provide the means for people to influence public policy, push for transparency and accountability in government, and reinforce the system of checks and balances. USAID's program supports building the means by which citizens can participate, through NGO and party development, and increasing citizens' understanding of their civic rights and responsibilities through civic education and legal rights awareness. A transition to a fully functioning democracy also requires the development of effective, accountable and transparent government institutions capable of reaching out to citizens and ensuring that their needs and interests are represented and accounted for in political and economic decision making. USAID supports this aspect of democratic transition through improved functioning of the Parliament and the judiciary, and support for increased policy analysis and communications capacity in the Office of the President. Current targets for this objective's performance indicator establish that it will be considered met when the Freedom House annual Nations in Transition survey judges political processes, civil society, and the media in Macedonia to be free (i.e., scores of 2.5 or better). Because the NIT scores recently have not matched well with USAID/Macedonia's observations of democratic developments in Macedonia, the Mission will be considering options for more accurately tracking progress toward the strategic objective.

Key Results:

An internal Mission review of SO 2.1 in early 1999 resulted in adjustments to the framework to more accurately reflect the comprehensive approach taken to achieve this objective. Intermediate results were modified to: (1) strengthened civil society organizations are effective vehicles for citizen participation; (2) citizens are better informed about their rights and responsibilities; (3) strengthened political and parliamentary systems; and (4) effective, sustainable intermediate support organizations are in place. As noted in last year's R4 (p. 9), these changes to IRs do not represent a modification of the program strategy, but rather a restructuring of the framework to respond to concerns expressed during its review in 1998. The impact of USAID efforts under each of the intermediate results may be summarized as follows:

IR 2.1.1: Strengthened civil society organizations are effective vehicles for citizen participation: The Democracy Network Program (DEMNET), implemented through the Institute for Sustainable Communities (ISC), is building capacity of NGOs to serve as a forum for citizen involvement in community decision making and to strengthen participatory democracy. ISC has developed a core group of 27 NGOs intended to serve as models and mentors to similar organizations, and encourages the development of organizational, managerial and advocacy skills through grants, training and technical assistance. The NGOs

supported by ISC exceeded, as a group, Sub-IR targets on financial management, participatory planning and advocacy. But while notable progress is being made with the NGOs USAID and its partners are working with, the broader NGO landscape remains bleak. On the NGO sustainability index, the performance indicator for this IR, Macedonia met targets for three of five dimensions.

IR 2.1.2: Strengthened political and party systems: Following the November 1998 parliamentary elections, the National Democratic Institute (NDI) shifted the focus of its intervention away from broader party assistance to work with parties in Parliament. Following an initial series of seminars in March 1999 on caucus organization, party discipline techniques and strategies for improving communication within party caucuses and between Parliament and the Cabinet, NDI's work with the Parliament was stalled through September while the Members of Parliament (MPs) dealt with Kosovo events. By the end of the calendar year, however, NDI had begun cooperation with an initial group of 8 MPs to help them implement practical, low-cost ways to reach out to their constituents. NDI had also placed the first group of 25 interns with the various party groups in the parliament as a first step to increase parliament's capacity to conduct substantive research.

IR 2.1.3: Citizens are better informed about rights and obligations: Essential to the development of a vibrant civil society is an informed and involved citizenry that understands that civic participation is not just a right but also a duty. The civic education activity being implemented by Catholic Relief Services (CRS) is providing the next generation of Macedonian citizens the skills and knowledge they need to be citizens in a democratic society, and to do this independently of ethnicity. The CRS activity will result in the national application of a civic education curriculum in primary schools, and in the increased ability of parents to participate in decisions affecting their children's education. Testing and evaluating of textbooks are underway in 120 pilot sites. The National Parent's Association is actively participating in the Ministry of Education's Civic Education Working. ABA/CEELI is supporting increased awareness of legal rights among students and the broader public through its Street Law Program. Search for Common Ground (SCG) teamed up with Children's Television Workshop to create a weekly TV series to teach conflict resolution to children, aged 7-12, in multi-ethnic societies.

IR 2.1.4: Effective, sustainable intermediate service organizations (ISOs) are in place: USAID/Macedonia views this IR as the key transition component of the Strategic Objective. Ongoing activities are beginning to focus on intermediate service delivery among partners organizationally prepared for this step. For example, the next step for many of the NGOs assisted by ISC is to strengthen their networks with peer organizations and to consider opportunities for focused service delivery. Based on knowledge gained, USAID/Macedonia expects to more fully develop its strategic approach to ISOs

Performance and Prospects:

The performance indicator for this SO is the Freedom House annual ratings of political process, civil society, and media freedom. Along each of these three dimensions, performance exceeded targets. While this may appear at first to be a contradiction to the Mission's self-assessment that expected progress toward the SO was not met, the discussion

here should clarify that, substantively speaking, expectations in several critical areas were not satisfied and areas of concern for progress toward the SO are clearly present. Irregularities observed in the 1999 presidential election indicate that the political culture and practices are still underdeveloped. CSOs are organizationally weak as is the broader civil society culture necessary to support their development. Citizens lack objective information with which to make informed decisions as political and economic connections distort the role of media.

Program Prospects. ISC will double the number of NGOs in its network during 2000, focusing on increasing the number of grassroots CSOs and building the foundation for ISO development. This expansion was partially funded with FY 1999 Supplemental Funds; therefore, efforts will include NGOs working in communities affected by the Kosovo crisis. In addition, USAID is using FY 1999 Supplemental Funds to launch the new Community Self-Help Initiative (CSHI). A buy-in to the Regional Professional Media Program is being finalized. Media assistance will initially focus on building the capacity of media associations to effectively represent and defend the interests of media and on improving the professional skills of journalists to provide objective news and information. Future assistance to the Parliament will focus on building its capacity to function as an independent, full-time body. Supplemental Funds for FY 1999 are being used to assist the Office of the President of Macedonia build its organizational capacity, emphasizing enhanced external communications from the office. The Office of the Prime Minister has requested similar assistance.

Possible Adjustments to Plans:

With local elections scheduled for fall 2000, USAID/Macedonia will be developing programming to support the conduct of free and fair elections, including possible work with the election administration structures, revisiting political party development, and support of domestic election monitoring. A rule of law assessment is planned for FY 2000; the results of this assessment may have implications for future areas of assistance in the economic growth as well as democracy areas.

Other Donor Programs:

USAID remains one of the largest donors supporting Macedonia's progress toward SO 2.1, featuring a comprehensive program approach, encompassing financial support, technical assistance and training in the key sectors under this SO. Donor assistance in this area has been limited, but is increasing. Other donors active in this area include: EU Phare, the Dutch, Swiss, and Norwegian Embassies, the British Know-How Fund, the World Bank, UNDP, GTZ, the Soros Foundation and the Mott Foundation.

Major Contractors and Grantees:

ICNL, ISC, NDI, SCG, CRS, Freedom House, and ABA/CEELI.

**USAID/Macedonia FISCAL YEAR 2002 RESULTS REPORT
PERFORMANCE DATA TABLES**

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|--|----------------------------|-------------------------------|------------------------------|
| <p>OBJECTIVE: SO 2.1: Increased, better informed citizens' participation in political and economic decision making. APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p> | | | |
| <p>RESULT NAME: SO 2.1: Increased, better informed citizens' participation in political and economic decision making</p> | | | |
| <p>INDICATOR: Freedom House Nations in Transition (NIT) ratings of political process, civil society, and independent media.</p> | | | |
| <p>UNIT OF MEASURE: Rating on a one to seven scale, with one being best SOURCE: Freedom House. NIT ratings cover the period of spring 1998 to July 1, 1999. INDICATOR DESCRIPTION: Annual ratings by the independent Freedom House of Macedonia's status. Separate ratings are given for the three parameters: political process, civil society, and independent media, in that order.</p> | <p align="center">YEAR</p> | <p align="center">PLANNED</p> | <p align="center">ACTUAL</p> |
| | 1997 (B) | | 3.5/3.75/4.0 |
| | 1998 | | 3.5/3.75/4.0 |
| | 1999 | 3.5/3.75/4.0 | 3/3/3 |
| | 2000 | 3.25/3.5/3.75 | |
| | 2001 | 3.0/3.5/3.5 | |
| | 2002 | 3.0/3.25/3.5 | |
| | 2003 | 2.75/3.25/3.25 | |
| | 2004 | 2.75/3.0/3.0 | |
| <p>COMMENTS: The independent media rating is a proxy for measurement of citizen awareness of their rights and responsibilities. The FH ratings of Governance and Public Administration are not reported, although USAID assistance to the parliament would fall under this category, because it is not considered that merely providing assistance to the parliament is sufficient for use of these broader ratings. FH also provides ratings on rule of law and corruption, which are of only limited current applicability to this Strategic Objective. Actual performance for 1999 substantially exceeds targets for all three dimensions, but upward revision of targets will be withheld because this is the first year of comparing actuals and targets. In addition, because the NIT actual ratings for Macedonia have presented a notably more optimistic picture of democratic progress than that observed by the Mission, USAID/Macedonia plans to consider alternative measurement approaches for future years.</p> | | | |

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| <p>OBJECTIVE: SO 2.1: Increased, better informed citizens' participation in political and economic decision making.</p> <p>APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p> | | | |
| <p>RESULT NAME: IR 2.1.1: Strengthened civil society organizations are effective vehicles for citizen participation.</p> | | | |
| <p>INDICATOR: ENI Bureau NGO sustainability index.</p> | | | |
| <p>UNIT OF MEASURE: Rating on one to seven scale (one is best).</p> | <p>YEAR</p> | <p>PLANNED</p> | <p>ACTUAL</p> |
| | <p>1997 (baseline)</p> | | <p>4,4,5,5,5</p> |
| | <p>1998</p> | <p>4,4,5,5,4</p> | <p>3,4,5,5,5</p> |
| | <p>1999</p> | <p>3,4,5,4,4</p> | <p>3,4,5,4.5,5</p> |
| <p>SOURCE: ENI Bureau</p> | <p>2000</p> | <p>3,3,4,4,4,</p> | <p>[5.5,5]</p> |
| | | <p>5.5,5</p> | |
| | <p>2001</p> | <p>3,3,4,4,4,</p> | |
| | | <p>5,4</p> | |
| | <p>2002</p> | <p>2,2,3,3,3,</p> | |
| | | <p>4,3</p> | |
| | <p>2003</p> | | |
| | <p>2004</p> | | |
| <p>INDICATOR DESCRIPTION: The NGO sustainability index has, until recently, focused on five key aspects of the NGO sector: a) legal environment; b) organizational capacity; c) financial viability; d) advocacy; and e) public image. In 1999, E & E Bureau added two dimensions: f) service provision and g) infrastructure. Targets for 2000-2002 have been augmented to incorporate the new dimensions.</p> | | | |
| <p>COMMENTS:</p> | | | |

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|---|-----------------|----------------|---------------|
| <p>OBJECTIVE: SO 2.1: Increased, better informed citizens' participation in political and economic decision making.</p> <p>APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p> | | | |
| <p>RESULT NAME: Sub-IR 2.1.2.3: Enhanced communications between citizens and legislators</p> | | | |
| <p>INDICATOR: MP outreach scorecard</p> | | | |
| <p>UNIT OF MEASURE: Percent</p> | <p>YEAR</p> | <p>PLANNED</p> | <p>ACTUAL</p> |
| <p>SOURCE: National Democratic Institute project reports</p> | <p>2000 (B)</p> | <p>15</p> | <p>(TBD)</p> |
| | <p>2001</p> | <p>25</p> | |
| | <p>2002</p> | <p>35</p> | |
| <p>INDICATOR DESCRIPTION: Percentage of MPs elected on a majority or district-based model that meet at least 3 of the 5 benchmarks for this scorecard. In order to be counted in this index, a Member of Parliament must, during the reporting year, do <u>at least three</u> of the following: (a) produce at least one issue of a legislative newsletter and distribute it widely among constituents; (b) conduct at least one open, publicly announced meeting in the constituency that features a question and answer session between the MP and constituents; (c) conduct constituent case work; (d) hold office hours on at least a quarterly basis; (e) meet or consult with NGOs/CSOs or other community or neighborhood-based groups on at least a quarterly basis hold consultative meetings with groups of constituents [including NGOs] at least twice. In calculating the percentage, the denominator is the 85 MPs elected on a majority or district-based model.</p> | | | |
| <p>COMMENTS: USAID/Macedonia plans to use this new indicator to capture assistance to MPs in their outreach and constituent communication efforts. The pace of progress will be affected by the extent of expected reforms in parliamentary procedures and practice, including extension of franking privilege, increases in staff budgets, further development of the internship program, and so on. If the specified targets are fulfilled, about half of all district-based MPs will have functioning constituent relations activities as the Parliament becomes a full-time, professional institution in 2002.</p> | | | |
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| <p>OBJECTIVE: SO 2.1: Increased, better informed citizens' participation in political and economic decision making.</p> <p>APPROVED: 07/24/98 COUNTRY/ORGANIZATION: USAID/Macedonia</p> | | | |
| <p>RESULT NAME: Sub-IR 2.1.3.1: Targeted students demonstrate basic understanding of democratic principles</p> | | | |
| <p>INDICATOR: Percentage of teachers implementing civic education within each grade between Kindergarten through 4th grade</p> | | | |
| <p>UNIT OF MEASURE: Percentage</p> | YEAR | PLANNED | ACTUAL |
| | 1999 (baseline) | | K: 0 1 st : 0 2 nd : 0 3 rd : 0 4 th : 0 |
| <p>SOURCE: Catholic Relief Services project reports</p> | 2000 | K: 10 1 st : 100 2 nd : 10 3 rd : 0 4 th : 0 | |
| | 2001 | K: 100 1 st : 100 2 nd : 100 3 rd : 10 4 th : 0 | |
| | 2002 | K: 100 1 st : 100 2 nd : 100 3 rd : 100 4 th : 10 | |
| <p>INDICATOR DESCRIPTION: A school is counted for this indicator when teachers are implementing the USAID- and MoE-supported civic education curriculum. In calculating the percentage, the denominator is the total number of teachers in Macedonia at the applicable grade level. Disaggregated by grade level.</p> | | | |
| <p>COMMENTS: USAID/Macedonia plans to use this new indicator to monitor progress toward the Sub-IR. It serves as a surrogate for direct assessment of student understanding, which will be carried out via CRS's project evaluation activities. The civic education curriculum is one developed jointly by CRS, the Ministry of Education and the (Macedonian) Pedagogical Institute. It is designed to offer teaching modules and approaches for integration into the existing general curriculum. Disaggregation by grade level is provided to report the sequence of application across the grades.</p> | | | |

Text for SO c

Country/Organization: USAID Macedonia

Objective ID: 165-023-01

Objective Name: More effective, responsive, and accountable local government

Self Assessment: On Track

Self Assessment Narrative: The key expectations for SO 2.3 for FY 1999 were that an in-depth analysis of the status of local government in Macedonia be conducted, with its findings disseminated to key stakeholders, and that a Macedonian strategic framework for local government reform be designed so that an appropriate, relevant major USAID activity could be designed and launched. All these items were successfully accomplished in a timely manner. Since USAID/Macedonia is including a proposed revision to this strategic objective (see Annex B), the performance data tables for this SO are proposed key indicators for R4 reporting under the revised strategy.

Primary Link to Strategic Agency Framework: 2.4 Accountable Gov't Institutions
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input type="checkbox"/> 1.1 Private Markets Security | <input type="checkbox"/> 1.2 Agricultural Development/Food |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Regional Stability

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

This Strategic Objective addresses one of Macedonia's most urgent issues, decentralization of local governments. As local governments are delegated more responsibility from central government, they must have the ability to respond to citizens' needs, provide better services, and be accountable for their decisions and actions. Stronger local governments are more capable of identifying and addressing development opportunities, generating and managing resources and lobbying central government to create an enabling legal environment. This SO encompasses two activities, one of which is ongoing and the other, the Local Government Reform Project (LGRP), after an assessment phase, is just beginning implementation.

LGRP is the major activity under this SO. During FY 1999, specific policy recommendations, detailed plans for developing central/local relations, and guidelines for implementing actions at both levels of government were developed and used as the basis for developing and designing the implementation of this activity. The activity will include five main tasks: policy reform, improving municipal management, building public participation in local governments, strengthening local government associations, and development of continuing education and training.

The other activity (Environmental Action Program Support) assists local government development by providing funds and technical assistance at the municipal level for small infrastructure projects. It will also strengthen the government's Fund for Environmental Protection and Promotion (the Environmental Fund), creating a transparent and independent financial institution that will identify and package bankable environmental projects. Currently, the Fund is mainly generating resources from automobile registration taxes. Long-term plans call for "polluter pays" taxes that will assure sustainability as long as pollution exists. This activity will start addressing the environmental consequences from the influx of refugees caused by the Kosovo crisis, by co-financing a selected number of projects in the most affected areas.

Key Results:

A more detailed proposed SO plan is presented in Annex B of this R4 document. Key Intermediate Results are: (1) clearer delineation of local and national government roles and responsibilities; (2) a coherent system of local finances established; (3) improved channels for the expression of popular input into local service delivery; (4) strengthened local management capacity; and (5) strengthened advocacy by municipal associations and networks. Because implementation began in early FY 2000, no comparison of performance targets to actuals is possible at this time. Instead, the Performance Data Tables in this section present key performance indicators, baselines and targets for future R4 reporting.

Performance and Prospects:

During last year's assessment phase, Macedonian local government partners (Ministry of Local Self-Government and several mayors) played a key role in the planning and design of this new project. A key step will be reforms delegating more fiscal authorities to local levels. The MLSG has now identified three working groups, with interministerial cooperation, to complete drafts of a revised local self-government law, a new public finance law and territorial division realignment.

Through building the capacity of the Environmental Fund, a financially transparent and self-sustaining institution is being developed. Technical assistance in providing an enabling and supportive legal environment has resulted in drafting of legislation that would allow establishment of the Fund as an independent institution, this enabling it to support municipal environmental protection via loans as well as grants.

Given the need for a multifaceted package of assistance to municipalities and the advantage posed by learning grounded lessons as the activity matures, the LGRP initially will be targeted to five municipalities. This is particularly important in the first year, as policy changes need to occur before appreciable changes in management can take place at the local level. When successful models of local management are developed, these will be replicated at new intervention sites. We estimate expansion in Year 2. Emphasis will be placed on the use of national and local associations to interact and network effectively for issues important to mayors. Ultimately, they may also serve as training facilities for municipalities. Also, USAID/Macedonia expects to facilitate sharing, between activities in other SOs, of program resources, so that funds will be available to the community through other projects. This will include micro- and small enterprise credit programs and the PRISMA labor redeployment, as well as community development activity. USAID/Macedonia plans to support regional integration by developing ties between Macedonian partners and mayoral associations in other countries, and through the establishment of a possible regional role for the Environmental Fund, perhaps as a training center.

Fiscal Year 1999 SEED Supplemental Funds of \$ 1.0 million will particularly target communities affected by the refugee crisis, placing emphasis on improving crisis management, strengthening municipal services and building inter-ethnic consensus in municipal decision making. In addition, \$ 2.5 million in FY 1999 Supplemental Funds will target Environmental Action Support co-financing to areas where infrastructure is most at risk as a result of the crisis.

A planned activity, to be implemented by the International Center for Environmental Resources and Development (ICERD) of the City University of New York will complement other components of this SO by designing small-scale waste water treatment facilities, identifying an appropriate Macedonian facility manufacturer, and assisting the manufacturer with a business plan for marketing these projects with municipal institutions. Design for this activity is expected to be completed during the spring of 2000.

Possible Adjustments to Plans:

The Ministry of Local Government has recently undergone restructuring. New working relationships with appropriate personnel are being established. Additionally, local elections

are scheduled for the fall of 2000, and a consolidation of the 123 municipalities to a possible total of 90 may take place after these elections. USAID is tracking these events to minimize any negative affect on program activities.

Other Donor Programs:

USAID maintains close coordination with other donors. The EU/PHARE is currently involved in public administration reform and local government policy reform. It is planning to start a new, second-phase activity in the latter half of 2000 that will focus on institution building at the Ministry of Local Self-Government. USAID will coordinate closely with them to avoid activity overlap and to ensure that synergies are developed between the two activities. UNDP is mainly addressing the environmental sector and building local government capacity. The United Nations Office for Project Services has received funding from the Italian government to implement local municipality strengthening and institute a small credit fund. This activity is expected to begin in two pilot municipalities in approximately March 2000, and will also be coordinated closely with the Local Government Reform activity. Both the French and the Swiss have expressed interest in assisting local municipalities once the enabling legislation is in place.

Major Contractors and Grantees:

The Urban Institute carried out the assessment on local government reform in FY 1999. Chemonics International is the main implementor for the Environmental Action Program Support activity. Development Alternatives, Inc., is the implementing partner for the Local Government Reform Project.

| | | | |
|---|--------------|---------|-----------------|
| Strategic Objective: SO 2.3: More Effective, Responsive and Accountable Local Government | | | |
| APPROVED: (Expected 4/00) COUNTRY/ORGANIZATION: USAID/Macedonia | | | |
| RESULT NAME: SO 2.3: More Effective, Responsive and Accountable Local Government | | | |
| INDICATOR: #of cities meeting at least 3 priority goals | | | |
| UNIT OF MEASURE: Number | YEAR 1999 | PLANNED | ACTUAL 0 (b) |
| | 2000 | 2 | |
| | 2001 | 5 | |
| SOURCE: DAI project reports | 2002 | 20 | |
| | 2003 | 40 | |
| | 2004 | 60 | |
| INDICATOR DESCRIPTION: Cities will be assisted by DAI technical assistance to draft annual work plans listing goals in order of priority. USAID will review these plans with DAI to ensure that priorities are clear. We have chosen a target of three assuming the first three will be the most critical. The total # of municipalities is 123. We assume that at least 50% should be able to meet their three top priorities by the end of the project. | | | |
| COMMENTS: This is a new indicator derived from the SO 2.3 proposed results framework. There is some question at present about whether the number of municipalities will remain at 123, or if the new territorial law will revise this downward to 90. As the number of cities targeted rises, DAI will suggest new methodologies for monitoring this target and may suggest every two years, or sampling techniques for measurement. After year 1, target cities will be expanded. The second Phase will further expand and also have more 'spread effect' as training institutions are established and more municipalities can be reached. | | | |

| | | | |
|---|-----------------|------------|--------|
| Strategic Objective: SO 2.3: More Effective, Responsive and Accountable Local Government | | | |
| APPROVED: (Expected 4/00) | | | |
| COUNTRY/ORGANIZATION: USAID/Macedonia | | | |
| RESULT NAME: IR 2.3.1: Clearer delineation of local and national government roles and responsibilities | | | |
| INDICATOR:) The extent to which the new laws meet expectations in clarification of Jurisdiction, Competency and Authority | | | |
| UNIT OF MEASURE: Number elements achieved | YEAR | PLANNED | ACTUAL |
| | 1999 (baseline) | | 0 |
| | 2000 | (1)1 | |
| | 2001 | (1)2, (2)1 | |
| SOURCE: DAI | 2002 | (2)2,(3)1 | |
| | 2003 | (3)2 | |
| | 2004 | | |
| INDICATOR DESCRIPTION: Evaluation will be conducted utilizing an | | | |
| summary chart that records achievement of | | | |
| 1) jurisdictional boundaries for the local and national governments, | | | |
| 2) clarification of local competencies relating to service delivery, and | | | |
| 3) increased authority for local governments. | | | |
| First number refers to the law, second number to number of elements achieved. | | | |
| | | | |
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| | | | |
| COMMENTS: This is a new indicator derived from the SO 2.3 | | | |
| proposed results framework. At least three laws will be analyzed (1. | | | |
| Self-Government, 2.Public Finance, 3. Territorial Division). Targets | | | |
| will vary per year for each law, depending on when it is passed. | | | |

| | | | |
|--|--------------|---------|-------------|
| Strategic Objective: SO 2.3: More Effective, Responsive and Accountable Local Government | | | |
| APPROVED: (Expected 4/00) | | | |
| COUNTRY/ORGANIZATION: USAID/Macedonia | | | |
| RESULT NAME: IR 2.3.3: Improved channels for the expression of popular input into local service delivery | | | |
| <i>INDICATOR: Number of cities with institutionalized mechanisms for citizen input</i> | | | |
| UNIT OF MEASURE: Number | YEAR 1999 | PLANNED | ACTUAL 0 |
| | 2000 | 3 | |
| | 2001 | 6 | |
| SOURCE: DAI project reports | 2002 | 20 | |
| | 2003 | 40 | |
| | 2004 | 60 | |
| INDICATOR DESCRIPTION: “Institutionalized mechanisms” are systems for receiving citizen comments or requests and responding to them, sufficiently formalized so that such patterns can be relied upon to be used consistently. Such mechanisms may include citizen hot lines, complaints offices, scheduled meetings with the mayor or other public officials, and public meetings. The SO initially focuses on 5 target cities, with possible expansion to 5 more during year 2 (2001). In later years we assume we can affect at least 50% of Macedonian municipalities, both through expansion of our targets, and through the spread effect brought about by institutionalized training. | | | |
| COMMENTS: Activity implementing organization will refine criteria for counting after first year of implementation if needed. This is a new indicator derived from the SO 2.3 proposed results framework. DAI will evaluate the effectiveness of the various mechanisms as activity implementation proceeds; selection of key mechanisms to monitor, and appropriate counting criteria to be applied, will be reviewed on an annual basis. | | | |

| | | | |
|---|------|----------------|----------------|
| Strategic Objective: SO 2.3: More Effective, Responsive and Accountable Local Government | | | |
| APPROVED: (Expected 4/00) COUNTRY/ORGANIZATION: USAID/Macedonia | | | |
| RESULT NAME: IR 2.3.4.1: Local government capacity to manage environmental infrastructure is improved | | | |
| <i>INDICATOR: Number of Fund and co-financing agreements with municipalities containing operation and management plans</i> | | | |
| UNIT OF MEASURE: Number | YEAR | PLANNED | ACTUAL |
| | 1999 | | (a) 0 (b) 0 |
| | 2000 | (a) 2 (b) 4 | |
| | 2001 | (a) 7 (b) 3 | |
| | | | |
| SOURCE: Chemonics project reports | | | |
| INDICATOR DESCRIPTION: Agreements are documentary sources which are expected to contain understandable plans with essential planning elements: obligations of parties, timelines, financial considerations, etc. Indicator is disaggregated into (a) Fund agreements and (b) co-financing agreements. | | | |
| COMMENTS: Activity implementing organization will refine criteria for counting after first year of implementation if needed. This is a new indicator derived from the SO 2.3 proposed results framework. The indicator will only be counting projects submitted for funding by municipalities. Project ends in 2001 | | | |

Text for SO d

Country/Organization: USAID Macedonia

Objective ID: 165-041-01

Objective Name: Special initiatives

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework:

(please select only one)

Secondary Link to Strategic Agency Framework:

(select as many as you require)

- | | |
|---|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: National Security

Primary Link to MPP Goals: Regional Stability

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

Court Administration/Judicial Training. A full-scale assessment will be conducted this year of the justice sector to identify more fully where major bottlenecks impede the growth of democracy and economic development. We expect a new activity to address these bottlenecks in the near future. Areas to be studied will include the overall legal framework including civil,

criminal and commercial law and procedure, association development, court administration and automation, legal assistance to the poor, human rights, judicial and legal training.

Anti-Corruption. During FY 2000, an assessment will be conducted to identify target areas for anti-corruption assistance. The assessment will look at ways anti-corruption can be addressed through existing programs as well as new programming options. Specific issues to be addressed in the assessment include: the extent and nature of corruption in the public and private sphere, transparent government processes, regulatory and other government entities, deregulation and business licensing, the courts, legal norms and enforcement, public awareness and the role of the media, and oversight.

Democracy Commission. This small grants program makes competitive awards to local Macedonian NGOs. Grants are awarded to develop independent citizen institutions, to help facilitate communication between government and citizens, to support citizen and professional association, and to preserve cultural heritage and environmental awareness.

Ron Brown Fellowship Program. This program provides fellowships to outstanding university graduates and young professionals for graduate studies, leading to a master's degree at U.S. universities. The program will award three two-year fellowships and one one-year fellowship this year.

Media Training. Media training funds will be used to setup post-specific media training programs that include training organized in the U.S. by the International Broadcasting Bureau's "B" Bureau, and to arrange for Professionals-In-Residence to travel to Macedonia to offer hands-on assistance.

Civic Education Exchanges. A new program will be set up targeted at developing civil society by hands-on training or residency programs in areas that pertain to topics in the area of civic education. This program will send Macedonian specialists or mid-level career professionals to the U.S. for research, study and/or practical experience in their field of expertise.

English Language Fellowship Program. This program will allow for the placement of three EFL fellows in areas of Macedonia not formerly targeted for English language programs, but where a dire need for such a program is evident.

Freedom Grants. This new program will design visitor programs to the United States, increasing the amount of "IV" type exchanges to approximately 17-20 participants. This will support the post's goal to incorporate more minorities in this type of programming.

Drexel University Women's Leadership Program. This program is a cost-share university affiliation program set up by State Department E Bureau's E/AP section. Post will send 10-12 Macedonian women leaders to the U.S. for program that will focus on leadership training, targeting the areas of ecology and conservation.

Public Affairs Training for MK President's Press Office. A training program that will send six newly-appointed members of the MK President's public affairs office to the United States for

intensive training in public affairs. The program will then bring professional speakers to Macedonia to continue the training.

Student Advising Resource Center Support. This will be used to maintain the only two existing, independent advising centers in Macedonia.

Peace Corps SPA. This will support Peace Corps volunteer-submitted and board-approved small project assistance grant proposals addressing small community development needs, student and English language educational enhancements.

Key Results:

Performance and Prospects:

Possible Adjustments to Plans:

Other Donor Programs:

Major Contractors and Grantees:

Text for SO e

Country/Organization: USAID Macedonia

Objective ID: 165-042-01

Objective Name: Cross-cutting programs

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework:

(please select only one)

Secondary Link to Strategic Agency Framework:

(select as many as you require)

- | | |
|---|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: National Security

Primary Link to MPP Goals: Regional Stability

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

Technical Training for Programs in Transition (TRANSIT) serves as a centralized participant training program for USAID/Macedonia, providing professionals in the public and private sectors with opportunities for short-term, job-specific training in Macedonia, the United States

and third countries. In 1999, TRANSIT made contributions to all three strategic objectives and to four special initiatives.

During 1999, 147 participants, 42.2 percent of whom were women, received training through 32 events. Training was in the following areas: local economic development, management of private enterprises, labor adjustment, court technology, bankruptcy procedures, intermediate support organizations, decentralization of local government, tax administration, civic education, biomedical engineering, pension reform, and bank financial planning. Participants are required to complete action plans applying the results of their training; these are periodically monitored

Key Results:

Performance and Prospects:

Possible Adjustments to Plans:

Other Donor Programs:

Major Contractors and Grantees:

R4 Part III: Resource Request

R4 Part III: Resource Request

Macedonia has played a key role in maintaining stability and peace in the Balkans, making this country a priority for SEED funding. Even though the conflict in Kosovo ended eight months ago, Macedonia continues to suffer the social and economic impacts of the conflict, albeit unevenly. Assistance to Macedonia was increased to address the impacts of the conflict and to increase the stability of the Front Line States to reinforce peace in the Balkans. Regional outcomes remain pivotal to prospects for Macedonia's future.

USAID/Macedonia will re-visit its strategic plan due to the significant change in the scope of its program and regional developments, including the Stability Pact. Assessments will be planned for mid-2000 to support this effort, including rule-of-law, anti-corruption, microlending and SME development that will identify areas of need appropriate for future interventions, including greater integration in South East Europe and in key global structures. Consequently, adjustments to FY 2002 allocations and identification of new programming needs will depend on the outcome of the assessments.

Performance for each of the SOs, particularly SO 2.1, over the past year was affected by the crisis and subsequent events in Macedonia, but the Mission firmly believes that the underlying needs are quite strong to justify continued funding levels. Funding for SO 1.3 is maintained to continue the pace of essential economic reforms that will have an impact on the economic environment at the local level, including foreign and domestic investment and trade. As stated in Section 1, improving economic conditions will reduce ethnic tensions. Funding for SOs 2.1 and 2.3 will be increased to provide grants to critical Intermediate Support Organizations and to support continued development of civil society organizations, local government, democratic institutions and practices. These areas are essential to strengthen stability and to reinforce ethnic cooperation. Funding for SO 4.1 will support new activities in rule-of-law and anti-corruption.

In making the transition from a retail to wholesale approach, USAID/Macedonia recognized the cross-cutting need to develop Intermediate Support Organizations (ISOs) that will sustain the transition process once USAID leaves. ISOs can play a key role in strengthening stability by supporting and improving civil society outlets, think tanks and advocacy. Regional integration will be promoted through using ISOs such as business and farmer associations and municipal organizations to support expanded trade and investment as well as cross-border cooperation. Several activities across all SOs have transitioned to this growing focus by addressing association development and partnerships, and FY 2002 funding will support greater attention on building the needed indigenous capacity in ISOs.

Significant attention has been placed on the ethnic tensions in Macedonia as well as the fragile political and social environment. USAID/Macedonia is putting together a comprehensive approach to assist Macedonia in building democratic institutions, practices and community processes to turnaround this trend and strengthen stability. The strategy for the Community Self-

Help Initiative (CSHI) is to bring together ethnic communities through their taking ownership in their community's economic development. This will be a mechanism for mobilizing community-level activity to create jobs and promote economic growth through a process of involving members of all ethnic groups. The CSHI will provide an umbrella framework for bringing together USAID implementing partners (civil society, private sector, local government, labor, etc.). Additional resources will be needed in FY 2002 to support this umbrella approach, including funding for USAID assistance partners contributing resources to CSHI community projects.

Continued funding will be required to support interventions at both local and central levels, including parliamentary assistance, judicial reform, and civil society development. The low levels of organizational capacity in the legislative and judicial branches of government create a void in checks and balances and encourage a lack of transparency in government decision making. With the weaknesses at the civil society level, this has only increased the fragility of the government and frustration of the populace, particularly given the unemployment situation. USAID/Macedonia believes that this is our most effective approach towards easing ethnic tensions in Macedonia, particularly through community-based economic development that brings people together around common problems and through strengthening democratic institutions and practices.

Pipeline levels have been consistent with Agency forward funding guidelines. USAID/Macedonia expects that pipeline levels should continue to meet the 12-to-24 months of planned expenditures for our activities.

Workforce and Operating Expenses

USAID/Macedonia currently has approved positions for three USDHs, five USPSCs, and nineteen FSNs. Program funding will be used for five additional Macedonian staff to manage the enlarged program. Hiring of additional staff will proceed once the new office space is readied for moving in around June 2000. The program budget was increased from \$16 million to \$60.5 million in FY 1999 and from \$14 million to \$30 million in FY 2000.

USAID/Macedonia received its OE request of \$1.0 million for FY 2000. No additional USDH staffing changes are anticipated in FY 2001 and 2002, and any additional U.S. staff needed would be program funded. Barring unforeseen circumstances, an OE level of \$1.1 million in FY 2001 and \$1.1 million in FY 2002 should be sufficient and both our target and request reflect that amount. For FY 2000 and FY 2001, USAID/Macedonia does not anticipate any costs associated with the purchase/construction of real property, office, warehouse or residential space.

Program, Workforce and OE

(in a separate folder named Country02R2b_data; enter data and print separately)

Accessing Global Bureau Services Through Field Support and Buy-Ins

| Objective Name | Field Support and Buy-Ins: Activity Title & Number | Priority * | Duration | Estimated Funding (\$000) | | | |
|-------------------------|---|------------|----------|---------------------------|---------------|----------------|---------------|
| | | | | FY 2001 | | FY 2002 | |
| | | | | Obligated by: | | Obligated by: | |
| | | | | Operating Unit | Global Bureau | Operating Unit | Global Bureau |
| SO 1.3 | SEGIR - Global Trade & Investment 180-0014 | Med-High | TBD | 600 | | 600 | |
| SO 4.2 | TRANSIT - Participant Training 180-0045 | | | 1,900 | | 1,940 | |
| | | | | | | | |
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| | | | | | | | |
| GRAND TOTAL..... | | | | | | | |

* For Priorities use high, medium-high, medium, medium-low, low

FY 2000 Budget Request by Program/Country

Fiscal Year: 2000

Program/Country: Macedonia

Approp:SEEI

Scenario:

| S.O. # , Title | | FY 2000 Request | | | | | | | | | | | | Est. S.O. Expenditures | Est. S.O. Pipeline End of FY2002 | |
|---|-----------|---------------------|------------------|-------------------|-----------------------|--------------------------------|-----------|------------|--------------------|-------------------------|----------------|-----------------------|-------------------|------------------------|----------------------------------|-----|
| | | Bilateral/Field Spt | Total | Agri-culture | Other Economic Growth | Children's Basic Education (*) | Other HCD | Population | Child Survival (*) | Infectious Diseases (*) | HIV/AIDS (*) | Health Promotion (**) | Environ | | | D/G |
| SO 1.3 Accelerated Development and Growth of Private Enterprises | | | | | | | | | | | | | | | | |
| | Bilateral | 14,650,000 | 2,300,000 | 11,850,000 | | | 0 | | | | | | 500,000 | 13,800,000 | 7,600,000 | |
| | Field Spt | | | | | | | | | | | | | | 0 | |
| | | 14,650,000 | 2,300,000 | 11,850,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500,000 | 13,800,000 | 7,600,000 | |
| SO 2.1 Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making | | | | | | | | | | | | | | | | |
| | Bilateral | 4,900,000 | | | | | | | | | | | 4,900,000 | 5,170,000 | 8,350,000 | |
| | Field Spt | | | | | | | | | | | | | | | |
| | | 4,900,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,900,000 | 5,170,000 | 8,350,000 | |
| SO 2.3 More Effective, Responsive and Accountable Local Government | | | | | | | | | | | | | | | | |
| | Bilateral | 2,005,000 | | | | | | | | | | 405,000 | 3,000,000 | 3,500,000 | 3,400,000 | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 2,005,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 405,000 | 3,000,000 | 3,500,000 | 3,400,000 | |
| SO 4.1 Special Initiatives | | | | | | | | | | | | | | | | |
| | Bilateral | 6,045,000 | | 50,000 | | | 3,795,000 | | | | | | 2,200,000 | 5,035,000 | 1,230,000 | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 6,045,000 | 0 | 50,000 | 0 | 3,795,000 | 0 | 0 | 0 | 0 | 0 | 0 | 2,200,000 | 5,035,000 | 1,230,000 | |
| SO 4.2 Cross-Cutting Programs | | | | | | | | | | | | | | | | |
| | Bilateral | 1,400,000 | | | | | | | | | | | | 1,625,000 | 650,000 | |
| | Field Spt | 1,000,000 | | | | | 1,000,000 | | | | | | | 1,500,000 | 400,000 | |
| | | 2,400,000 | 0 | 0 | 0 | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 3,125,000 | 1,050,000 | | |
| SO 6: | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | | | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| SO 7: | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | | | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| SO 8: | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | | | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Bilateral | | 29,000,000 | 2,300,000 | 11,900,000 | 0 | 3,795,000 | 0 | 0 | 0 | 0 | 0 | 405,000 | 10,600,000 | 29,130,000 | 21,230,000 | |
| Total Field Support | | 1,000,000 | 0 | 0 | 0 | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,500,000 | 400,000 | |
| TOTAL PROGRAM | | 30,000,000 | 2,300,000 | 11,900,000 | 0 | 4,795,000 | 0 | 0 | 0 | 0 | 405,000 | 10,600,000 | 30,630,000 | 21,630,000 | | |

| FY 2000 Request Agency Goal Totals | |
|------------------------------------|------------|
| Econ Growth | 14,200,000 |
| Democracy | 10,600,000 |
| HCD | 4,795,000 |
| PHN | 0 |
| Environment | 405,000 |
| Program ICASS | 0 |
| GCC (from all Goals) | 0 |

| FY 2000 Account Distribution (DA only) | |
|--|------------|
| Dev. Assist Program | 30,000,000 |
| Dev. Assist ICASS | 0 |
| Dev. Assist Total: | 30,000,000 |
| CSD Program | 0 |
| CSD ICASS | 0 |
| CSD Total: | 0 |

Prepare one set of tables for each Fiscal Year (FY2000, FY2001, FY2002)

Prepare one set of tables for each appropriation Account

Tables for DA and CSD may be combined on one table.

For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account. (**) Health Promotion is normally funded from the CSD Account, although amounts for Victims of War/Victims of Torture are funded from the DA/DFR Account

FY 2001 Budget Request by Program/Country

Fiscal Year: 2001

Program/Country: Macedonia

Approp:SEEI

Scenario:

| S.O. # , Title | | FY 2001 Request | | | | | | | | | | | | Est. S.O. Expenditures | Est. S.O. Pipeline End of FY2002 | | |
|---|-----------|---------------------|------------------|------------------|-----------------------|--------------------------------|-----------|------------|--------------------|-------------------------|--------------|-----------------------|-------------------|------------------------|----------------------------------|-----|--|
| | | Bilateral/Field Spt | Total | Agri-culture | Other Economic Growth | Children's Basic Education (*) | Other HCD | Population | Child Survival (*) | Infectious Diseases (*) | HIV/AIDS (*) | Health Promotion (**) | Environ | | | D/G | |
| SO 1.3 Accelerated Development and Growth of Private Enterprises | | | | | | | | | | | | | | | | | |
| | Bilateral | 11,505,000 | 2,050,000 | 8,455,000 | | | | 0 | | | | | 1,000,000 | 11,505,000 | 2,650,000 | | |
| | Field Spt | | | | | | | | | | | | | | 0 | | |
| | | 11,505,000 | 2,050,000 | 8,455,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000,000 | 11,505,000 | 2,650,000 | | |
| SO 2.1 Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making | | | | | | | | | | | | | | | | | |
| | Bilateral | 7,575,000 | | | | | | | | | | | 7,575,000 | 11,075,000 | 3,600,000 | | |
| | Field Spt | | | | | | | | | | | | | | | | |
| | | 7,575,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,575,000 | 11,075,000 | 3,600,000 | | |
| SO 2.3 More Effective, Responsive and Accountable Local Government | | | | | | | | | | | | | | | | | |
| | Bilateral | 1,600,000 | | | | | | | | | | | 1,600,000 | 3,800,000 | 1,400,000 | | |
| | Field Spt | 0 | | | | | | | | | | | | | | | |
| | | 1,600,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,600,000 | 3,800,000 | 1,400,000 | | |
| SO 4.1 Special Initiatives | | | | | | | | | | | | | | | | | |
| | Bilateral | 5,920,000 | | 50,000 | | 2,420,000 | | | | | | | 3,450,000 | 5,920,000 | 1,130,000 | | |
| | Field Spt | 0 | | | | | | | | | | | | | | | |
| | | 5,920,000 | 0 | 50,000 | 0 | 2,420,000 | 0 | 0 | 0 | 0 | 0 | 0 | 3,450,000 | 5,920,000 | 1,130,000 | | |
| SO 4.2 Cross-Cutting Programs | | | | | | | | | | | | | | | | | |
| | Bilateral | 1,500,000 | | | | | | | | | | | | 1,600,000 | 500,000 | | |
| | Field Spt | 1,900,000 | | | | 1,900,000 | | | | | | | | 1,900,000 | 400,000 | | |
| | | 3,400,000 | 0 | 0 | 0 | 1,900,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,500,000 | 900,000 | | |
| SO 6: | | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | 0 | 0 | | |
| | Field Spt | 0 | | | | | | | | | | | | 0 | 0 | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| SO 7: | | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | 0 | 0 | | |
| | Field Spt | 0 | | | | | | | | | | | | 0 | 0 | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| SO 8: | | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | 0 | 0 | | |
| | Field Spt | 0 | | | | | | | | | | | | 0 | 0 | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Total Bilateral | | 28,100,000 | 2,050,000 | 8,505,000 | 0 | 2,420,000 | 0 | 0 | 0 | 0 | 0 | 0 | 13,625,000 | 33,900,000 | 9,280,000 | | |
| Total Field Support | | 1,900,000 | 0 | 0 | 0 | 1,900,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,900,000 | 400,000 | | |
| TOTAL PROGRAM | | 30,000,000 | 2,050,000 | 8,505,000 | 0 | 4,320,000 | 0 | 0 | 0 | 0 | 0 | 0 | 13,625,000 | 35,800,000 | 9,680,000 | | |

| FY 2001 Request Agency Goal Totals | |
|------------------------------------|------------|
| Econ Growth | 10,555,000 |
| Democracy | 13,625,000 |
| HCD | 4,320,000 |
| PHN | 0 |
| Environment | 0 |
| Program ICASS | 0 |
| GCC (from all Goals) | 0 |

| FY 2001 Account Distribution (DA only) | |
|--|------------|
| Dev. Assist Program | 30,000,000 |
| Dev. Assist ICASS | 0 |
| Dev. Assist Total: | 30,000,000 |
| CSD Program | 0 |
| CSD ICASS | 0 |
| CSD Total: | 0 |

Prepare one set of tables for each Fiscal Year (FY2000, FY2001, FY2002)

Prepare one set of tables for each appropriation Account

Tables for DA and CSD may be combined on one table.

For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account. (**) Health Promotion is normally funded from the CSD Account, although amounts for Victims of War/Victims of Torture are funded from the DA/DFR Account

FY 2002 Budget Request by Program/Country

Fiscal Year: 2002

Program/Country: Macedonia

Approp:SEEI

Scenario:

| S.O. # , Title | | FY 2002 Request | | | | | | | | | | | | Est. S.O. Expenditures | Est. S.O. Pipeline End of FY2002 | |
|---|-----------|---------------------|------------------|------------------|-----------------------|--------------------------------|-----------|------------|--------------------|-------------------------|--------------|-----------------------|-------------------|------------------------|----------------------------------|-----|
| | | Bilateral/Field Spt | Total | Agriculture | Other Economic Growth | Children's Basic Education (*) | Other HCD | Population | Child Survival (*) | Infectious Diseases (*) | HIV/AIDS (*) | Health Promotion (**) | Environ | | | D/G |
| SO 1.3 Accelerated Development and Growth of Private Enterprises | | | | | | | | | | | | | | | | |
| | Bilateral | 9,150,000 | 1,750,000 | 6,400,000 | | | | 0 | | | | | 1,000,000 | 9,150,000 | 2,000,000 | |
| | Field Spt | | | | | | | | | | | | | | 0 | |
| | | 9,150,000 | 1,750,000 | 6,400,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000,000 | 9,150,000 | 2,000,000 | |
| SO 2.1 Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making | | | | | | | | | | | | | | | | |
| | Bilateral | 8,650,000 | | | | | | | | | | | 8,650,000 | 11,950,000 | 2,650,000 | |
| | Field Spt | | | | | | | | | | | | | | | |
| | | 8,650,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,650,000 | 11,950,000 | 2,650,000 | |
| SO 2.3 More Effective, Responsive and Accountable Local Government | | | | | | | | | | | | | | | | |
| | Bilateral | 2,500,000 | | | | | | | | | | | 2,500,000 | 3,000,000 | 900,000 | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 2,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,500,000 | 3,000,000 | 900,000 | |
| SO 4.1 Special Initiatives | | | | | | | | | | | | | | | | |
| | Bilateral | 6,260,000 | | 50,000 | | | 1,760,000 | | | | | | 4,450,000 | 5,860,000 | 1,530,000 | |
| | Field Spt | | | | | | | | | | | | | | | |
| | | 6,260,000 | 0 | 50,000 | 0 | 1,760,000 | 0 | 0 | 0 | 0 | 0 | 0 | 4,450,000 | 5,860,000 | 1,530,000 | |
| SO 4.2 Cross-Cutting Programs | | | | | | | | | | | | | | | | |
| | Bilateral | 1,500,000 | | | | | | | | | | | | 1,500,000 | 500,000 | |
| | Field Spt | 1,940,000 | | | | | 1,940,000 | | | | | | | 1,940,000 | 400,000 | |
| | | 3,440,000 | 0 | 0 | 0 | 1,940,000 | 0 | 0 | 0 | 0 | 0 | 0 | 3,440,000 | 3,440,000 | 900,000 | |
| SO 6: | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | | | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| SO 7: | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | | | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| SO 8: | | | | | | | | | | | | | | | | |
| | Bilateral | 0 | | | | | | | | | | | | | | |
| | Field Spt | 0 | | | | | | | | | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Bilateral | | 28,060,000 | 1,750,000 | 6,450,000 | 0 | 1,760,000 | 0 | 0 | 0 | 0 | 0 | 0 | 16,600,000 | 31,460,000 | 7,580,000 | |
| Total Field Support | | 1,940,000 | 0 | 0 | 0 | 1,940,000 | 0 | 0 | 0 | 0 | 0 | 0 | 1,940,000 | 400,000 | 400,000 | |
| TOTAL PROGRAM | | 30,000,000 | 1,750,000 | 6,450,000 | 0 | 3,700,000 | 0 | 0 | 0 | 0 | 0 | 0 | 16,600,000 | 33,400,000 | 7,980,000 | |

| FY 2002 Request Agency Goal Totals | |
|------------------------------------|------------|
| Econ Growth | 8,200,000 |
| Democracy | 16,600,000 |
| HCD | 3,700,000 |
| PHN | 0 |
| Environment | 0 |
| Program ICASS | 0 |
| GCC (from all Goals) | 0 |

| FY 2002 Account Distribution (DA only) | |
|--|------------|
| Dev. Assist Program | 30,000,000 |
| Dev. Assist ICASS | 0 |
| Dev. Assist Total: | 30,000,000 |
| CSD Program | 0 |
| CSD ICASS | 0 |
| CSD Total: | 0 |

Prepare one set of tables for each Fiscal Year (FY2000, FY2001, FY2002)

Prepare one set of tables for each appropriation Account

Tables for DA and CSD may be combined on one table.

For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account. (**) Health Promotion is normally funded from the CSD Account, although amounts for Victims of War/Victims of Torture are funded from the DA/DFR Account

Workforce Tables

| USAID/Macedonia | | | | | | | | Total | Org. | Fin. | Admin. | Con- | All | Total | Total | | |
|--------------------------|------|------|------|------|------|------|------|--------|-------|------|--------|-------|-------|-------|-------|-------|--|
| End of year On-Board | SO 1 | SO 2 | SO 3 | SO 4 | SO 5 | SpO1 | SpO2 | SO/SpO | Mgmt. | Mgmt | Mgmt | tract | Legal | Other | Mgmt. | Staff | |
| FY 2000 Estimate | | | | | | | | | | | | | | | | | |
| OE Funded: 1/ | | | | | | | | | | | | | | | | | |
| U.S. Direct Hire | | | | | | | | 0 | 3 | | | | | | 3 | 3 | |
| Other U.S. Citizens | | | | | | | | 0 | | | 1 | | | | 1 | 1 | |
| FSN/TCN Direct Hire | | | | | | | | 0 | | | | | | | 0 | 0 | |
| Other FSN/TCN | | | | | | | | 0 | 1 | 1 | 11 | | | 5 | 18 | 18 | |
| Subtotal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 1 | 12 | 0 | 0 | 5 | 22 | 22 | |
| Program Funded 1/ | | | | | | | | | | | | | | | | | |
| U.S. Citizens | 2 | 2 | | | | | | 4 | | | | | | | 0 | 4 | |
| FSNs/TCNs | 2 | 3 | | | | | | 5 | 1 | | | | | | 1 | 6 | |
| Subtotal | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 10 | |
| Total Direct Workforce | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 5 | 1 | 12 | 0 | 0 | 5 | 23 | 32 | |
| TAACS | | | | | | | | 0 | | | | | | | 0 | 0 | |
| Fellows | | | | | | | | 0 | | | | | | | 0 | 0 | |
| IDIs | | | | | | | | 0 | | | | | | | 0 | 0 | |
| Subtotal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL WORKFORCE | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 5 | 1 | 12 | 0 | 0 | 5 | 23 | 32 | |

Workforce Tables

| USAID/Macedonia | | | | | | | | | | | | | | | | |
|--------------------------|------|------|------|------|------|------|------|--------|-------|------|------|--------|-------|-------|-------|-------|
| End of year On-Board | | | | | | | | | Total | Org. | Fin. | Admin. | Con- | All | Total | Total |
| FY 2001 Target | SO 1 | SO 2 | SO 3 | SO 4 | SO 5 | Sp01 | Sp02 | SO/SpO | Mgmt. | Mgmt | Mgmt | tract | Legal | Other | Mgmt. | Staff |
| OE Funded: 1/ | | | | | | | | | | | | | | | | |
| U.S. Direct Hire | | | | | | | | 0 | 3 | | | | | | 3 | 3 |
| Other U.S. Citizens | | | | | | | | 0 | | | 1 | | | | 1 | 1 |
| FSN/TCN Direct Hire | | | | | | | | 0 | | | | | | | 0 | 0 |
| Other FSN/TCN | | | | | | | | 0 | 1 | 1 | 11 | | | 5 | 18 | 18 |
| Subtotal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 1 | 12 | 0 | 0 | 5 | 22 | 22 |
| Program Funded 1/ | | | | | | | | | | | | | | | | |
| U.S. Citizens | 2 | 2 | | | | | | 4 | | | | | | | 0 | 4 |
| FSNs/TCNs | 2 | 3 | | | | | | 5 | 1 | | | | | | 1 | 6 |
| Subtotal | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 1 | 0 | 0 | 0 | 0 | 1 | 10 | 10 |
| Total Direct Workforce | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 5 | 1 | 12 | 0 | 0 | 5 | 23 | 32 |
| TAACS | | | | | | | | 0 | | | | | | | 0 | 0 |
| Fellows | | | | | | | | 0 | | | | | | | 0 | 0 |
| IDIs | | | | | | | | 0 | | | | | | | 0 | 0 |
| Subtotal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL WORKFORCE | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 5 | 1 | 12 | 0 | 0 | 5 | 23 | 32 |

1/ Excludes TAACS, Fellows, and IDIs

Workforce Tables

| USAID/Macedonia | | | | | | | | Total SO/SpO Staff | Org. Mgmt. | Fin. Mgmt | Admin. Mgmt | Con- tract | Legal | All Other | Total Mgmt. | Total Staff |
|--------------------------|------|------|------|------|------|------|------|--------------------------|---------------|--------------|----------------|---------------|-------|--------------|----------------|----------------|
| End of year On-Board | SO 1 | SO 2 | SO 3 | SO 4 | SO 5 | SpO1 | SpO2 | | | | | | | | | |
| FY 2002 Target | | | | | | | | | | | | | | | | |
| OE Funded: 1/ | | | | | | | | | | | | | | | | |
| U.S. Direct Hire | | | | | | | | 0 | 3 | | | | | | 3 | 3 |
| Other U.S. Citizens | | | | | | | | 0 | | | 1 | | | | 1 | 1 |
| FSN/TCN Direct Hire | | | | | | | | 0 | | | | | | | 0 | 0 |
| Other FSN/TCN | | | | | | | | 0 | 1 | 1 | 11 | | | 5 | 18 | 18 |
| Subtotal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 1 | 12 | 0 | 0 | 5 | 22 | 22 |
| Program Funded 1/ | | | | | | | | | | | | | | | | |
| U.S. Citizens | 2 | 2 | | | | | | 4 | | | | | | | 0 | 4 |
| FSNs/TCNs | 2 | 3 | | | | | | 5 | 1 | | | | | | 1 | 6 |
| Subtotal | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 10 |
| Total Direct Workforce | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 5 | 1 | 12 | 0 | 0 | 5 | 23 | 32 |
| TAACS | | | | | | | | 0 | | | | | | | 0 | 0 |
| Fellows | | | | | | | | 0 | | | | | | | 0 | 0 |
| IDIs | | | | | | | | 0 | | | | | | | 0 | 0 |
| Subtotal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL WORKFORCE | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 9 | 5 | 1 | 12 | 0 | 0 | 5 | 23 | 32 |

OPERATING EXPENSES

| Org. Title: | | <u>USAID/Macedonia</u> | | | Overseas Mission Budgets | | | | | | | | |
|-------------|----|--|--|---------|--------------------------------|-------|---------|--------------------------------|-------|---------|--------------------------------|-------|-------|
| Org. No: | | 165 | | | FY 2000 Estimate | | | FY 2001 Target | | | FY 2002 Target | | |
| OC | | | | Dollars | TF | Total | Dollars | TF | Total | Dollars | TF | Total | |
| 11.1 | | Personnel compensation, full-time permanent | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 11.1 | | Base Pay & pymt. for annual leave balances - FNDH | | | | | 0 | | | 0 | | | 0 |
| | | Subtotal OC 11.1 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.3 | | Personnel comp. - other than full-time permanent | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 11.3 | | Base Pay & pymt. for annual leave balances - FNDH | | | | | 0 | | | 0 | | | 0 |
| | | Subtotal OC 11.3 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.5 | | Other personnel compensation | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 11.5 | | USDH | | | | | 0 | | | 0 | | | 0 |
| 11.5 | | FNDH | | | | | 0 | | | 0 | | | 0 |
| | | Subtotal OC 11.5 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.8 | | Special personal services payments | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 11.8 | | USPSC Salaries | | | 50 | | 50 | 85 | | 85 | 58 | | 58 |
| 11.8 | | FN PSC Salaries | | | 105 | | 105 | 180 | | 180 | 195 | | 195 |
| 11.8 | | IPA/Details-In/PASAs/RSSAs Salaries | | | | | 0 | | | 0 | | | 0 |
| | | Subtotal OC 11.8 | | | 155 | 0 | 155 | 265 | 0 | 265 | 253 | 0 | 253 |
| 12.1 | | Personnel benefits | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 12.1 | | USDH benefits | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 12.1 | | Educational Allowances | | | 21.6 | | 21.6 | 22.6 | | 22.6 | 22.6 | | 22.6 |
| 12.1 | | Cost of Living Allowances | | | | | 0 | | | 0 | | | 0 |
| 12.1 | | Home Service Transfer Allowances | | | | | 0 | | | 0 | | | 0 |
| 12.1 | | Quarters Allowances | | | | | 0 | | | 0 | | | 0 |
| 12.1 | | Other Misc. USDH Benefits | | | | | 0 | | | 0 | | | 0 |
| 12.1 | | FNDH Benefits | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 12.1 | ** | Payments to FSN Voluntary Separation Fund - FNDH | | | | | 0 | | | 0 | | | 0 |
| 12.1 | | Other FNDH Benefits | | | | | 0 | | | 0 | | | 0 |
| 12.1 | | US PSC Benefits | | | 15 | | 15 | 30 | | 30 | 20 | | 20 |
| 12.1 | | FN PSC Benefits | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 12.1 | ** | Payments to the FSN Voluntary Separation Fund - FN PSC | | | | | 0 | | | 0 | | | 0 |
| 12.1 | | Other FN PSC Benefits | | | 47 | | 47 | 60 | | 60 | 70 | | 70 |
| 12.1 | | IPA/Detail-In/PASA/RSSA Benefits | | | | | 0 | | | 0 | | | 0 |
| | | Subtotal OC 12.1 | | | 83.6 | 0 | 83.6 | 112.6 | 0 | 112.6 | 112.6 | 0 | 112.6 |

OPERATING EXPENSES

| Org. Title: | | USAID/Macedonia | Overseas Mission Budgets | | | | | | | | |
|--------------------|--|--|---------------------------------|-----------|--------------|--------------------------------|-----------|--------------|--------------------------------|-----------|--------------|
| Org. No: | | 165 | FY 2000 Estimate | | | FY 2001 Target | | | FY 2002 Target | | |
| OC | | | Dollars | TF | Total | Dollars | TF | Total | Dollars | TF | Total |
| 13.0 | | Benefits for former personnel | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 13.0 | | FNDH | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 13.0 | | Severance Payments for FNDH | | | 0 | | | 0 | | | 0 |
| 13.0 | | Other Benefits for Former Personnel - FNDH | | | 0 | | | 0 | | | 0 |
| 13.0 | | FN PSCs | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 13.0 | | Severance Payments for FN PSCs | | | 0 | | | 0 | | | 0 |
| 13.0 | | Other Benefits for Former Personnel - FN PSCs | | | 0 | | | 0 | | | 0 |
| | | Subtotal OC 13.0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21.0 | | Travel and transportation of persons | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 21.0 | | Training Travel | 35 | | 35 | 40 | | 40 | 40 | | 40 |
| 21.0 | | Mandatory/Statutory Travel | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 21.0 | | Post Assignment Travel - to field | 5 | | 5 | | | 0 | 10 | | 10 |
| 21.0 | | Assignment to Washington Travel | | | 0 | | | 0 | | | 0 |
| 21.0 | | Home Leave Travel | 15 | | 15 | 14 | | 14 | 15 | | 15 |
| 21.0 | | R & R Travel | 3 | | 3 | 7 | | 7 | 3.5 | | 3.5 |
| 21.0 | | Education Travel | 1 | | 1 | | | 0 | | | 0 |
| 21.0 | | Evacuation Travel | | | 0 | | | 0 | | | 0 |
| 21.0 | | Retirement Travel | | | 0 | | | 0 | 10 | | 10 |
| 21.0 | | Pre-Employment Invitational Travel | | | 0 | | | 0 | | | 0 |
| 21.0 | | Other Mandatory/Statutory Travel | | | 0 | | | 0 | | | 0 |
| 21.0 | | Operational Travel | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 21.0 | | Site Visits - Headquarters Personnel | | | 0 | | | 0 | | | 0 |
| 21.0 | | Site Visits - Mission Personnel | 5 | | 5 | 10 | | 10 | 10 | | 10 |
| 21.0 | | Conferences/Seminars/Meetings/Retreats | 20 | | 20 | 30 | | 30 | 30 | | 30 |
| 21.0 | | Assessment Travel | | | 0 | | | 0 | | | 0 |
| 21.0 | | Impact Evaluation Travel | | | 0 | | | 0 | | | 0 |
| 21.0 | | Disaster Travel (to respond to specific disasters) | | | 0 | | | 0 | | | 0 |
| 21.0 | | Recruitment Travel | | | 0 | | | 0 | | | 0 |
| 21.0 | | Other Operational Travel | 10 | | 10 | 15 | | 15 | 15 | | 15 |
| | | Subtotal OC 21.0 | 94 | 0 | 94 | 116 | 0 | 116 | 133.5 | 0 | 133.5 |
| 22.0 | | Transportation of things | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 22.0 | | Post assignment freight | 25 | | 25 | | | 0 | 25 | | 25 |
| 22.0 | | Home Leave Freight | 8 | | 8 | 12 | | 12 | 8 | | 8 |
| 22.0 | | Retirement Freight | | | 0 | | | 0 | 8 | | 8 |
| 22.0 | | Transportation/Freight for Office Furniture/Equip. | 20 | | 20 | 20 | | 20 | 6.5 | | 6.5 |

OPERATING EXPENSES

| Org. Title: | | <u>USAID/Macedonia</u> | | | Overseas Mission Budgets | | | | | | | | |
|-------------|------------------|--|--|--------------------------------|--------------------------|-------|--------------------------------|----------------|-------|--------------------------------|----------------|-------|--|
| Org. No: | | 165 | | | FY 2000 Estimate | | | FY 2001 Target | | | FY 2002 Target | | |
| OC | | | | Dollars | TF | Total | Dollars | TF | Total | Dollars | TF | Total | |
| 22.0 | | Transportation/Freight for Res. Furniture/Equip. | | 10 | | 10 | 5 | | 5 | 5 | | 5 | |
| | Subtotal OC 22.0 | | | 63 | 0 | 63 | 37 | 0 | 37 | 52.5 | 0 | 52.5 | |
| 23.2 | | Rental payments to others | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | | |
| 23.2 | | Rental Payments to Others - Office Space | | 180 | | 180 | 160 | | 160 | 160 | | 160 | |
| 23.2 | | Rental Payments to Others - Warehouse Space | | 3.5 | | 3.5 | 4 | | 4 | 4 | | 4 | |
| 23.2 | | Rental Payments to Others - Residences | | 92.2 | | 92.2 | 92.2 | | 92.2 | 92.2 | | 92.2 | |
| | Subtotal OC 23.2 | | | 275.7 | 0 | 275.7 | 256.2 | 0 | 256.2 | 256.2 | 0 | 256.2 | |
| 23.3 | | Communications, utilities, and miscellaneous charges | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | | |
| 23.3 | | Office Utilities | | 25 | | 25 | 30 | | 30 | 30 | | 30 | |
| 23.3 | | Residential Utilities | | 10 | | 10 | 12 | | 12 | 12 | | 12 | |
| 23.3 | | Telephone Costs | | 12 | | 12 | 12 | | 12 | 12 | | 12 | |
| 23.3 | | ADP Software Leases | | | | 0 | | | 0 | | | 0 | |
| 23.3 | | ADP Hardware Lease | | | | 0 | | | 0 | | | 0 | |
| 23.3 | | Commercial Time Sharing | | | | 0 | | | 0 | | | 0 | |
| 23.3 | | Postal Fees (Other than APO Mail) | | 0.2 | | 0.2 | 0.2 | | 0.2 | 0.2 | | 0.2 | |
| 23.3 | | Other Mail Service Costs | | | | 0 | | | 0 | | | 0 | |
| 23.3 | | Courier Services | | 2 | | 2 | 2 | | 2 | 2 | | 2 | |
| | Subtotal OC 23.3 | | | 49.2 | 0 | 49.2 | 56.2 | 0 | 56.2 | 56.2 | 0 | 56.2 | |
| 24.0 | | Printing and Reproduction | | 3 | | 3 | 4 | | 4 | 5 | | 5 | |
| | Subtotal OC 24.0 | | | 3 | 0 | 3 | 4 | 0 | 4 | 5 | 0 | 5 | |
| 25.1 | | Advisory and assistance services | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | | |
| 25.1 | | Studies, Analyses, & Evaluations | | | | 0 | | | 0 | | | 0 | |
| 25.1 | | Management & Professional Support Services | | | | 0 | | | 0 | | | 0 | |
| 25.1 | | Engineering & Technical Services | | | | 0 | | | 0 | | | 0 | |
| | Subtotal OC 25.1 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 25.2 | | Other services | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | | |
| 25.2 | | Office Security Guards | | | | 0 | | | 0 | | | 0 | |
| 25.2 | | Residential Security Guard Services | | | | 0 | | | 0 | | | 0 | |
| 25.2 | | Official Residential Expenses | | | | 0 | | | 0 | | | 0 | |
| 25.2 | | Representation Allowances | | 2 | | 2 | 2 | | 2 | 2 | | 2 | |
| 25.2 | | Non-Federal Audits | | | | 0 | | | 0 | | | 0 | |

OPERATING EXPENSES

| Org. Title: | | <u>USAID/Macedonia</u> | | | Overseas Mission Budgets | | | | | | | | |
|-------------|--|------------------------|---|--------------------------------|--------------------------|-------|--------------------------------|----------------|-------|--------------------------------|----------------|-------|--|
| Org. No: | | 165 | | | FY 2000 Estimate | | | FY 2001 Target | | | FY 2002 Target | | |
| OC | | | | Dollars | TF | Total | Dollars | TF | Total | Dollars | TF | Total | |
| 25.2 | | | Grievances/Investigations | | | 0 | | | 0 | | | 0 | |
| 25.2 | | | Insurance and Vehicle Registration Fees | 1.5 | | 1.5 | 2 | | 2 | 2 | | 2 | |
| 25.2 | | | Vehicle Rental | | | 0 | | | 0 | | | 0 | |
| 25.2 | | | Manpower Contracts | | | 0 | | | 0 | | | 0 | |
| 25.2 | | | Records Declassification & Other Records Services | | | 0 | | | 0 | | | 0 | |
| 25.2 | | | Recruiting activities | | | 0 | | | 0 | | | 0 | |
| 25.2 | | | Penalty Interest Payments | | | 0 | | | 0 | | | 0 | |
| 25.2 | | | Other Miscellaneous Services | 15 | | 15 | 15 | | 15 | 15 | | 15 | |
| 25.2 | | | Staff training contracts | | | 0 | | | 0 | | | 0 | |
| 25.2 | | | ADP related contracts | | | 0 | | | 0 | | | 0 | |
| | | | Subtotal OC 25.2 | 18.5 | 0 | 18.5 | 19 | 0 | 19 | 19 | 0 | 19 | |
| 25.3 | | | Purchase of goods and services from Government accounts | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | | |
| 25.3 | | | ICASS | 110 | | 110 | 130 | | 130 | 150 | | 150 | |
| 25.3 | | | All Other Services from Other Gov't. accounts | 12 | | 12 | 14 | | 14 | 16 | | 16 | |
| | | | Subtotal OC 25.3 | 122 | 0 | 122 | 144 | 0 | 144 | 166 | 0 | 166 | |
| 25.4 | | | Operation and maintenance of facilities | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | | |
| 25.4 | | | Office building Maintenance | 20 | | 20 | 3 | | 3 | 3 | | 3 | |
| 25.4 | | | Residential Building Maintenance | 5 | | 5 | 3 | | 3 | 3 | | 3 | |
| | | | Subtotal OC 25.4 | 25 | 0 | 25 | 6 | 0 | 6 | 6 | 0 | 6 | |
| 25.6 | | | Medical Care | | | | | | | | | | |
| | | | Subtotal OC 25.6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 25.7 | | | Operation/maintenance of equipment & storage of goods | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | | |
| 25.7 | | | ADP and telephone operation and maintenance costs | 2 | | 2 | 3 | | 3 | 3 | | 3 | |
| 25.7 | | | Storage Services | | | 0 | | | 0 | | | 0 | |
| 25.7 | | | Office Furniture/Equip. Repair and Maintenance | 2 | | 2 | 2 | | 2 | 2 | | 2 | |
| 25.7 | | | Vehicle Repair and Maintenance | 1 | | 1 | 2 | | 2 | 2 | | 2 | |
| 25.7 | | | Residential Furniture/Equip. Repair and Maintenance | 1 | | 1 | 3 | | 3 | 3 | | 3 | |
| | | | Subtotal OC 25.7 | 6 | 0 | 6 | 10 | 0 | 10 | 10 | 0 | 10 | |
| 25.8 | | | Subsistence & spt. of persons (by contract or Gov't.) | | | 0 | | | 0 | | | 0 | |
| | | | Subtotal OC 25.8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

OPERATING EXPENSES

| Org. Title: | | <u>USAID/Macedonia</u> | | | Overseas Mission Budgets | | | | | | | | |
|---|--|---|--|---------|--------------------------------|--------|---------|--------------------------------|--------|---------|--------------------------------|--------|------|
| Org. No: | | 165 | | | FY 2000 Estimate | | | FY 2001 Target | | | FY 2002 Target | | |
| OC | | | | Dollars | TF | Total | Dollars | TF | Total | Dollars | TF | Total | |
| 26.0 | | Supplies and materials | | | 5 | | 5 | 8 | | 8 | 7 | | 7 |
| | | Subtotal OC 26.0 | | | 5 | 0 | 5 | 8 | 0 | 8 | 7 | 0 | 7 |
| 31.0 | | Equipment | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 31.0 | | Purchase of Residential Furniture/Equip. | | | 30 | | 30 | 5 | | 5 | 5 | | 5 |
| 31.0 | | Purchase of Office Furniture/Equip. | | | 20 | | 20 | 10 | | 10 | 5 | | 5 |
| 31.0 | | Purchase of Vehicles | | | 30 | | 30 | 30 | | 30 | | | 0 |
| 31.0 | | Purchase of Printing/Graphics Equipment | | | | | 0 | | | 0 | | | 0 |
| 31.0 | | ADP Hardware purchases | | | 10 | | 10 | 12 | | 12 | 8 | | 8 |
| 31.0 | | ADP Software purchases | | | 5 | | 5 | 5 | | 5 | 5 | | 5 |
| | | Subtotal OC 31.0 | | | 95 | 0 | 95 | 62 | 0 | 62 | 23 | 0 | 23 |
| 32.0 | | Lands and structures | | | Do not enter data on this line | | | Do not enter data on this line | | | Do not enter data on this line | | |
| 32.0 | | Purchase of Land & Buildings (& bldg. construction) | | | | | 0 | | | 0 | | | 0 |
| 32.0 | | Purchase of fixed equipment for buildings | | | | | 0 | | | 0 | | | 0 |
| 32.0 | | Building Renovations/Alterations - Office | | | 5 | | 5 | 4 | | 4 | | | 0 |
| 32.0 | | Building Renovations/Alterations - Residential | | | | | 0 | | | 0 | | | 0 |
| | | Subtotal OC 32.0 | | | 5 | 0 | 5 | 4 | 0 | 4 | 0 | 0 | 0 |
| 42.0 | | Claims and indemnities | | | | | 0 | | | 0 | | | 0 |
| | | Subtotal OC 42.0 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | TOTAL BUDGET | | | 1000 | 0 | 1000 | 1100 | 0 | 1100 | 1100 | 0 | 1100 |
| Additional Mandatory Information | | | | | | | | | | | | | |
| | | Dollars Used for Local Currency Purchases | | | 35 | | | 40 | | | 45 | | |
| | | Exchange Rate Used in Computations | | | 1\$ | 60 MKD | | 1\$ | 60 MKD | | 1\$ | 60 MKD | |
| ** | | If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund. | | | | | | | | | | | |
| | | On that form, OE funded deposits must equal: | | | | | 0 | | | 0 | | | 0 |

Supplemental Information Annexes

Environmental Impact

Information Annex Topic: Environmental Impact

USAID assistance to Macedonia consists primarily of technical assistance and training and does not include capital construction, with the exception of two new activities (EAPS and CSHI) funded with SEED Supplemental funds in FY 1999. Concerning the SEED Supplemental funded activities, the IEE for the Results Package stipulated that those activities which involve commodity procurements or infrastructure efforts would be evaluated through the preparation of separate IEEs or Environmental Assessments (Eas). These IEEs or EAs will be prepared by the respective implementing contractors or grantees (CSHI and EAPS), and provided to USAID/Macedonia for clearance and to the USAID ENI Bureau Environmental Officer for approval.

Updated Framework Annex

Information Annex Topic: Updated Results Framework

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

- IR 1.3.1 Improved financial management and transparency
 - IR 1.3.1.1 International standards of accounting and auditing adopted
 - IR 1.3.1.2 Accounting and auditing skills increased
 - IR 1.3.1.3 Improved operation of public revenue office
- IR 1.3.2 Increased access to sources of financing
 - IR 1.3.2.1 Increased financial soundness of the banking system
 - IR 1.3.2.2 More customer-oriented financial services
- IR 1.3.3 Legal and policy reforms implemented and disseminated
- IR 1.3.4 Improved management systems and practices implemented by private firms.
 - IR 1.3.4.1 Target firms improve business activity
 - IR 1.3.4.2 More effective livestock association(s)
 - IR 1.3.4.3 Training and technical assistance provided to firms in key business practice areas
 - IR 1.3.4.4 Agricultural policy reforms adopted

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

- IR 2.1.1 Strengthened civil society organizations are effective vehicles for citizen participation
 - IR 2.1.1.1 Improved financial viability of NGOs
 - IR 2.1.1.2 Improved and more democratic NGO management
 - IR 2.1.1.3 More effective advocacy by NGOs
- IR 2.1.2 Strengthened political and parliamentary systems
 - IR 2.1.2.1 Improved party and government systems for conducting elections
 - IR 2.1.2.2 Strengthened party operations in Parliament
 - IR 2.1.2.3 Enhanced communications between citizens and legislators
- IR 2.1.3 Citizens are better informed about rights and obligations
 - IR 2.1.3.1 Targeted students demonstrate basic understanding of democratic principles
 - IR 2.1.3.2 Press center is independent and self-sustaining
 - IR 2.1.3.3 Citizens access information on laws and regulations
- IR 2.1.4 Effective, sustainable ISOs are in place.
 - IR 2.1.4.1 NGO support organization is self-sustaining

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

- IR 2.3.1 Clearer delineation of local and national government roles and responsibilities
- IR 2.3.2 A coherent system of local finances established
- IR 2.3.3 Improved channels for the expression of popular input into local service delivery
- IR 2.3.4 Strengthened local management capacity
- IR 2.3.5 Strengthened advocacy by municipal associations and networks.

Country/Organization Name: Macedonia

a. Objective Name: More effective, responsive, and accountable local government

Proposed newly reported indicator at SO level? No Yes

IR2.3.1: Clearer delineation of local and national government roles and responsibilities

Proposed newly reported indicator for FY2003? No Yes

IR2.3.3: Improved channels for the expression of popular input into local service delivery

No Yes

IR2.3.4: Local government capacity to manage environmental infrastructure is improved

No Yes

| Objective ID | Objective Name | IR Number | IR Title |
|-----------------------------------|--|--|----------|
| 165-023-01 | More effective, responsive, and accountable local government | | |
| Current Indicator Name: | | NA | |
| Newly Reported Indicator : | | Number of cities meeting at least three priority annual goals | |
| | | Target Data | |
| 1999 (Baseline) | | 0 | |
| 2001 | | 2 | |
| 2002 | | 5 | |
| Current Indicator Name: | | NA | |
| Newly Reported Indicator : | | Extent to which new local government law meets expectations for jurisdiction, competency and authority | |
| | | Target Data | |
| 1999 (Baseline) | | 0 | |
| 2001 | | 1 of 3 | |
| 2002 | | 2 of 3 | |
| Current Indicator Name: | | NA | |
| Newly Reported Indicator : | | Number of cities with institutionalized mechanisms for citizen input | |
| | | Target Data | |
| 1999 (Baseline) | | 0 | |
| 2001 | | 3 | |
| 2002 | | 6 | |
| Current Indicator Name: | | NA | |
| Newly Reported Indicator : | | Number of Fund and co-financing agreements containing operation and management plans | |
| | | Target Data | |
| 1999 (Baseline) | | A: 0 B: 0 | |

| | |
|-------------|--------------|
| 2001 | A: 2 B: 4 |
| 2002 | A: 7 B: 3 |

b. Objective Name: Increased, better informed citizens' participation in political and economic decision making

Proposed newly reported indicator at SO level? No Yes

IR2.1.2: Enhance communications between citizens and legislators

Proposed newly reported indicator for FY2003? No Yes

IR2.1.3: Targeted students demonstrate basic understanding of democratic principles

No Yes

| Objective ID | Objective Name | IR Number | IR Title |
|-----------------------------------|--|--|--|
| 165-021-01 | Increased, better informed citizens' participation in political and economic decision making | 2.1.2.3 | Enhanced communications between citizens and legislators |
| Current Indicator Name: | | NA | |
| Newly Reported Indicator : | | MP outreach index | |
| Target Data | | | |
| 2000 (Baseline) | | 15 | |
| 2001 | | 25 | |
| 2002 | | 35 | |
| Current Indicator Name: | | NA | |
| Newly Reported Indicator : | | Percentage of teachers implementing civic education within each grade between Kindergarten through 4th grade | |
| Target Data | | | |
| 1999 (Baseline) | | 0,0,0,0,0 | |
| 2001 | | 10,100,10,0,0 | |
| 2002 | | 100,100,100,10,0 | |
| Current Indicator Name: | | | |
| Newly Reported Indicator : | | | |
| Target Data | | | |
| (Baseline) | | | |
| 2001 | | | |
| 2002 | | | |
| Current Indicator Name: | | | |
| Newly Reported Indicator : | | | |
| Target Data | | | |

| | |
|-------------------|--|
| (Baseline) | |
| 2001 | |
| 2002 | |

E&E R4 Detailed Budget Information

Information annex topic: E&E R4 Detailed Budget Information

ANNEX D: USAID/Macedonia Detailed Budget (\$000)

| | FY 00 | FY 01 | FY 02 |
|--|---------------------|---------------------|---------------------|
| SO 1.3 | | | |
| 180-0014 | | | |
| Privatization & Ent. Restr. | | | |
| Enterprise Restructuring .03 | \$1,800 | \$600 | \$600 |
| Banking Sector Reform .04 | \$1,200 | \$1,200 | \$1,200 |
| Fiscal Reform - Accounting .05 | \$625 | \$600 | \$600 |
| Capital Markets | \$1,300 | \$1,300 | |
| 180-0020 | | | |
| Rule of Law | | | |
| ABA Grant .02 | \$500 | \$1,000 | \$1,000 |
| 180-0023 | | | |
| Tech. Assist. to Enterprises | | | |
| Peace Corps SPA .07 | \$50 | \$50 | \$50 |
| Microfinance .13 | \$2,300 | \$2,280 | \$2,300 |
| Mac Investment Fund SEAF .21 | \$1,000 | | |
| 180-0026 | | | |
| Compet. Policy, Laws & Reg | | | |
| WTO Accession | \$750 | \$550 | \$700 |
| 180-0027 | | | |
| Business Services | | | |
| FSVC Grant .02 | \$300 | \$300 | \$300 |
| 180-0024 | | | |
| Restructuring Agric & Agribus. | | | |
| VOCA/ACDI .01 | \$600 | \$750 | \$750 |
| Rural Finan. Inst. (WOCCU) .14 | \$0 | | |
| Agribusiness - MAMA .20 | \$1,700 | \$1,300 | \$1,000 |
| 180-0033 | | | |
| Labor Market Transition | | | |
| DoL 632b - Labor redeployment .01 | \$1,250 | \$1,000 | \$700 |
| SO 2.1 | | | |
| 180-0021 | | | |
| Political and Social Process | | | |
| Political Organizations ..05 | \$1,500 | \$1,500 | \$1,500 |
| 180-0022 | | | |
| Independent Media | | | |
| Media Assistance | \$800 | \$500 | \$500 |
| Search for Common Ground - Childrens TV prgm | \$500 | \$500 | |
| 180-0032 | | | |
| NGO Development | | | |
| Democracy Network ISC .09 | \$1,500 | \$1,500 | \$2,000 |
| NGO Legislation ICNL | \$100 | \$150 | \$150 |
| 180-0016 | | | |
| Trauma, Social Welfare & HA | | | |
| Civic Educ - NGO Humanitarian Grants .07 | \$500 | \$425 | |
| 165-0003 | | | |
| Community Self-Help Initiative | \$0 | \$3,000 | \$4,500 |
| SO 2.3 | | | |
| 180-0019 | | | |
| Democratic Gov. & Public Admin | | | |
| Public Administration .07 | \$1,600 | \$1,600 | \$2,500 |
| 180-0039 | | | |
| Improved PS Envir. Services | | | |
| EAPS Environmental Interventions .18 | \$405 | | |
| SO 4.1 | | | |
| 180-XXXX | | | |
| Anti-corruption | \$300 | \$1,000 | \$1,000 |
| 180-XXXX | | | |
| Higher Education | \$3,000 | \$2,000 | \$1,400 |
| 180-0020 | | | |
| Rule of Law | | | |
| Court Administration/Judicial Training | \$1,450 | \$2,000 | \$3,000 |
| SO 4.2 | | | |
| 180-0045 | | | |
| Participant Training | | | |
| TRANSIT .01 | \$1,000 | \$1,900 | \$1,940 |
| 180-0249 | | | |
| AEPS | | | |
| PSCs, travel, proj. support field gen. .02 | \$1,400.000 | \$1,500 | \$1,500 |
| 180-xxxx | | | |
| Reserved, withheld, transfers | | | |
| Transfer to Treasury - Financial Sector | \$625 | \$625 | |
| WB Customs Reform and Trade Facilitation | \$700 | | |
| Democracy Commission Small Grants | \$250 | \$250 | \$250 |
| Ron Brown Fellowship (USIA) | \$260 | \$260 | \$260 |
| English Teaching (USIA) | \$150 | \$0 | |
| Media Training (USIA) | \$200 | \$200 | \$200 |
| Freedom Grants (USIA) | \$100 | \$100 | \$100 |
| Civic Education Exchanges (USIA) | \$100 | | |
| Drexel University womens leadership (USIA) | \$25 | | |
| Public Affairs Training (USIA) | \$100 | | |
| Student Advising Resource Centers (USIA) | \$60 | \$60 | |
| Parking fees | | | |
| TOTAL | \$30,000.000 | \$30,000.000 | \$30,000.000 |

03/09/00

PROPRIETARY PROCUREMENT INFORMATION: DO NOT DISCLOSE OUTSIDE THE USG

Supplemental Annex

Strategy Revision for SO 2.3

Strategic Objective 2.3: More Effective, Responsive and Accountable Local Government

Hypothesis:

Recent and anticipated changes in Macedonia have led to a modification of the USAID Mission's local governance strategy and the development of a new initiative to promote "more effective, accountable and responsive local government" (SO 2.3). The confluence of events and issues make this a key moment for a strategic, well-crafted project to affect long-term change in the relationship between central and local government, augmenting the powers of local governments to manage and finance services, thus providing new sources of revenue for local activities, and open decision-making to local citizens.

In spring 1998, USAID/Macedonia initiated a local government Policy Reform Assessment to be conducted between September, 1998 and November 1999. This Policy Reform Assessment provided the desired input for the design and implementation of the Local Government Reform Program (LGRP). The assessment solidified the Mission's belief that this is a propitious time to undertake a comprehensive local government reform effort, for the following reasons:

- The elections of 1998 and the reformist tendencies of the new government as expressed by several Ministries, specifically confirmation by the Council of Ministers to revise key laws.
- Establishment of a Ministry of Local Self Government;
- The realization that changes in the role of government bodies will be needed to attract badly needed foreign investment.

The recent influx of refugees and the loss of trade and income have added a new element – economic development- that needs to be emphasized at every level of government, including local government. However, at this time the lack of authority to make decisions severely inhibits municipalities' potential to create an enabling environment for economic development. Equally important, local municipalities need to be empowered to collect revenues at the local level and retain them, as a means of increasing overall funds available for local development.

Our hypothesis, therefore, is that decentralization of authorities and responsibilities to the local municipalities will have a two-fold impact on Macedonia. It will empower local officials to act directly for their constituents, thereby improving their ability to be responsive, more effective and accountable, and it will increase the total volume of revenues available to improve local infrastructure and encourage economic growth throughout Macedonia.

This Strategic Objective is scheduled over a four-year time frame and should reach its final objectives by 2004. If our assumptions are proved correct and the political will to reform is

strong enough to accomplish the needed changes in the legislative framework, so that authority and responsibility are delegated to municipalities, we expect that at the end of the Strategic Objective period we will have dynamic municipalities throughout Macedonia where mayors are interacting vigorously with their constituents to determine in participatory fashion what the priorities are for municipal action. Mayors will be empowered to collect funds and retain them at the local level and will be using them to improve their cities, both in terms of public service delivery and in terms of making them more attractive to investors, so that more growth is generated. Strong intermediate organizations will be serving the mayors as advocates at the national level and as information channels among the mayors. Additionally, they will be offering support services, most particularly training of municipal staff, so that there will be a continuing effort to upgrade the skills, not only of mayors, but of their staff. As a result, staff will be managed efficiently, funds will be used to pay for priority needs, services will be delivered more efficiently to the public.

Our present strategy is to begin modestly at the municipal level, while we put most emphasis on assisting the Ministry with its policy reform agenda. We will work with five municipalities during the first year, assisting them to think strategically, improve interactions with local citizens, and learn to make the most of their present resources. Assuming policy reforms occur, as desired by the GOM, before the elections in November, 2000, we will then be in a position to choose new municipalities and newly elected mayors, expanding work in municipalities chosen in year one and expanding to at least five new cities in year two. At the same time, we will begin in year one to work with existing associations (ZELs and Associations of Financial Officers) and to identify other groups that have the potential to become support groups to municipalities. These groups will receive training in advocacy techniques, as well as institutional strengthening to ensure their sustainability. As we become more familiar with these groups and can judge their long-term potential to be credible support institutions, we will explore the possibility of their offering training to mayors and municipal staff, so that training at the local level becomes institutionalized in a sustainable institution. At the end of the two-year period, there will be a stock taking to determine how much commitment has been made to devolution of authority to local government. If a positive determination is made, new methodologies will be developed to ensure that the pilot efforts of the first two years are then taken to scale so that the benefits of this activity are available to the majority of Macedonian municipalities.

Critical Assumptions:

- 1. Political Will:** Essential to the decentralization and devolution of authorities to the local level is the political will of the central government. Macedonia began moving toward more local self-government in 1990, but the transition is not yet complete. Important pieces of the new legal framework have recently been adopted, but the provisions contained in these laws are not fully implemented. In June, 1999, the GOM set up a Task Force to continue this important work, consisting of representatives from municipal mayors, the Ministry of Local Self Government (MSLG), Ministry of Urban Planning, Ministry of Finance, the Association of Mayors, and the Institute for Sociological, Political and Judicial Research. This group identified issues that need to be addressed in legislative modifications and new laws, and has since disbanded. As a result of presidential elections in November, 1999, the Minister of Local Self-Government was

changed in late December. The new minister, while fully committed to decentralization, is inexperienced, and has lost several valuable staff members who were leading working groups tasked with revising the laws for submission to Parliament. While USAID believes the commitment for decentralization still exists, the changes in administration have created delays and there is much work to be done to ensure that the laws are revised. The positive balance for the above is the fact that new staff at the Ministry of Local Self-Government is highly motivated, and eager to receive input for executing their duties in a professional manner.

2. **Local level commitment:** Support and commitment from local level officials for local government reform is essential to success. Mayors at the municipal level are aware of the government interest in decentralizing, have been involved through the task force in identifying issues for revisions, and are fully committed to this principle. Recent discussions at the municipal level have confirmed their desire to implement these reforms quickly and their desire to be able to respond more effectively to constituents' needs. They are also fully aware of the need to generate more employment possibilities through attracting investment or encouraging micro-enterprise and fully support the demand for authorities to be delegated to them to assist in these efforts. Ownership by local officials in the proposed assistance has been developed through their involvement in the Task Force, and they will also be consulted when the revisions and new legislation have been drafted. There are new local level elections scheduled for late 2000, so the activity plans to move quickly to assist mayors to bring about some changes this year, within existing authorities, to ensure continued commitment to reforms.
3. **Civil society support:** The development of a civil society that derives its strength from the local, grass-roots level is also key. Local governments cannot handle the task without support from the community, and non-governmental organizations will play a key role in facilitating citizen's participation in government, through SO. 2.1. Additionally, under this SO, assistance will be given to mayors' associations to strengthen their ability to advocate for municipal reforms.
4. **Political Stability:** Political stability is also necessary to provide the supportive environment for local governments to move forward with improving their effectiveness, responsiveness and accountability. The fact that this new government, just elected in November 1999, is committed to decentralization, is positive. Moving forward with these reforms will strengthen its political power base; the new President having been elected by a narrow majority, could very well welcome additional stakeholders to the area of policy reform and decentralization.

It should be noted, as stated above, that significant assumptions have been made, particularly as to the political will for reform. The changes that have occurred in leadership in the Ministry of Local Self Government are particularly important and could have a negative impact on progress in policy reforms. Because of this uncertain environment, the present contract for implementation is only for two years and is concentrating much of its effort on assisting the Ministry with the reform work. Although it will initiate some work in five target municipalities (Gostivar, Kavardaci, Debar, Stip and Struga), full mobilization of resources for work at the city

level will await changes in the legislative framework. This allows needed flexibility for use of AID resources and the potential for readjustment of our strategic direction, should the assumptions prove invalid. Should the reforms not go forward this year, USAID will consider other options to achieve this objective, probably with more emphasis on advocacy and building support organizations for mayors.

Causal Linkages:

The E&E program objective was adopted as the strategic objective since effectiveness, responsiveness and accountability are essential areas for strengthening local government in Macedonia. The two first-level Intermediate Results (IR) provide the framework for addressing these areas.

IR 2.3.1, “Clearer delineation of local roles and responsibilities” is a key result that must be achieved to reach the strategic objective. The GOM started a process in 1995 to delegate responsibilities to the local level but the transition is not yet complete. In some cases, elements from the old socialist state of Yugoslavia still remain in place, contradicting the new legal framework. In other cases, the transition is incomplete and ‘old’ institutions or practices coexist with the ‘new’. Among the missing pieces not yet passed are; clear enabling legislation delineating local self governance, as well as some revisions to clarify other existing contradictory aspects, a territorial law, and a law establishing and clarifying local public finance issues.

The new system of local self-government has a large number of municipalities. The number of units of local self-government, including the city of Skopje, has grown from 35 to 124. A single municipal assembly elected directly by local citizens has replaced the three-chamber communal assembly of delegates. A mayor, who also is elected directly, has replaced the chief executive appointed by the assembly. The units of local self-government are responsible for ensuring the provision of basic local public services. Other functions, however, such as public finance, education, health, culture and sports that had previously been performed by the institutions of local self-government have been centralized. Enterprises at the local level, previously managed by local government that kept part of their profits, have been recentralized, with their ownership now at the central level. Five major constraints to full local self-government have been identified: (1) autonomy and jurisdiction of the units of local self-government; (2) transition to a new system of local government financing; (3) transition to a regime of local public property; (4) local control over the provision of public services; (5) local management capacity and practices.

Changes in the laws and enabling legislation are critical to empowerment of the mayors and to making it possible for municipalities to take charge of their future development. These changes in the legal and regulatory framework will be addressed through two policy reform components. Effectiveness will be addressed by providing mayors with clear authorities and mechanisms to carry these out. They will also be given technical assistance and training to identify management procedures and practices to improve day-to-day operations. Responsiveness will be addressed through initiation of mechanisms to ensure that citizens have channels to give input to municipal authorities regarding service delivery. Technical assistance will also work with associations of mayors to strengthen their ability to lobby the central government for needed changes, improving responsiveness at both levels. Accountability will be improved by placing the responsibility and

authority for local-level matters clearly in the hands of local government officials, and by facilitating channels of communication with the local community so that there is a better flow of information between the two sides. USAID-financed technical assistance to local and central authorities for drafting legislation, supported by concept papers and seminars at the central level is expected to result in the adoption of new laws clarifying authorities and responsibilities of decentralized local government, including a vital new law on municipal finance that will give municipalities greater control of financial resources. This process should lead to the improved legal and regulatory framework necessary for effective local government.

Working groups have been set up by the Ministry of Local Self Government and USAID will provide technical assistance to these groups, familiarizing them with similar laws that have been enacted in other parts of the region, reviewing drafts, ensuring that drafters are aware of important elements that experience has shown to be essential to these laws. The GOM is planning to pass three essential laws (territoriality, revisions to local self-government, local financing) during 2000. USAID will give priority assistance to this area to ensure that maximum progress is made. Three sub intermediate results directly support this IR.

2.3.1.1. *“Territorial jurisdictions redefined”* This addresses the need to rethink the number of municipalities that exist and rationalize them into workable units with a reasonable expectation of sufficient population and economic resources. Since the Law on Territorial Division set the boundaries of the new municipalities, there has been a debate in the country about the number of units of local self-governance established by that law and their boundaries. The most common complaint has been that the law created too many small municipalities. The newer municipalities lack, in many cases, experienced leaders and necessary infrastructure. A review is also needed on the feasibility of providing adequate financing to so many units of local self-government.

2.3.1.2. *“Clarification of Local Government roles”* This addresses the critical need to revise the existing law, clarifying in some cases the roles of local municipalities, and in other cases passing enabling legislation so that new roles and responsibilities can be carried out. The existing law on Self Government gives municipalities autonomous authority to carry out functions (independent jurisdiction) and also to perform functions entrusted to the municipality by the Republic (shared jurisdiction and functions delegated by the state). Nevertheless, these laws limit the autonomy of municipalities in three ways: (a) lack of residual authority: municipalities may only undertake functions that are explicitly authorized by Parliament; in fact, at present, municipalities may only perform those functions specifically authorized by Parliament, and most of these have yet to be defined. (b) narrowly described jurisdiction: most of the functions of municipalities must be performed in accordance with parliamentary legislation. Virtually no independent operating authority is granted to municipalities; (c) broad State power to reverse municipal acts. During the past two years, this has resulted in the repeal of numerous local decisions by the Constitutional Court. In 1997, for example, the Court reviewed at least nineteen cases directly related to the exercise of local government authority and in each case it overturned the action of the municipality. This may reflect a tendency by the Court to interpret the Law on Local Self-Government narrowly, or it may be that the Court is reacting to limitations contained in other laws. Under this sub IR revisions to the law will be suggested in new legislation, as well as

missing legislation needed to allow local authorities to use the authorities and responsibilities delegated to them.

The second **Intermediate Result 2.3.2. is “A coherent system of local finances established”**. This I.R, along with the first one, is involved with policy reform. It addresses the need for a system to be created making predictable and timely transfers of funds to the local level, granting clear authorities to local officials to collect new revenues, and setting up standards to ensure accountability and appropriate use of funds. At present the Law of Local Self Government states that the sources of financing for units of local self-government will include own taxes and fees, miscellaneous other own sources, loans or bonds and transfers from the State budget. The Law on Communal Activities further establishes a legal basis for units to charge user fees for local public services. Unfortunately, however, the system of local finances that currently exists is not compatible with the legislation. The only actual significant own source of revenue for local municipalities is fees based on social ownership of urban land. Transfers from the central government are limited and have no local discretion. The sub intermediate results listed below describe needed interventions that will bring about needed changes.

Sub IR 2.3.2.1 *“System of intergovernmental transfers is revised.”* This addresses the need to gather together the various provisions in different laws providing funding to local levels and to make them predictable. At present there is no single ‘local finance law’. Instead there are multiple references to local financing, many of which contradict each other. Some of the revenues dedicated to finance local municipalities are not controlled or collected by local authorities and are controlled by overall spending ceilings, which can mean that the amount needed is less than the total amount of taxes due. In that case, when the ceiling amount has been collected, additional revenues go to the central government. Conditions under which local officials are clearly and fully accountable for local finances have yet to be established. Local budgets are fragmented into separate accounts making it hard to maintain oversight and accountability. Local officials are not required to present consolidating statements giving an idea of overall revenues and expenditures. There are no basic bookkeeping and accounting procedures in place. Local governments need to regain control over revenues from local public property. Ownership of local public services and their revenues must also be clarified. Under this sub-IR technical assistance will be provided to the MLSG to ensure that these issues are properly addressed in the revision of the laws.

Sub IR 2.3.2.2 *“Municipalities receive transfers commensurate to their mandated responsibilities”*. This addresses the need for the new legislation to coordinate the finance system to the Law on Self Government, to ensure that funds are provided for responsibilities delegated to local governments. One of the most important factors needing revision is the need to establish a correspondence between the resources available to local governments and their functions and responsibilities. Policy guidance will be provided as these new laws are developed.

Sub IR 2.3.2.3. *“Local Governments increase own source revenues”*. This addresses the need for legal provision to local government to raise and retain revenues independently at the local level. Although laws provide local municipalities the authority to borrow, to levy local taxes, and also to raise bonds, there is no legislation setting out how they are to do this. In order for

municipalities to be truly responsive to citizen needs they must have the ability to raise additional sources of revenue for local priorities.

Sub IR 2.3.2.4 “*Local Governments have access to complementary source of funds for environmental improvements*”. This addresses the needs of local government to have access to other sources of funds, either as grants or loans, especially for costly but needed environmental infrastructure, to respond to citizen demand for better services and to reduce pollution. Under this sub-IR a separate Fund will be established and mechanisms will be created to assist municipalities in accessing both grants and loans to assist in building environmental infrastructure.

The third **Intermediate Result 2.3.3. Is “*Improved Channels for the Expression of Popular Input into Local Service Delivery.*”** This addresses the need for the new democracy of Macedonia, and in particular, the local level of government, to be participatory and responsive, to ensure that citizens have avenues for communicating to the municipality, giving suggestions, expressing priorities. Increased local autonomy and public information and participation go together. Citizens ultimately will become cynical if the decisions of their local representatives do not have any impact on the conditions that are important to them. Conversely, if an increase in local authority and functions does not include as well increased involvement and participation of the citizens in the critical decisions at the local level, then many of the benefits of providing greater local autonomy will be lost. Equally important, citizens are much more likely to be willing to contribute more funds to local activities if they are priorities they themselves have identified and over which they will have control.

Sub IR 2.3.3.1 “*Pilot cities using transparent procedures for public participation in local service delivery*” This addresses the need for municipalities to establish formal well-publicized procedures to facilitate feedback from local people about what the mayor’s office is doing, how services are being delivered, other needs they would like to see addressed. The activity will assist pilot municipalities to set up these procedures and manage them to ensure that the feedback is incorporated into future planning, thus contributing to the ability of municipalities to be responsive. It also addresses the need for procedures established for public participation to be widely available to citizens and for knowledge about them to be available, through media, distribution or other methods. It is not enough to create these mechanisms; citizens need to know they exist and be encouraged to use them.

Intermediate Result 2.3.4 “*Strengthened local management capacity*” addresses the need of local municipalities to execute the responsibilities they currently have professionally and to anticipate receiving additional ones under policy reform. It is clear that once additional authority and responsibility has been delegated they will have an increased need to plan and manage their day to day activities as well as monitor public service delivery. Demonstrated improvements in management, as measured below, should increase government confidence that they can delegate responsibility to lower levels. It should also increase citizen confidence in local government thereby possibly stimulating better payment of taxes for local needs. USAID assistance will be targeted to pilot municipalities in the form of technical assistance to increase their capability and capacity to utilize public management procedures. It will focus upon: open and efficient budget

and financial management; utilization of municipal management tools such as procurement procedures, human resources systems and or rules of procedures; and performance indicators for service delivery.

Public management procedures include: (1) open and efficient budget/financial management processes, (2) municipal management tools, and (3) performance measures or other tools that measure improvements in public service quality, quantity, or frequency. Examples are: (1) publication of budget calendars, public meeting schedules, comparative revenue and expenditure revenue, Budget messages, and revenue forecasting; (2) open procedures for procurement, human resources management systems, and city council rules; and (3) performance measures such time for response to complaints or suggestions.

Sub IR 2.3.4.1 *“Pilot cities using financial resources efficiently”* This result is intended to measure improvements in local ability to forecast needs, to prioritize them accurately, ensuring that funds are spent first on fixed expenses such as salaries and other operational costs, then on other needs as prioritized with citizen input and using the best analysis of the city officials. Under this sub IR, attention will also be paid to city ability to project costs based on needs, to estimate the amount of money it will have to raise locally, the predictability of government money arriving as promised. Staff will be trained to manage and plan annual expenditures in a transparent and accountable fashion. Activities will include introducing and training municipal staff to use procedures such as publicizing the budget through public meetings, using comparative revenue and expenditure history for budget presentation, using budget tools such as a budget message, and using revenue forecasting techniques. Municipalities will also be trained in methods for raising revenues locally, once such authorities have been granted them.

Sub IR 2.3.4.2 *“Pilot cities improve frequency of public service delivery”*.

Performance measures are used to determine unit costs of quantities of goods or services, to determine frequency of service delivery, and to determine quality of goods or services.

In each of these areas the focus is upon improvement of local management capacity to allow the elected officials to execute their responsibilities in achieving locally determined goals and to manage level and quality of services better to meet the demands of their constituencies.

Sub IR 2.3.4.3 *“Local government has capacity to manage infrastructure”*. Addresses the importance of training staff to be able to forecast more accurately delivery and cost of public service delivery. Measures will be introduced to determine unit costs of quantities of goods or services, to determine optimal frequency of service delivery, and to determine acceptable quality of goods and services. Additionally, for environmental infrastructure projects, local officials will receive training in design of proposals, methods of accessing other funds, and the importance of planning for maintenance and repair as well as on-going operating costs of public infrastructure.

Intermediate Result 2.3.5 *“Strengthened advocacy by municipal associations and networks”* addresses the need for existing and possibly new organizations to serve as advocates for municipal officers, assisting them by helping them adopt more unified positions on important central issues such as policy reform or other issues that affect municipalities, and then lobbying

for these positions. Another important role that will be addressed is strengthening existing or new groups to become support institutions and professional backstops for municipal officers, assisting them in information sharing through possible development of newsletters, opportunities for professional training. This result therefore primarily addresses effectiveness of municipalities.

Municipal Associations and Networks improve advocacy by providing internal assistance to their membership including the adoption of public policies on municipal needs/activities. This is accomplished by (1) regular meetings to review municipal issues, (2) the exchange of municipal best practices, and (3) by taking public positions on legislative or public policy issues, and by promoting a strong dues-paying membership.

Sub IR 2.3.5.1 *“Active representation of municipal interests to central government”*. This addresses assistance to associations and networks to strengthen their ability to serve as effective lobbyists and advocates for municipalities, representing their interests and arguing for causes important to municipalities. Public and open meetings of associations include seeing that there are prior announcement of meetings, meetings at convenient times and places, and discussion of issues in full view of the public and the media.

Sub IR2.3.5.2 *“Associations and networks promote municipal perspective on issues concerning local government to appropriate policy making organization”*. Municipalities can be more effective in assuring action on issues that affect them if they present a united position. Strengthening these networking groups will assist in creating groups that are able to unite positions and speak as one voice for individual municipalities with common interests.

Sub IR 2.3.5.3 *“Associations and networks increase financial and institutional stability.”* The performance of an association is directly related to its ability to provide the resources/funding to carry out its objectives over an extended period of time. One determining factor is the number of members who pay their dues. Activities will assist these groups to identify ways of increasing their dependable resources and continuing to attract a stable membership.