

**USAID/Macedonia**  
**Operational Plan**

**FY 2006**

June 13, 2006

## **Please Note:**

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## **Program Performance Summary FY 2005: I. Democratic Reform**

### **A. Country Situation:**

Macedonia's Parliament and judicial institutions are increasingly exercising their roles as independent branches of a balanced democracy. For the first time, the Parliament originated legislation and amended legislation introduced by the Executive branch. Despite this progress, public decision-making continues to be dominated, disproportionately, by a limited political elite and a patron-client political regime directed from the Executive. This year's public opinion survey showed continued disillusionment: only 33.9% found the government effective. A significant majority of the public believes their Government is corrupt and there is no transparency in public decision making.

On November 8, 2005, Macedonia received a positive European Union (EU) avis (opinion) regarding their application for EU candidate status; this decision reflects the positive steps made by Macedonia to achieve transitional reforms. The Ministry of Justice developed and approved a comprehensive Judicial Sector Reform Strategy which will increase the effectiveness and transparency of the judiciary and define their program to reach EU standards. However, the Government is adept at approving laws and giving the impression of rapid reform, while failing to implement these reforms and bring about change.

The U.S. Government recognizes that, four years after its ethnic conflict, Macedonia is still vulnerable. The primary sources of instability are unemployment, particularly of young people, and the public's perception of corruption in the Government.

### **B. U.S. Assistance Priorities:**

USAID believes these challenges will be overcome by strengthening democratic institutions, making them more transparent and effective, and involving citizens in public decisions that affect their lives. The U.S. Government is committed to help Macedonia implement the Ohrid Framework Agreement and achieve standards necessary for EU accession.

### **C. Program Performance:**

Local elections in March 2005, supported by USAID, coincided with preparations for decentralization of government. Although well administered by the State Election Commission, these elections unfortunately included political irregularities that tarnished Macedonia's democratic credentials. However, the election results were generally accepted and new mayors were elected in 85% of municipalities. USAID coordination efforts led to the development of a single, unified introductory training program for all mayors and council members prior to decentralization on July 1, 2005. This training involved all relevant Macedonian Government agencies and international donors. In partnership with our EU colleagues, USAID is leading capacity building of municipal officials across Macedonia in core competencies, such as finance and tax administration, urban planning, basic services, economic development, and citizen participation.

The Parliament reached unprecedented levels of transparency and effectiveness. Parliamentary committees held legislative, investigative and oversight public hearings which provided citizens with access to the legislative process and improved legislative quality. Approximately 40,000 citizens visited constituent offices of Members of Parliament that opened throughout the country. Plenary sessions and committee meetings were televised for the first time on the new Parliamentary TV channel, and all draft legislation and parliamentary debate was made available via the internet. USAID is the only international donor working with the Parliament to carry out these activities.

USAID supported the concept of an independent budget for the judiciary, and the establishment and development of an administrative office for the courts. Constitutional amendments approved late in 2005 will improve transparency in the selection and approval of judges. The draft and passage of the Laws on Enforcement and Civil Procedure, facilitated by USAID, will greatly reduce the backlog of cases managed by the courts and improve enforcement of judicial decisions, including contracts.

## II. Economic Reform Assistance

### A. Country Situation:

Macedonia has been successful in establishing and maintaining macroeconomic stability, with low inflation (-.83% in 2005) and low external debt. However, unemployment rates of well over 30% (38.6%), low foreign investment, and low single digit growth rates (2.7% for the first quarter of 2005) leave little political maneuvering room to address economic issues. Furthermore, relatively tight fiscal and monetary policy, in line with IMF recommendations, acts as a brake on faster economic expansion. Effectively, there is very little progress in reducing poverty and increasing employment. The security crisis in 2001 further complicated matters by focusing government attention and energy on actions to defuse the inter-ethnic situation, including implementation of the Ohrid Framework Agreement. Major resources are also devoted to the political process of EU accession. The consequence of this is a distraction from working on and resolving economic related issues.

### B. U.S. Assistance Priorities:

USAID assistance under Economic Growth focused on improving economic policy and the business environment, improving private sector competitiveness, increasing agricultural sector productivity, strengthening the financial services sector, and increasing access to capital.

### C. Program Performance:

USAID economic and business environment activities focused on policy and legal reform. Assistance was provided in drafting and enacting commercial legislation, and public education on corporate governance and shareholder awareness. Excellent cooperation was achieved with the EU, as well as the World Bank, IMF, Dutch and German bilateral aid, etc. The Government of Macedonia (GOM) was also assisted with meeting commitments arising from World Trade Organization (WTO) membership. A trade coordination mechanism was introduced and a major effort was devoted to reforming the telecommunications sector. Sophisticated Information and Communications Technology (ICT) tools were provided and government to government, business and citizen ICT-based services are on the verge of introduction.

Private sector competitiveness continues to be a major segment of activity. With USAID support, the National Entrepreneurship and Competitiveness Council is gradually becoming a major national partner and player in improving competitiveness. Five industry groups ("clusters") receiving support have shown increased understanding of competitiveness concepts and the benefits of working together. Several export consortiums were formed to address client preferences for larger production capacities, flexibility, and quick response. Exports from the cluster groups rose from 25% to 400% over last year.

The business sector is expanding the use of ICT through seven business centers that provide innovative solutions and services to entire industries, such as Computer Aided Design/Computer Aided Management (CAD/CAM) services to the apparel, footwear and machine tool industry, web portals for the tourism and apparel industry, and management training centers. USAID is also having considerable success expanding local employment opportunities by increasing the competitiveness of craft-based businesses in local, regional, and export markets through business training, product development, and market access. Local and export sales for craft enterprises increased by 520% in 2005.

Agricultural sector productivity was enhanced through a Seal of Quality and agribusiness assistance program that introduced food quality standards and assisted the sheep industry with exports of meat and cheese. Dairies supported by USAID exported more cheese in the first quarter of 2005 than they did in all of 2004. A broiler industry development project successfully demonstrated the feasibility of local production of fresh broilers through a public-private partnership with two local companies. Six hundred thousand broilers were brought to market and 140 new jobs were created.

With major USAID assistance, most of the institutions required of a modern financial sector are now in place, have been established on a sound organizational basis, and function with relative efficiency. USAID programs were successful in curing many of the qualitative problems encountered within the capital markets system, correcting bad policies and building up participation levels.

USAID's activities aimed at providing financing to micro, and small and medium enterprise (SMEs) continue to successfully fill the gap in the Macedonian financial sector by providing innovative and unique financial instruments. One microfinance institution mobilized more than \$1 million in rural savings in 2005. Overall, USAID SME funds provided loans totaling \$19.99 million during the year.

### III. Social Reform and Humanitarian Assistance

#### A. Country Situation:

Economic, political, and educational globalization, and the focus of Macedonia on integration with the EU, challenge the capacities of the country for social reform. As Macedonia looks toward EU accession, it must continue to improve the quality of its education system, increase access for minority and disadvantaged populations, and ensure that what is taught in primary and secondary schools is relevant to the needs of the 21st century marketplace. The high rate of unemployment for Macedonian youth (over 40%) is of particular concern. The national and international success of Macedonia will be directly determined by the country's ability to provide quality education at all levels, develop research, reinforce creativity and innovation, promote multiethnic harmony, and use ICT.

#### B. U.S. Assistance Priorities:

USAID is implementing programs designed to increase quality, access, and relevance in education. Interventions at all levels of education for the Roma disadvantaged group provide equitable access to quality education for the Roma community. The integration of ICT in primary and secondary education has created a revolution. Macedonia is becoming known as the first "wireless country" with affordable broadband Internet connectivity. In line with decentralization in education, USAID's assistance is professionalizing and depoliticizing the role of school directors through an extensive management training program leading to the certification of directors.

#### C. Program Performance:

USAID's initiative in vocational secondary education has succeeded in building stronger linkages between schools and business communities by establishing career centers, virtual firms and real companies in schools. During 2005, 50 career centers, 12 virtual firms, and 44 real companies were established in vocational schools.

ICT has been established in all primary and secondary schools. Through the generous donation of 5,300 computers by the Chinese Government, 460 schools have been equipped with computer labs. Internet access in all schools will promote communication among students and teachers in ethnically-mixed schools where separate classes are held for ethnic Albanians and ethnic Macedonians. The extensive ICT training of teachers will improve the quality of teaching and learning and will prepare students to enter the 21st century labor market.

USAID is strengthening the quality of higher education at the multi-ethnic and multi-lingual South East European University (SEEU) through its support of the Business Administration and Communications Science and Technology faculties. Improving the business management, communications, and computer skills of students will prepare them with employable skills to compete in the job market. USAID is assisting pre-service teacher training institutions improve the quality of teaching and learning by introducing future teachers to interactive methods.

### IV. Other Programs of Significance

A. Country Situation:

Macedonia is considered to be a transit and, to a limited degree, a destination country for victims of human trafficking. The majority of trafficked victims are from Eastern Europe and former Soviet Union states. Most victims are being trafficked to Kosovo, Albania, Italy, and onwards to Western Europe. There is a government-managed transit center which provides assistance to foreign victims of trafficking who have agreed to be repatriated to their home country through the repatriation assistance program of the International Organization for Migration (IOM).

Non-Governmental Organizations (NGOs) and the international community also report a growing problem of internal trafficking. Until this year there has been no mechanism for assisting Macedonian nationals who had been trafficked internally or repatriated as victims from abroad.

Although progress has been made by the Macedonian Government on combating human trafficking, it has failed to demonstrate noticeable improvements in the judicial system, more specifically in efficiently prosecuting, sentencing, and detaining traffickers. The government also fails to provide proper security measures for victims and witnesses during trials. As a consequence, Macedonia's ranking in the U.S. Department of State Annual Trafficking in Persons (TIP) Report fell in 2005 (Tier 1 to Tier 2). It is now classified as a country which does not fully comply with the minimum standards but is making significant efforts to bring itself into compliance with those standards.

B. U.S. Assistance Priorities:

In order to address these deficiencies, USAID Macedonia contributed to the Organization for Security and Cooperation in Europe's (OSCE) multi-donor funded "Residence Project" that targets the group of victims who fall through the gaps of the existing limited assistance structure. The purpose of the project is to establish the first local safe house providing a haven for internally trafficked victims and Macedonian nationals trafficked in other countries who have been repatriated to Macedonia. In some instances, the safe house may be opened to foreign trafficking victims who have been granted permission by the Macedonian government to remain in Macedonia temporarily pending investigation of their trafficking cases. The safe house is developing a unit to accept and assist child victims of trafficking, which would adhere to all international and national standards regarding the rights of children, as well as follow international and national guidelines for assisting child victims of trafficking in persons. This institution will become an integral component of the National Referral Mechanism, envisioned as a framework for cooperation among governmental agencies and civil society organizations dealing with trafficked persons.

Another component of the project is further service development of the SOS helpline, as the first point of contact for victims. This toll-free number, operated by "Open Gate," the same NGO that manages the safe house, is the only anti-trafficking telephone service available in the country where potential victims and actual victims can get information, assistance, and support in several languages.

C. Program Performance:

In 2005, the first year of program implementation, the safe house was fully operational and provided assistance to six presumed victims of human trafficking. The safe house provides victims with access to basic needs such as: a) shelter, food and clothing; b) psycho-social counseling services by qualified professionals authorized or licensed to practice in Macedonia; c) access to medical services by qualified medical professionals at qualified medical facilities; d) re-integration counseling, including vocational and employment skills training; e) legal counseling and access to legal representation; f) support in preparing to serve as witnesses against their traffickers; g) support in preparing to return to home and community and, as appropriate, training in independent living skills (cooking, budgeting, health, personal security, etc.); and h) for foreign trafficking victims, support for their repatriation to their country of origin.

## **FY 2006 Program**

### **SO: 165-0130 Accelerated Development and Growth of the Private Sector**

#### **Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$2,310,000 AEEB, \$465,487 AEEB prior year recoveries). USAID assistance will continue to improve the business environment in Macedonia. Making it easier to do business will encourage new businesses and help existing businesses grow, thereby creating jobs and addressing the issue of high unemployment. E-government applications related to procurement, tax administration, and recruitment will be expanded with new services to government agencies, businesses and citizens, focusing on Information and Communications Technology (ICT) security and the health care sector. Assistance will target passage and implementation of a new bankruptcy law, establishment of a one-stop-shop for registration of companies, encouragement of corporate social responsibility, and introduction of a corporate governance code. The business environment will be further improved by strengthening public-private dialogue, facilitating trade in goods and services, rationalizing the legal and regulatory framework, advising on public capital investment and decentralization, and restructuring the labor market. Even though Macedonia has completed priority reforms in the financial and energy sectors, minor interventions will be considered in order to finalize and build on previous activities and successes. Principal contractors: Emerging Markets Group (prime) and to be determined (TBD). Principal grantees: Internets Network (prime) and Financial Services Volunteer Corps (FSVC) (prime).

#### **Improve Private Sector Competitiveness**

Improve Private Sector Competitiveness (\$5,899,000 AEEB). USAID assistance will focus on ensuring sustainability of the five existing industry clusters - wine, tourism, apparel, information technology, and lamb and cheese. A new activity will provide technical assistance and training to help new clusters build their capacity, develop and implement a strategy to grow the industry, upgrade their products and services, and effectively deliver them to the global market. USAID will build the capacity of the local consulting industry, and training and educational institutions, to ensure the availability of valuable services and skilled employees to the clusters. Public-private partnerships will receive strong support to transfer new technologies and initiate innovation in companies. Funding will be used to leverage private funding in support of these initiatives. One such project will strengthen the capacity of companies and non-profit environmental organizations to collect and process plastic waste. USAID will continue to assist the seven e-business centers that provide innovative solutions and services based on ICT, such as CAD/CAM services, web portals, and on-line management training centers, by working to ensure the sustainability of these businesses through training to improve the managerial and sales skills of their employees. The Digital Media Film City project will receive support through specialized training and consultancy services. It is expected to grow into a center for production and postproduction of feature movies including special effects. Principal contractor: Booz-Allen Hamilton (prime), and TBD. Principal grantees: Academy for Institutional Development (prime), Crimson Capital (prime), and World Council of Credit Unions (WOCCU) (prime).

#### **Increase Agricultural Sector Productivity**

Increase Agricultural Sector Productivity (\$1,422,000 AEEB). USAID will continue to support the meat, dairy, and fruit and vegetable producers, processors, and food retailers in Macedonia to become more profitable and competitive in domestic and international markets by enhancing quality and production efficiency, and by adding value to products. Assistance will be provided to sheep breeders, slaughterhouses, and industry associations to become more quality conscious, efficient, and profitable. The National Meat and Dairy Association, the Quality Control Laboratory, and the Seal of Quality Program will be transformed into sustainable industry-led and financed entities, becoming a lobbying force to represent their sector's interests. Work will continue towards obtaining international laboratory accreditation and ISO certification. Principal grantee: Land O'Lakes (prime).

## **FY 2007 Program**

### **SO: 165-0130 Accelerated Development and Growth of the Private Sector**

#### **Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$3,700,000 AEEB). The business environment activity will provide technical assistance for the implementation of a focused and successful national economic development strategy, which includes readily available data and economic analysis. Public-private dialogue will be supported to become institutionalized and applied regularly in developing crucial strategies and policies. Investment will be encouraged through introduction of new financial products, including products for non-bank financial services. Legal and administrative measures which prompt the labor market to be more flexible and perform better will be targeted. Independent stakeholders such as regulatory agencies, associations, and think tanks will be supported in their capacity to help the government identify and solve impediments to growth. New services from government to government agencies, businesses, and citizens will be developed by expanding the use of ICT. Principal contractor: TBD.

#### **Improve Private Sector Competitiveness**

Improve Private Sector Competitiveness (\$2,828,000 AEEB). A new competitiveness activity will select a new set of clusters to receive technical assistance and training, targeting industries that have strong export potential and can generate high income jobs. Support will be provided for transferring knowledge and skills to the local consultant base so they can work with the clusters on developing strategies and implementation plans. A competitive Global Development Alliance (GDA) approach will be applied to industries that are willing to invest in their companies' development. Principal partner: TBD.

#### **Increase Agricultural Sector Productivity**

Increase Agricultural Sector Productivity (\$977,000 AEEB). The agribusiness sector will receive support through agricultural policy reforms combined with advanced science and ICT applications. Specific sectors or clusters will be selected and supported. Principal contractor: TBD.

## **FY 2006 Program**

### **SO: 165-0200 More Legitimate Democratic Institutions**

#### **Strengthen Civil Society**

Strengthen Civil Society (\$1,931,818 AEEB). USAID's new civil society strengthening project will make civil society a more effective, influential, and permanent partner alongside government and business in shaping the country's future. The project will provide direct grants to 12 to 14 Macedonian non-governmental organizations (NGOs). These "leader NGOs" will serve as mentors to smaller organizations, support them to effectively represent citizens' interests in monitoring the government, and strengthen their capacity to carry out publicly beneficial services. Principal grantee: Institute for Sustainable Communities (prime).

#### **Strengthen Democratic Political Parties**

Strengthen Democratic Political Parties (\$711,803 AEEB). Political party assistance will focus on enhancing the transparency of the political process and accountability of political leadership. USAID will assist two to three local branches of the six major political parties to develop organizational structures and improve their operation at the grassroots level. USAID will also support the political parties at both the national and local level to develop policy analysis and research capabilities, increase responsiveness to

citizens' concerns, and enhance participation by youth, women, and marginalized groups in political parties. Principal grantee: International Republican Institute (prime).

### **Strengthen the Justice Sector**

Strengthen the Justice Sector (\$2,687,379 AEEB). The court modernization program will continue to work with the Ministry of Justice and the judiciary to implement the national strategy for reform of the judiciary. Assistance will focus on: a) improving the legal framework, including drafting key laws and providing training for judicial personnel in order to implement these laws; b) improving the efficiency of and public access to the courts by replicating the best practices of court administration developed by USAID pilot courts; and c) providing technical assistance to the Administrative Office of the Court Budget Council to develop its capacity to effectively manage the financial, human, and Information and Communication Technology (ICT) resources of the courts. Principal contractor: DPK Consulting (prime).

### **Strengthen the Legislative Function/Legal Framework**

Strengthen the Legislative Function/Legal Framework (\$900,000 AEEB). USAID will continue to strengthen the parliament by increasing its capacity to develop quality legislation, perform its oversight role, and involve citizens in the legislative process. Support will continue to assist Members of Parliament to represent their constituents, through the operation of constituency offices and the conduct of public hearings and town hall meetings with citizens. Principal grantee: National Democratic Institute (prime).

### **Support Democratic Local Government & Decentralization**

Support Democratic Local Government & Decentralization (\$3,995,000 AEEB). USAID's Decentralization Project will provide ICT systems upgrades and direct technical assistance, so that Macedonian municipalities: a) establish adequate financial management and tax administration systems; b) increase property tax and related local tax collection rates and levels; c) regularly incorporate citizen input into public decision-making; d) implement modern urban planning systems, resulting in more effective and transparent issuance of building permits; and e) demonstrate increasing financial independence and the capacity to influence public policy through municipal associations. Principal contractor: Development Alternatives Inc. (prime).

### **FY 2007 Program**

#### **SO: 165-0200 More Legitimate Democratic Institutions**

### **Strengthen Civil Society**

Strengthen Civil Society (\$1,808,000 AEEB). USAID will continue to build the capacity of civil society organizations to represent and advocate for the interests of citizens in policy decision making and to provide publicly beneficial services that improve the lives of the citizens of Macedonia. Principal grantee: to be determined (TBD).

### **Strengthen Democratic Political Parties**

Strengthen Democratic Political Parties (\$500,000 AEEB). Political party assistance will continue to focus on enhancing the transparency of the political process and accountability of political leadership by strengthening the local branches and enhancing participation of youth, women, and marginalized groups. Principal grantee: TBD.

### **Strengthen the Justice Sector**

Strengthen the Justice Sector (\$2,614,000 AEEB). Assistance will continue to support the effectiveness and independence of the judiciary through legislative reform, implementation of best practices in the area of court administration, and training for court personnel to enhance professionalism and efficiency. Principal contractor: TBD.

### **Strengthen the Legislative Function/Legal Framework**

Strengthen the Legislative Function/Legal Framework (\$500,000 AEEB). Work with the Parliament will focus on strengthening the committee process, developing and implementing new rules of procedure, and institutionalizing such public participation mechanisms as public hearings and constituency outreach. Principal contractor: TBD.

### **Support Democratic Local Government & Decentralization**

Support Democratic Local Government & Decentralization (\$2,546,000 AEEB). USAID will continue to train and prepare municipalities to assume increased responsibilities and resources under a decentralized government, and will increase citizen participation and input into the public decision-making process. Principal contractor: TBD.

### **FY 2006 Program**

**SO: 165-0340 Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracy**

### **Achieve Equitable Access to Quality Basic Education**

Achieve Equitable Access to Quality Basic Education (\$4,539,000 AEEB). USAID's Roma education program will continue to help approximately 200 pre-school children and 600 primary school students attending Roma education centers improve their language and numeric skills. The program will provide scholarships and mentoring support to 260 freshmen high school as well as 64 university students. The E-Schools project will train 240 primary school teachers in project-based learning through which students develop school projects using Information and Communication Technology (ICT) skills. USAID will design a new project that will focus on the following areas: a) access to and use of ICT in education; b) development and use of digital content in primary schools; c) improvement of the quality of math and science curricula and teaching methodologies; d) improvement of school-based assessment for teachers; e) renovation of schools; and f) improvement of the quality of education in pre-school/kindergarten. Principal grantees: Foundation Open Society Institute Macedonia (prime), Academy for Educational Development (prime), Education Development Center (prime), World Links (sub).

### **Improve Quality of Workforce through Vocational/Technical Education**

Improve Quality of Workforce through Vocational/Technical Education (\$2,000,000 AEEB). The Secondary Education Activity (SEA) will continue to provide assistance to 50 vocational secondary schools. Secondary teachers will continue to be trained to use modern teaching methods that move away from the rote and theoretical method of instruction. A total of 630 teachers will be trained in new teaching methods and will in turn disseminate the training to 3,200 teachers by the end of academic year 2005/2006. Career centers, virtual firms, and real companies, established in 50 vocational schools, will continue to operate. Students gain practical skills in job search, resume writing, interviewing techniques, and running businesses at these centers. Students who participated in a study tour in the U.S., and who applied lessons learned by organizing vocational student organizations in 13 schools, plan to extend student-oriented activities and expand student organizations in the other vocational schools. An additional 227 primary school directors will receive management training. School board members will learn about their roles and responsibilities in the selection of school directors through workshops organized by the project. Principal grantees: American Institute for Research (prime), International

Reading Association (sub).

### **Increase Capacity of Higher Education to Contribute to Development**

Increase Capacity of Higher Education to Contribute to Development (\$1,100,000 AEEB). The Creative Teaching and Learning Project will continue to support eight pre-service teacher training institutions. The project aims to train future teachers to use modern teaching methods in the classroom in order for students to develop problem-solving and analytical skills. The Higher Education Linkage program between Indiana University and the private multi-ethnic South East European University (SEEU) will provide technical assistance in developing the curriculum and training professors in the business administration and communications science and technology departments. Five masters degree candidates will begin their graduate program in management information systems and computer science in 2006. (One Masters Fellow began a graduate program in computer science in 2005.) Principal grantees: Foundation Open Society Institute Macedonia (prime), Indiana University (prime).

#### **FY 2007 Program**

**SO: 165-0340 Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracy**

### **Achieve Equitable Access to Quality Basic Education**

Achieve Equitable Access to Quality Basic Education (\$3,170,526 AEEB). The Macedonia Connects project will increase internet penetration from 4% - 8% to 25% by the end of the project in 2007. The integration of ICT will continue via the E-Schools project with the implementation of the teacher training strategy in 360 primary schools. The 240 trained primary school teachers will disseminate the use of ICT applications in the classroom to 5,232 primary school teachers by the end of the project in 2007. The Roma Education Program will further support a preparatory program for preschoolers, tutoring for primary school students, and a scholarship and mentorship program for secondary and university students. A new education project will begin in October 2006. Principal grantees: Academy for Educational Development (prime), Foundation for Open Society Institute Macedonia (prime).

### **Improve Quality of Workforce through Vocational/Technical Education**

Improve Quality of Workforce through Vocational/Technical Education (\$2,084,774 AEEB). The secondary education activity will provide technical assistance to institutions that will train participants for the directors' certification program. Workshops in school management and administration will be conducted for school board members. In 2007, 44 real companies, 12 virtual firms, and 50 career centers will be operational in vocational schools. Principal grantee: American Institute for Research (prime).

### **Increase Capacity of Higher Education to Contribute to Development**

Increase Capacity of Higher Education to Contribute to Development (\$696,700 AEEB). The Creative Teaching and Learning Project will continue to work on improving the quality of pre-service teacher training. Revisions of teaching methodology curricula in all eight targeted teacher training institutions will be finalized. The Higher Education Linkage program will support six SEEU Fellows who will complete master's degree programs at Indiana University. Lastly, Indiana University will perform an evaluation of its activities. Principal grantees: Foundation for Open Society Institute Macedonia (prime), Indiana University (prime).

#### **FY 2006 Program**

**SO: 165-0420 Cross-Cutting Programs**

### **Program Support**

Program Support (\$3,940,000 AEEB, \$83,094 AEEB prior year recoveries). The Human and Institutional Development program will continue in FY 2006. The program will strengthen the capacity and performance of selected institutions in the sectors in which USAID provides assistance. Training includes information technology for teachers in primary education, judicial reform for judges and court administration, and management and marketing for private sector firms, among other activities. Individuals will also receive short term and academic training. Principal contractor: World Learning (prime).

Peace Corps Small Project Assistance grants will be continued. These grants help Peace Corps volunteers build the capacity of local government institutions and non-governmental organizations, develop businesses, and sponsor environmental awareness campaigns and youth activities. Grants will also support volunteer's English teacher counterparts who introduce new extra curricula activities.

Program development and support funds (PDS) fund staff, evaluations and training. Examples include sector and program assessments, evaluations, audits, surveys, and personnel support. PDS also includes funding for public-private partnerships, environmental activities, and pilot activities.

### **FY 2007 Program**

#### **SO: 165-0420 Cross-Cutting Programs**

##### **Program Support**

Program Support (\$3,070,000 AEEB). The Human and Institutional Development program will continue in FY 2007 focusing on capacity building for Macedonian entities that help: a) local government perform better; b) improve the education system; and c) reduce constraints in the macro-economic environment for the private sector. Individual training programs will continue to be funded. Principal contractor: World Learning (prime).

Peace Corps Small Project Assistance grants will be continued. Special emphasis will be given to enhancing local government responsiveness to citizens' needs.

Program Development and Support as described in FY 2006 program will continue. Priorities will be studies that evaluate ongoing programs and/or contribute to a new USAID strategy and its programs.

## **Results Framework**

### **165-0130 Accelerated Development and Growth of the Private Sector**

#### **Program Title: Economic Growth**

**IR 1.3.1.:** Bank and Non-Bank Financial Institutions Strengthened

**IR 1.3.2:** Private Sector Firms More Competitive

**IR 1.3.3.:** Enabling Environment for Investment Improved

### **165-0200 More Legitimate Democratic Institutions**

#### **Program Title: Democracy and Governance Reform**

**IR 2.1.:** Increased Citizen Participation in Political and Social Decision Making

**IR 2.2:** Adherence to the Rule of Law Enhanced

**IR 2.3.:** More Effective, Responsive and Accountable Government

### **165-0340 Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracy**

#### **Program Title: Social Transition**

**IR 3.4.1.:** Improved Quality and Relevance of Instruction at Primary and Secondary Schools

**IR 3.4.2.:** Support a Training System for Professionalization of School Directors

**IR 3.4.3.:** Increased Access to Education

### **165-0420 Cross-Cutting Programs**

#### **Program Title: Cross-Cutting Programs**