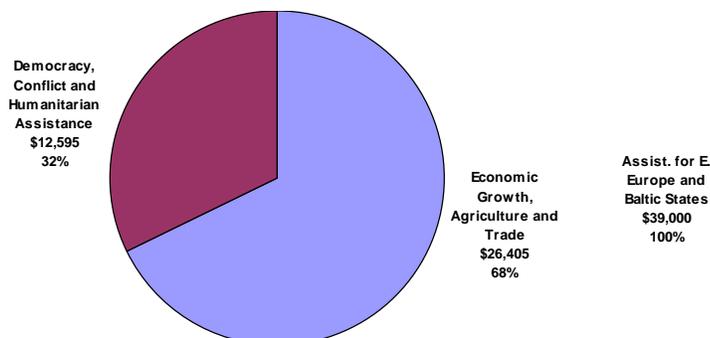
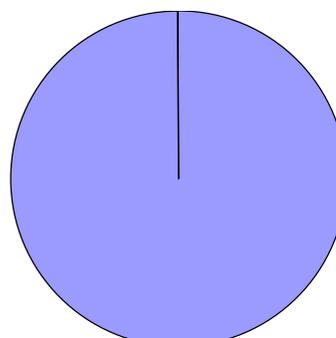


# Macedonia

**FY 2006 Assistance by Sector**



**FY 2006 Assistance by Account**

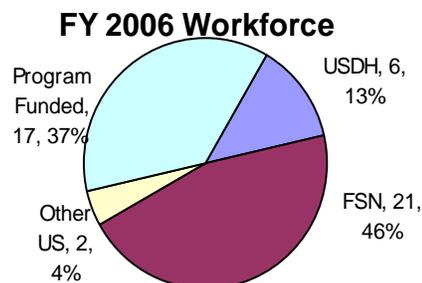


## Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Economic Growth	165-0130	10,350	12,050	13,248
Democracy and Governance Reform	165-0200	11,750	11,780	10,931
Social Transition	165-0340	8,200	7,275	8,345
Cross-Cutting Programs	165-0420	4,320	3,720	3,980
Transfers		4,150	2,175	2,496
<b>Total (in thousands of dollars)</b>		<b>38,770</b>	<b>37,000</b>	<b>39,000</b>

## Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	1,889	1,950	1,900
USDH Salaries & Benefits	821	826	843
Program Funds	1,121	795	795
<b>Total (in thousands of dollars)</b>	<b>3,831</b>	<b>3,571</b>	<b>3,538</b>



Mission Director: Richard Goldman

**The Development Challenge:** Macedonia continues the transition to a free market-based, multiethnic democracy, with good governance and social equity. While political will exists, the process has proven difficult and prolonged. As with other former socialist states, the political and economic institutional structures supporting democracy and economic freedom require time to foster and flourish. Weak governmental institutions, ethnic division, high unemployment, and regional instability slow the process. Nonetheless, progress is being made. A political modus vivendi, the Framework Agreement (FWA), halted open ethnic conflict in 2001. Adherence to the framework provides the basis for a stable, multi-ethnic society. In the aftermath of the tragic death of President Boris Trajkovski in an airplane crash, constitutional process was followed and a successor elected in what international observers declared free and fair elections. Inefficiency and corruption remain serious problems in all three branches of government. The checks and balances on all branches of government need to be reinforced. The decentralization plan to devolve power to local government is central to many other reforms and had been stalled by a referendum but is now back on track. The governance process and regulatory framework are being strengthened - incrementally but continuously. Over the longer term, the Macedonian economic outlook is positive; however, it remains the poorest of the former Yugoslav republics. The unemployment rate is over 30%; the gross domestic product has risen at an average rate of only 1% since independence; and the volume of foreign direct investment averaged \$451 per capita, one of the lowest in Southeast Europe.

A Europe whole, free, and at peace is the overriding U.S. strategic interest in the Balkan region, including Macedonia. Throughout the region, the United States supports continued peace and stability, ethnic reconciliation, neighborly relations among states, development of market-based economies, and integration into Euro-Atlantic institutions. The relatively well-educated population, strategic location as a Balkan crossroads, rich farmland, and mineral resources also make Macedonia a potential force for economic growth and stability in the Southern Balkan region. Moreover, Macedonia is working hard to overcome a legacy as the transit route for smugglers, traffickers, and money-launderers. Macedonia supports Operation Enduring Freedom and has troops serving in Iraq and Afghanistan.

**The USAID Program:** USAID programs target Macedonia's critical economic, social, and democratic needs and are interrelated and mutually supportive. As a result of USAID assistance, better financial market regulation and integrity is creating investor confidence and better capital allocation. Working with the private sector, USAID has identified the five sectors with the highest growth potential and will increase competitiveness as well as add value to agriculture, food processing, artisan enterprises, and small business. The credit programs targeted to small and medium enterprises have helped create and retain jobs in this critical segment of the economy. For larger firms, better corporate governance and raising accounting standards are the goals. USAID programs are supporting the Ministry of Education to improve quality in primary and secondary schools, modernize curricula and teaching methods as well as offering special programs to attract and retain Roma, the most marginalized ethnic group in Macedonia. Systemic improvements in education will boost productivity and improve economic opportunity in all sectors of the economy. The support to the first private multiethnic university in Macedonia has prompted changes in the state-run university system. More effective, responsive, and transparent government, with increased devolution of authority to local government, is helping move government closer to the citizens. Parliamentary skills, procedures, and constituent responsiveness are continuing to improve. Court reform -- reducing backlogs, streamlining procedures, providing greater independence for the judiciary and better trained court personnel - is furthering social justice and facilitating commerce and investment. USAID and non-governmental organizations (NGOs) are helping communities to work together on small-scale infrastructure improvement projects as well as building capacity to lobby for needed reforms. The introduction and expansion of information, communication, and technology in business, government, and schools is a crosscutting theme.

**Other Program Elements:** The Europe and Eurasia Bureau funds several regional projects. Eight grants were made to Macedonian NGOs in 2004 to strengthen democratic governance and promote political, social, and economic development. The Strengthening the Youth Sector Program builds youth NGOs in South Eastern European countries through grants, coaching, mentoring and workshops. So far Macedonia has received 11 grants for youth NGOs, and 27 NGOs have participated in training and workshops. A regional property tax policy forum was co-hosted in Skopje. This was the first time that local mayor associations, government officials, and experts from the former Yugoslavia came together to share fiscal decentralization

experiences and challenges with a focus on property valuation and tax systems. The Hungarian American Partnership Initiative organized two study tours for Macedonian representatives to learn from Hungary's transition to European Union (EU) membership. The Federation of Trade Unions of Macedonia is participating in the Balkan Regional Labor Education's Network program, implemented by the American Center for International Labor Solidarity, which promotes multi-national cooperation among Balkan labor unions.

Three projects relate to Stability Pact objectives. The American Bar Association's Central and East European Law Institute provides technical and financial assistance to Macedonia and six other Southeastern European states under the Anti-Corruption Initiative, organizing training programs and public awareness campaigns. Cross-Border Cooperation and Reconciliation implemented by Catholic Relief Services promotes inter-ethnic reconciliation and local democracy through sub-grant activities responding to common concerns among ethnically diverse border communities. The communities from Kumanovo, Macedonia and Gnjilane, Kosovo are among the first pilot sub-grants. Lastly, the History and Reconciliation in Southeast Europe Project, being implemented by the Center for Democracy and Reconciliation in South East Europe, is developing modern English language teaching materials for history teachers at primary and secondary school levels in the Balkans.

**Other Donors:** Coordination with other donors is especially important as integration into the European Union is essential to the long term political development and economic prosperity of Macedonia. The national institutions must ultimately be EU-compatible. Accordingly, USAID closely collaborates with European donors in helping to shape these institutions. The EU and the United States are the two largest donors in Macedonia. EU assistance is largely provided through the European Agency for Reconstruction (EAR). The EAR program focus is court reform, local government, and trade liberalization. The Dutch government is the third largest donor and supports primarily education modernization. The World Bank is active in education and financial sector reforms. The German, British, Swiss, and Swedish governments are also active donors. Donor coordination is excellent and programs are consistent and complementary. Several sector specific donor coordination groups have been established in addition to regular meetings hosted by the European Union for donor agencies.

## Macedonia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Asst. for E. Europe and the Baltic States	49,999	38,770	37,000	39,000
<b>Total Program Funds</b>	<b>49,999</b>	<b>38,770</b>	<b>37,000</b>	<b>39,000</b>

STRATEGIC OBJECTIVE SUMMARY				
165-0130 Economic Growth				
AEEB	12,505	10,350	12,050	13,248
165-0200 Democracy and Governance Reform				
AEEB	15,845	11,750	11,780	10,931
165-0340 Social Transition				
AEEB	6,730	8,200	7,275	8,345
165-0410 Special Initiatives				
AEEB	4,560	0	0	0
165-0420 Cross-Cutting Programs				
AEEB	4,409	4,320	3,720	3,980
TRANSFER				
AEEB	5,950	4,150	2,175	2,496

Mission Director,  
Richard Goldman

### Data Sheet

<b>USAID Mission:</b>	Macedonia
<b>Program Title:</b>	Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	165-0130
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$12,050,000 AEEB
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$13,248,000 AEEB

**Year of Initial Obligation:** 1994  
**Estimated Year of Final Obligation:** 2006

**Summary:** Needed reforms in the financial sector, enterprise competitiveness, and the enabling environment for investment are fostered through an integrated program of expert advice, training, and other technical assistance. In addition, financing for small and medium enterprises (SME) is made available through local lenders.

**Inputs, Outputs, Activities:**

**FY 2005 Program:** Strengthen Financial Sector's Contribution to Economic Growth (\$333,000 AEEB). USAID is engaged in a multifaceted effort to improve the efficiency and legal/regulatory framework of the financial/capital markets. This will help mobilize domestic savings, promote foreign investment, and better allocate investment funds. The Macedonian Securities and Exchange Commission (MSEC), the Central Bank (NBM), and non-bank financial institutions will continue to benefit from training, expert real-time advice, and help with legislative drafting and implementation. USAID will help with legislation to strengthen the MSEC's enforcement powers and the rules governing the handling of investor funds. Self-regulatory organizations will be strengthened through advice on regulatory and legal operational guidelines, internal management, and monitoring and enforcement techniques. Assistance will be provided to the NBM to create a custodial capacity and to further develop the credit information registry. Banking supervision will be strengthened with enhanced internal audit, Information Technology (IT) security, and anti-money laundering regulation. USAID will work to develop non-bank financial institutions that will stimulate competition in markets for mortgages, treasury securities, and corporate bonds. Development Credit Authority guarantees may be developed. Macedonia will be assisted in establishing privately managed pension funds and a Pension Supervision Agency. Lastly, systemic accounting reform will be pursued with courses, certification programs, and development of professional associations. Prime implementers: Emerging Markets Group, Financial Services Volunteer Corps.

Increase Private Sector Growth (\$8,636,000 AEEB). The Macedonian Competitiveness Activity promotes competitiveness through greater public-private sector dialogue, IT solutions for business, and expansion of quality standards. A fifth and final cluster, apparel, was added joining lamb and sheep, cheese, wine, tourism, and IT. Four new E-Biz Centers will be established, offering on-line management courses and otherwise working to increase the competitiveness of the shoe, apparel, and fashion sectors. Ongoing technical assistance to agricultural sub-sectors will continue -- introducing new products, technologies, and investments to meat, dairy, fruit and vegetable producers, processors and retailers. The Broiler Industry Development Project will expand to other farmers. Development assistance for small craft-based enterprises and artisan products will continue. SME lending activities will introduce new loan products such as student, consumer, and small farm loans, and loans to disadvantaged minorities, while continuing to focus on sustainability of the lending organizations. The USAID SME Fund will continue to help enterprises expand production and trade. Prime implementers: Booz-Allen Hamilton, Crimson Capital, Land of Lakes.

Improve Economic Policy and Governance (\$3,081,000 AEEB). USAID assistance will strengthen corporate governance, trade policy, fiscal management, and e-government. World Trade Organization compliance requirements will remain a program concern and assistance will be provided in developing public-private partnerships in formulating trade policy. The advisors will help draft new laws on Bankruptcy and Electronic Communications and assist in implementation. Support will be expanded for implementing information technology solutions for trade facilitation. USAID will continue to help the Government of Macedonia (GOM) improve fiscal management and will maintain a strong overall advisory presence with relevant GOM entities. Especially important is the development of the e-government strategy and applications related to expenditure management, procurement, tax administration, and corruption abatement. IT oriented procedures will also be critical to successful decentralization. To develop a more competitive market for electronic communication in Macedonia, USAID will help the GOM to build an appropriate legal and regulatory environment. USAID will continue to support the restructuring and privatization of the energy system in Macedonia through completion of energy rules and legislation, development of the market model and strengthening of the energy regulator's capacity. Prime implementers: Booz-Allen Hamilton, Emerging Markets, and Internews Network.

**FY 2006 Program:** Strengthen Financial Sector's Contribution to Economic Growth (\$2,167,000 AEEB). USAID will focus on efficient implementation of the pension system, development of a credit registry, and developing non-bank financial providers with new products, such as mortgages, leasing, insurance, and other business support services for underserved SMEs. Work will continue on improvements in accountancy, business analysis, and other needed financial sector professional skills; on IT security; and on EU harmonization. Prime Implementers: Booz-Allen Hamilton, Land of Lakes, Academy for Educational Development.

A new activity will be designed in FY 2005 and begin in FY 2006 to ensure follow through and technical support for consolidating gains under ending activities. The new activity will continue the integration of Macedonia into the world economy, build regulatory capacity, lower legal and administrative barriers to investment, prepare selected companies for Foreign Direct Investment (FDI), build professional and business associations, respond to other economic priorities identified by the GOM, and develop regional linkages. Contractor to be determined.

Increase Private Sector Growth (\$7,675,000 AEEB). Activities developing greater private sector competitiveness will continue along established lines with greater attention to sustainability issues. A new activity will be designed in FY2006, building on the foundation of USAID's economic development efforts. Program components will include strengthening the competitiveness of selected clusters, SME management training and education, and promotion of the use of IT solutions for business through the creation of IT business centers, applications, and services. Contractor to be determined.

Improve Economic Policy and Governance (\$3,406,000 AEEB). Assistance directed at improving the enabling environment for investment will continue with greater attention to sustainability issues. Technical advice will also be provided to help implement an e-government strategy and further improve fiscal management in the central government and municipalities. Prime implementers: Internews Network and contractor to be determined.

**Performance and Results:** Private sector employment grew by 6.4% and the growth of private sector employment as a percentage of total employment grew by 4%. Positive trends were also seen in the financial sector with banks lending relative to banks capacity to lend increased by 3.3%. With USAID assistance, the Government of Macedonia issued the first treasury securities. The competitiveness of the Macedonian economy improved as demonstrated by exports growth of 20% and foreign direct investment by 270%, from a very low base. USAID institutions increased lending by 116% to micro and small enterprises.

## US Financing in Thousands of Dollars

Macedonia

165-0130 Economic Growth	AEEB	ESF
<b>Through September 30, 2003</b>		
Obligations	97,457	140
Expenditures	81,960	140
Unliquidated	15,497	0
<b>Fiscal Year 2004</b>		
Obligations	10,829	0
Expenditures	14,660	0
<b>Through September 30, 2004</b>		
Obligations	108,286	140
Expenditures	96,620	140
Unliquidated	11,666	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	12,050	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	12,050	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	13,248	0
Future Obligations	0	0
Est. Total Cost	133,584	140

## Data Sheet

<b>USAID Mission:</b>	Macedonia
<b>Program Title:</b>	Democracy and Governance Reform
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	165-0200
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$11,780,000 AEEB
<b>Prior Year Unobligated:</b>	\$300,000 AEEB
<b>Proposed FY 2006 Obligation:</b>	\$10,931,000 AEEB
<b>Year of Initial Obligation:</b>	2002
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** USAID's democracy and governance program focuses on: 1) increasing citizens' participation in political and social decision-making; 2) enhancing adherence to the rule of law; and 3) improving the effectiveness and accountability of government institutions, including local governments and the Parliament.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Strengthen Civil Society (\$2,980,000 AEEB). USAID will launch the new Macedonian Activity for Civil Society Strengthening (MACSS) project to build on and consolidate the impressive strides that have been made in strengthening civil society. MACSS will support key civil society partners to: a) influence the positive, tangible reform of public policy in Macedonia toward European Union standards and accession; b) effectively represent citizens' interests in monitoring the Government of Macedonia, ensuring increasing transparency in Government decision-making; c) improve the capacity of civil society organizations (CSOs) to carry out publicly beneficial services; d) increase public understanding and support for the work of CSOs; e) promote corporate and private philanthropy; and f) improve the coordination of CSOs to more effectively act as a check on Government authority.

During the final year, the Community Self-Help Initiative (CSHI) will fund 60 community development projects, including school rehabilitations, water and sanitation systems, recreation facilities, and projects to support local economic development. This will bring the total number of CSHI projects completed to above 300, covering all of Macedonia's municipalities. Implementers: Louis Berger Group (prime), MACSS to be determined (TBD).

Improve Justice Sector and Legal Framework (\$3,000,000 AEEB, \$193,000 AEEB prior year recoveries). USAID's Court Modernization Program will continue improving the efficiency and transparency of the court system. Assistance will focus on: a) redrafting key laws; b) outlining court organizational and procedural reforms to reduce case backlog and improve court efficiency; and c) funding continuing education and professional development of the Macedonian Judiciary. USAID will also provide expert advice to the Administrative Office on management of the independent court budget. Assistance to legal associations will continue as well as efforts to increase minority access to the legal system. Implementers: DPK Consulting (prime), American Bar Institute/Central European and Eurasian Law Initiative (prime).

Support Democratic Local Government and Decentralization (\$5,000,000 AEEB). USAID's new local government project will prepare municipalities to assume increased competencies and resources under a decentralized government. USAID will provide the technical assistance and system support so that: a) Macedonian municipalities develop the financial management and tax administration capacity to assume new authorities; b) municipalities will significantly increase tax collection rates and levels; c) municipalities will regularly canvass citizens and incorporate the input into public decision-making; d) a critical mass of Macedonian municipalities will implement modern urban planning systems; e) municipal associations will demonstrate increasing financial independence, sustainability, and advocacy capabilities; and f) public communal enterprises will demonstrate higher collection rates, improved financial management and improved customer satisfaction. The Municipal Good Governance Fund will be established to provide initial funding for small scale infrastructure projects and physical improvements to help municipalities successfully fulfill new responsibilities and provide citizens with visible signs of progress on local needs. It aims to improve service delivery to citizens through projects such as community infrastructure, school rehabilitation, waste collection,

and recycling. Access to the Municipal Good Governance Fund is triggered by the municipality's progress in the adoption of the key reforms. Development Alternatives Inc. (prime).

Strengthen Democratic National Governance Institutions (\$800,000 AEEB, \$107,000 AEEB prior year recoveries). USAID technical assistance will continue to strengthen the Macedonian Parliament, increasing the capacity to develop quality legislation; USAID will also continue to assist Members of Parliament to represent constituents, through the operation of constituency offices and the conduct of public hearings and other means to reach out to citizens. Political party assistance will provide advice and training to young and promising leaders and strengthen youth and women's participation in the parties, developing more democratic, message-driven political parties. National Democratic Institute (prime), International Republican Institute (prime).

**FY 2006 Program:** Strengthen Civil Society (\$2,431,000 AEEB). USAID's new civil society activity MACSS will support key civil society partners to influence the positive reform of public policy in Macedonia, to effectively represent citizens' interests in monitoring the Government, and to strengthen the capacity to carry out publicly beneficial services. Contractor/grantee TBD.

Improve Justice Sector and Legal Framework (\$2,900,000 AEEB). Assistance will be provided for critical legal reform, efficient court procedures and support for the court Administrative Office and other judicial institutions. Contractor: DPK Consulting (prime).

Support Democratic Local Government and Decentralization (\$4,500,000 AEEB). USAID's Make Decentralization Work Project will continue to train and prepare municipalities to assume increased competencies and resources under a decentralized government, and will build practices of citizen participation and input into the public decision-making process. Contractor same as FY 2005.

Strengthen Democratic National Governance Institutions (\$1,100,000 AEEB). Parliamentary Assistance will be provided to Parliament committees as well as Members of Parliament to make them more responsive to constituencies and increase citizen input into the legislative process. The Political Party Assistance will concentrate on strengthening political party leadership at the local level. Grantees: Same as FY 2005.

**Performance and Results:** USAID programs have contributed to significant reforms and improvements in the justice sector. USAID's Macedonia Court Modernization Project provided the bulk of the work in reforming the two major procedural laws, which will remove key impediments to the efficient and timely delivery of justice. USAID's Pilot courts prepared and implemented backlog reduction plans that resulted in reduction of 8% of cases older than one year and 13% for cases older than three years, in only the first six months of this activity. USAID was instrumental in drafting and passage of key decentralization laws on finance and education; these are critical steps in the implementation of the Ohrid Framework Agreement. USAID also opened 10 urban planning and permitting centers, reducing the number of stops for citizens to get a building permit from seven to three and assisted 25 municipalities to initiate property tax collection and administration, increasing the average rate collection by 25%. Through USAID assistance, the Parliament conducted the first ever public hearings on key draft legislation, and positive legislative reforms were introduced as a result of these hearings. Twenty four new constituent offices were opened, bringing to 60 the number of Parliamentarians who have constituency offices and who hold regular meetings with the public.

## US Financing in Thousands of Dollars

**Macedonia**

165-0200 Democracy and Governance Reform	<b>AEEB</b>
<b>Through September 30, 2003</b>	
Obligations	28,615
Expenditures	12,611
Unliquidated	16,004
<b>Fiscal Year 2004</b>	
Obligations	11,750
Expenditures	16,994
<b>Through September 30, 2004</b>	
Obligations	40,365
Expenditures	29,605
Unliquidated	10,760
<b>Prior Year Unobligated Funds</b>	
Obligations	300
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	11,780
<b>Total Planned Fiscal Year 2005</b>	
Obligations	12,080
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	10,931
Future Obligations	0
Est. Total Cost	63,376

## Data Sheet

<b>USAID Mission:</b>	Macedonia
<b>Program Title:</b>	Social Transition
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	165-0340
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$7,275,000 AEEB
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$8,345,000 AEEB
<b>Year of Initial Obligation:</b>	2001
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** The USAID program helps to mitigate the social impacts of the transition by improving the quality of basic education and improving higher education institutions to better prepare youth for employment. Activities address problem solving, critical thinking, and Information Technology (IT) skills among teachers and students; access to education for marginalized groups; professionalization of local school administration; and better links between vocational schools and the job market.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve the Quality of Basic Education (\$6,175,000 AEEB). IT literacy in primary and secondary schools is extremely limited and internet penetration in Macedonia remains among the lowest in the region at 4%. USAID has installed computer labs in all 90 secondary schools and trained teachers in the use of IT skills. In FY 2005, USAID will install computer labs in over 300 primary schools and continue to train primary and secondary teachers how to integrate IT into the curriculum. USAID will increase student and teacher access to information by developing a nationwide broadband internet network and providing broadband internet access to all 430 primary and secondary schools throughout the country. Grantees are: Academy for Education Development (prime); American Institute for Research (prime); Education Development Center (prime), World Links (sub).

FY 2005 is the last year of implementation of the Creative Teaching and Learning Project. Through this project, USAID will establish media labs and train school teams in using IT in six general secondary schools and 15 primary schools in Macedonia. School leaders will be introduced to new methodologies, and the program will offer extra-curricular activities to promote students' active involvement in a pluralistic society based on the rule of law. Principal Grantee: Foundation Open Society Institute Macedonia.

Through the Secondary Education Activity, USAID will continue to build relationships between vocational schools and businesses to make vocational education more relevant to the job market. In FY 2005, real firms, virtual firms, and career centers will be created at each of the 50 selected vocational schools to strengthen linkages between business communities and vocational secondary schools and prepare more than 15,000 students for future employment. Improvements in school administration will be achieved through the implementation of a School Director Certification Program for all secondary school directors. Grantees: American Institute for Research (AIR) (prime), International Reading Association (sub).

Roma children continue to have the lowest enrollment and completion rates among children in Macedonia. USAID will provide support to Roma children from pre-school through secondary school in five selected centers in Macedonia. USAID will also help increase Roma matriculation by providing 200 scholarships for freshmen entering secondary schools and 50 university students. Through partnership with the Organization for Security and Cooperation in Europe, 80 more scholarships will be provided in the 2004-2005 school year. Grantee: Foundation Open Society Institute Macedonia.

Improve Institutions of Higher Education (\$1,100,000 AEEB). Technical assistance will continue to the multi-ethnic, multi-lingual, private South East European University (SEEU). However, as SEEU has consistently achieved enrollment targets and multi-ethnic population is increasing, future USAID support will be focused more on increasing quality rather than on access for students. FY 2005 support will focus on improving the

quality of teaching at the business and computer science and technology faculties through the Higher Education Linkage Activity (HELA). HELA will assist with curriculum and faculty development, train master degree fellows, and promote linkages with Macedonian businesses through USAID's E-Biz Resource Center at SEEU. Grantee: Indiana University.

**FY 2006 Program:** Improve the Quality of Basic Education (\$6,695,000 AEEB). Previously, USAID programs focused on installing IT equipment in the schools and providing access to new tools such as internet and project-based learning methods. In FY 2006, the focus must shift to expanding IT integration into curricula at all levels and insuring that all teachers and students have the access and ability to use modern technology for learning. To this end, USAID will continue to provide broadband internet to all primary and secondary schools. IT Teacher training will also be expanded to include primary school teachers.

School Director Certification training will be expanded to include all primary school directors as well as a pool of potential school directors. USAID will also continue to provide technical assistance to real and virtual firms in secondary vocational schools started in FY 2005.

Increased retention and academic success of Roma will continue to be a USAID priority in FY 2006. As a result of the first year of implementation, increased interest for education from preschool to tertiary level is anticipated among Roma. USAID will continue to provide a preparatory program for preschool children, tutoring for primary school students, as well as scholarship and mentoring support for secondary and university Roma students. Girl's participation will be emphasized. Teachers in targeted areas will also receive anti-prejudice training to reduce the current bias against Roma children. Wider donor and host government support is expected for Roma inclusion as a result of the USAID Roma Education Program and the Roma Decade initiative.

Improving Institutions of Higher Education (\$1,650,000 AEEB). The HELA program will also develop an IT skills certificate and dual degree programs in the computer and business faculties at SEEU, and will support internship programs for students.

The contractors and grantees for FY 2006 are expected to be the same as for FY 2005.

**Performance and Results:** USAID projects established computer and media labs in 100 secondary schools and 30 primary schools and started IT integration in schools by training 80 master trainers. Student-centered teaching methods and computer skills were introduced to approximately 1,000 teachers and administrators in primary and secondary schools. USAID also provided training in project-based learning and critical thinking, and helped re-establish links between vocational schools and the businesses they serve.

Through USAID efforts, laws requiring all primary and secondary school directors to be professionally certified were passed and a new director certification program was established. This new requirement depoliticizes and professionalizes school administration.

With the support of USAID, enrollment at South East European University exceeded 5,000. Non-ethnic Albanian enrollment is now at 20%, up from 9% in FY 2003.

## US Financing in Thousands of Dollars

**Macedonia**

165-0340 Social Transition	<b>AEEB</b>
<b>Through September 30, 2003</b>	
Obligations	14,116
Expenditures	3,318
Unliquidated	10,798
<b>Fiscal Year 2004</b>	
Obligations	8,200
Expenditures	8,304
<b>Through September 30, 2004</b>	
Obligations	22,316
Expenditures	11,622
Unliquidated	10,694
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	7,275
<b>Total Planned Fiscal Year 2005</b>	
Obligations	7,275
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	8,345
Future Obligations	0
Est. Total Cost	37,936

## Data Sheet

<b>USAID Mission:</b>	Macedonia
<b>Program Title:</b>	Cross-Cutting Programs
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	165-0420
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$3,720,000 AEEB
<b>Prior Year Unobligated:</b>	\$83,000 AEEB
<b>Proposed FY 2006 Obligation:</b>	\$3,980,000 AEEB
<b>Year of Initial Obligation:</b>	1993
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** This program supports broad administrative and technical support across all strategic objectives and portfolio elements. It consolidates activities which by nature service multiple program components. Included are: program development and support activities, participant training, and small grants.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Participant Training (\$2,050,000 AEEB). The participant training program will continue to upgrade skills, improve knowledge and assist professional development in support of all USAID program components. In FY 2005, an increased emphasis will be placed on education. Training support will also increase in the important areas of the local government and information technology. Special attention will be given to Roma, the most marginalized group in Macedonia. Training programs for Roma will be focused on: 1) general leadership skills, particularly for young people; 2) skills to encourage more participation in the political process; 3) business and entrepreneurship skills; and 4) sector-specific skills to keep up with the latest developments in fields such as health, environment, pedagogy, and human rights. Roma training also will contribute to U.S. Government efforts related to the Decade of the Roma (2005-2015). Program goals include a 50% participation rate for women and a rate of at least 15% for ethnic minorities. The program will also continue to increase the academic level of the professionals in Macedonia, provide them with certification programs, and raise the level of English language proficiency. World Learning (prime)

Peace Corps Small Project Assistance (\$80,000 AEEB). Small project assistance (SPA) grants will be provided in response to proposals submitted by the Peace Corps Volunteers. The project will address community development issues, environmental issues, and student English language training needs. Peace Corps (prime).

Program Development and Support (\$1,590,000 AEEB, \$83,000 AEEB prior year recoveries). The program development and support funds (PD&S) provide USAID with program support resources (people, evaluations, and training). Examples are: sector and program assessments, evaluations, audits, surveys, studies, data quality assessments, and program implementation personnel support. PD&S also includes funding for public-private partnerships, environmental activities, and new initiatives or pilot activities.

**FY 2006 Program:** Participant Training (\$2,000,000 AEEB). Human Resource Development will continue in FY 2006. The focus of the program will be the education sector and local government, with special attention to facilitating administrative decentralization, and ethnic minority inclusion. Increased representation of minorities will be sought. Contractor/grantee to be determined.

Peace Corps Small Project Assistance (\$80,000 AEEB). SPA grants will be continued. Special emphasis will be given to building community capacity through training.

Program Development and Support (\$1,900,000 AEEB). The support as described in FY 2005 program will continue at approximately the same level in FY 2006. Priority will be on activities and studies that evaluate on-going programs or that will contribute to designing the new strategy (FY 2007-FY 2011).

**Performance and Results:** The Participant Training Program (PTP) managed by World Learning in

Macedonia was an effective tool supporting all USAID activities in FY 2004. It provided knowledge and skills to Macedonian professionals across Strategic Objective areas. Between October 2003 and September 2004, PTP conducted 64 Training, Technical Assistance and Small Grant interventions, of which 21 took place in the United States, 22 in third-countries, and 21 in Macedonia. A total of 743 participants benefited from PTP in 2004, of which 40.3% were women and 13.4% were of ethnic minorities. The total number of participants in 2004 rose 124%, reflecting a significant increase in the number of in-country interventions. The latter included a series of seminars on financial crimes for 70 judges and prosecutors, and 147 adult students enrolled in English Language courses in 21 schools across 18 cities nationwide. Macedonian professionals were provided scholarships for programs in Europe and the United States. In education, USAID supported the initial phase of certification of school directors by training 13 trainers and providing technical assistance to develop training modules. It also continued support to capacity-building at the South East European University. In the area of economic growth, PTP focused on training key personnel at private firms of particular interest to Mission-sponsored projects, i.e., those involved in the four targeted competitiveness clusters. In the democracy area, the effort focused on providing training for the stakeholders in the judicial system including activities in support of sustainability of local organizations. Such organizations are now able to provide services that had been provided by American organizations.

## US Financing in Thousands of Dollars

### Macedonia

165-0420 Cross-Cutting Programs	AEEB	ESF
<b>Through September 30, 2003</b>		
Obligations	24,593	22,000
Expenditures	21,293	22,000
Unliquidated	3,300	0
<b>Fiscal Year 2004</b>		
Obligations	4,313	0
Expenditures	2,717	0
<b>Through September 30, 2004</b>		
Obligations	28,906	22,000
Expenditures	24,010	22,000
Unliquidated	4,896	0
<b>Prior Year Unobligated Funds</b>		
Obligations	83	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	3,720	0

<b>Total Planned Fiscal Year 2005</b>		
Obligations	3,803	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	3,980	0
Future Obligations	0	0
Est. Total Cost	36,689	22,000