

**Country Programme Action Plan
2005-2009**

**Government of the Former Yugoslav Republic of Macedonia¹
United Nations Development Programme**

The Government of the Former Yugoslav Republic of Macedonia and the UNDP in the Former Yugoslav Republic of Macedonia are in mutual agreement to the content of this document and their responsibilities in the implementation of the country programme.

Furthering their mutual agreement and cooperation for the realization of the Millennium Development Goals and the United Nations Conventions and Summits to which the Government of the Former Yugoslav Republic of Macedonia and UNDP are committed, including: Millennium Declaration, UNGASS Declaration of Commitment on HIV/AIDS, UN Framework Convention on Climate Change, Convention on Biological Diversity, UN Convention to Combat Desertification, Kyoto Protocol, Convention on Access to Information, Public Participation in Decision Making and Access to Justice in Environmental Matters etc.

Building upon the experience gained and progress made during the implementation of the previous Country Programme (2001 to 2004),

Entering into a new period of cooperation (2005 to 2009),

Declare that these responsibilities will be fulfilled in a spirit of close cooperation and have agreed as follows:

Part I. Basis of Relationship

1.1 "WHEREAS the Government of the Former Yugoslav Republic of Macedonia (hereinafter referred to as "the Government") and the United Nations Development Programme (hereinafter referred to as UNDP) have entered into a basic agreement to govern UNDP's assistance to the country Standard Basic Assistance Agreement (SBAA), which was signed by both parties on 30 October 1995. This Country Programme Action Plan (CPAP) together with the Annual Work Plans (AWPs) concluded hereunder constitute together the project document as referred to in the SBAA.

Part II. Situation Analysis

2.1. Since its independence, Macedonia is undergoing a profound transformation from a centrally planned socialist economy to a market oriented system and from a one-party political system to a pluralist democracy. Although on the normative level the country has advanced significantly, it still faces important challenges in terms of economic and political restructuring.

2.2. The transformation of the economic structures in the last 13 years was coming at high social costs, economic trends are still unfavourable and poverty levels are rising which leads to a widespread perception of transition having 'failed' as well as low public trust in the state

¹ The country was admitted in the United Nations with the Resolution 817 of 7th April 1993, in which it was agreed that the state would be provisionally referred to for all purposes within the United Nations as the former Yugoslav Republic of Macedonia pending settlement of the difference that has arisen over the name of the State. However, for purpose of simplification and without any prejudice to the name related dispute with Greece the name "Macedonia" will be used throughout the text

and its institutions. The 2001 conflict further aggravated the socio-economic performance and affected the restructuring of institutions to address the preoccupations associated with the transition processes. The August 2001 Ohrid Framework Agreement laid down principles that not only allow interethnic conflicts to be addressed through political dialogue, but also pointed out important steps for further democratization and compliance with European standards.

2.3. In the past period the Government action was perceived as 'crisis management', though it maintained high macroeconomic stability, which ultimately did not generate economic growth. The political will for accessing Euro-Atlantic structures is unanimous, and EU integrations is seen as the major engine for reform of state institutions and for promoting a modern, democratic and market-based society, respectful of the principles of human rights and ethnic diversity. The formal accession process was initiated with the submission of an application for EU membership on 22 March 2004. Answers to the European Commission questionnaire were submitted on 14 February 2005.

2.4. The ongoing decentralization process is essential for enhancing democracy and equitable participation of ethnic groups as well as creating preconditions that allow institutions on all levels to apply the subsidiarity principle for efficient and transparent governance. Redistribution of power and competences between the central and local authorities envisaged in the recently adopted systemic laws on decentralization will counter administrative and financial over-centralization and bring government closer to citizens. In the recent period the Government with support of the international community undertook intensive preparations to ensure successful transfer of competencies through organizing training for the newly elected local government officials. The necessary laws for effective decentralization reform have been enacted, yet some local government units may face difficulties in assuring their implementation. With regards to existing debts of the municipalities, there is a reason for concern primarily for the smaller ones (up to 5,000 inhabitants). However, the Government Action Programme for Implementation of Decentralization Reform foresees this issue to be settled in a period no longer than 7 years.

2.5. The reform of institutions, the rule of law, and in particular law enforcement are of prime importance for the Government and represent key factors for pursuing economic and political reforms. This will additionally enhance the capacities of the state in coping with all forms of organized crime. The political and security situation in the country is stabilizing. Nevertheless, it has been assessed that the state institutions need further capacities to assure efficient functioning in all areas and sectors. Recent public surveys show that the attention of citizens of Macedonia is primarily focused on economic issues and EU-integration processes.

2.6. Civil society forces in the country have limited capacities to actively participate in the policy making process. The political parties, lacking active constituencies and internal accountability, are primarily organized along ethnic lines and often fail to play their role as a driving force for inclusive democracy. The NGO sector, still coping with internal governance and financial sustainability, needs further professionalisation and a better understanding of its role in the policy process.

2.7. The planning and strategizing process is still fragmented and sector oriented and coordination among sectoral ministries and between the government, civil society and the private sector is still taking shape. Insufficient institutional and administrative capacity, the competition rather than coordination between ministries are obstacles that need to be overcome for an inclusive policy process.

2.8. Political, economic and social challenges are reinforcing the importance of strengthening governance and the rule of law. Concrete efforts for reconciling disparate perspectives among Macedonia's ethnic communities are necessary, whereby, initiatives to improving the security environment and rule of law will be crucial.

2.9. Macedonia has a population of 2 million, a per capita income of \$ 1,835 (2002) and falls in the lower middle income range with a human development index of 0.793 (NHDR 2004). Despite the multitude of shocks hitting the economy since independence, Macedonia managed to maintain its macroeconomic stability and kept inflation levels low, through implementation of prudent economic policies. However, the structural imbalances in the economy and the high unemployment rates are pending vigorous action. In 2003, the economy grew by 3,4% which represents an improvement compared to former performance, but still remains insufficient to significantly reduce the high level of unemployment or to improve living standards. Inflation rates are kept at low levels, i.e. in 2003 consumer prices rose by 1,2%. During the first quarter of 2004 the real GDP growth rate was negative, however in the following quarters a significant growth was recorded, which resulted in the annual growth of the real GDP for 2004, of 2,5%.

2.10. Poor corporate governance in the private and public sector, the unfavourable investment climate, corruption, and a weak judiciary depress domestic and foreign investment and hinder economic and employment growth. Domestic investment levels are low, with 45% of economic activities 'hidden' in the informal sector. The country has one of the lowest levels of foreign direct investment (FDI) in the region, the stock of investment equalling \$950 million and a cumulative per capita level of \$451 since 1990, which is close to the level of South Eastern European countries, but only a fraction compared to successful transition economies in Central Europe. The privatization of small and medium size enterprises (SMEs) is almost concluded, and the Government is focusing on measures and activities to support the development and enhance competitiveness of SMEs, whereas the process of large-scale restructuring and privatisation is proceeding at a slow pace.

2.11. An unemployment rate of 36.7% in 2003, and widespread relative poverty (according the data from the Households Budgets Survey of the State Statistical Office) - 22.6% of the population live below the poverty line of \$50 a month, as measured by international standards - have led to increased social and economic exclusion and insecurity of significant segments of the population. The structure of unemployed is particularly grave, since about 85% of the total unemployed have been without work for more than one year. Among the unemployed 26,4% are young people (between 15 and 24 years) of which 43,4% completed only primary education. This creates downstream liabilities for a successful economic transition by directing an important source of human capital away from productive alternatives towards grey and black markets, the presence of which perpetuate criminality and insecurity. Geographic (rural/urban), gender and ethnic disparities in unemployment and income levels, access to health and education – all of them essential for improving human development – combined with shrinking resources remain a concern of the Government and will require targeted development policies.

2.12. Poor air quality in urban areas (Skopje, Veles, Bitola and Tetovo), lack of appropriate waste management, underdeveloped sewage systems, unsustainable land management and inadequate agricultural practices as well as limited awareness on environmental issues have direct impacts on the state of the environment and the health of population. The industrial sector especially the metallurgical, metal-processing, chemical and cement facilities are the main contributors to air pollution, due to the lack end-of-pipe treatment and the use of low-quality fuel. Old vehicles that do not meet environmental specifications also contribute to increasing air pollution in urban areas. The situation in regard to the waste sector pressures on environment is characterised by: the lack of facilities for hazardous waste management and the existence of contaminated industrial sites (waste from mining, metallurgical, fertiliser and chemical industries); the use of landfills as a main waste management practice and lack of other waste management practices such as recycling, re-use, composting; and the lack of sanitary landfills and the large number of illegal dumpsites. About 70 percent of the population is connected to the water supply systems but access to safe drinking water is still a problem in some of the rural areas. The major pollution of both the surface and ground water is coming from the discharge of municipal and industrial wastewater directly into rivers without any treatment

2.13. Enforcement of the new set of environmental laws that were adopted or will be very soon adopted at the Parliament, as well as an increased level of environmental responsibilities and new competences at the local level will represent major challenges in the new programming cycle, since institutional, legal and administrative capacities are insufficient and finances allocated for the environment is limited.

2.14. The spread of HIV/AIDS is still in its early stage. Although the current infection rates are low in absolute terms, regional trends with regard to women's trafficking, increased drug abuse among youth, marginalized communities and mobile populations are of concern. The regional infection rates suggest the potential for rapid future accelerations of the disease, especially among the youth and the economically active population (20-49), with cumulative social and economic costs in the long term. It is unlikely that HIV/AIDS statistics reflect the real infection rates (67 HIV/AIDS cases). There is an under-developed surveillance system in place to measure prevalence and incidence of HIV/AIDS that does not address high-risk groups specifically. The data available on HIV/AIDS cases is based on test results, including blood/organ donor tests. Almost all registered HIV positive persons were not tested for HIV until after the development of health problems. There is evidence of high levels of risk behavior among young people in the country. Levels of knowledge about HIV/AIDS and other STIs among the population appear to be low, especially among injecting drug users, commercial sex workers, men that have sex with men, prisoners, trafficked people, refugees and displaced people. In addition, levels of stigmatization and medicalization of HIV and STI are still high. Macedonia has too limited financial resources, an underdeveloped public health system, and too few NGOs to be able covering appropriately vulnerable groups. Although there is increased understanding of the social, economic and cultural impact of HIV/AIDS, there is not yet an overall public health policy.

Part III. Past cooperation and lessons learned

3.1. During the two previous programming cycles UNDP focused on supporting democratic restructuring, strengthening capacities of national and local institutions and addressing the socio-economic hardship of the most vulnerable through targeted employment schemes. Through capacity-building programmes, provision of policy advice and the promotion of information and communication technologies, UNDP promoted transparent governance and supported the decentralization process, consistent with the EU subsidiary principle. Guided by the 2001-2003 Country Cooperation Framework (CCF) the UNDP programme focused on the complementary programme areas of a) Local governance and municipal development; and b) Environmental governance and sustainable development. To harmonize the planning cycle, the CCF was extended to 2004.²

3.2. UNDP in this period intensified its intervention on the policy level through commissioning of a series of assessments, policy papers and situation analyses particularly in the field of decentralization and local governance, stimulating Investment and Information and Communication Technology for development. With two NHDRs (2002 'Human security and social exclusion' and 2004 'Decentralization for human development') UNDP addressed key policy issues that were prime concerns in the country and highly on the Government's political agenda. Early Warning Reports provided a deeper understanding of the causes of crisis as well as the public's preoccupations about issues that have the potential to trigger crisis in the country.

3.3. As part of the global effort to achieve the Millennium Development Goals until 2015, UNDP supported the country to prepare the National Baseline MDG Report. The multidimensional character of development has been addressed through an organizational set up of the consultation process that promoted broad participation and an inclusive policy dialogue among different constituencies as well as cooperation between different sectors and institutions.

3.4. In response to the fact that Macedonia is still a country with low prevalence of HIV infection but facing high risks of a potential blow up of the epidemic, the UNDP as active member of the UN Theme Group on HIV/AIDS supported the country in the creation of a

² Hyperlink to Strategic Results Framework/Results Oriented Annual Report 2002

National Multisectoral Commission on HIV/AIDS and the preparation of the National Strategy Plan for HIV/AIDS (2003-2006).

Local governance and municipal development

3.5. Local governance and municipal development were already in the focus of UNDP's programme assistance 2001-2004 and further reinforced as response to the Governments efforts to speed up decentralization reforms which were the key requirement of the Ohrid Framework Agreement and to the Government Operational Programme for Decentralization.

3.6. Up-stream interventions provided policy advice on issues related to the organizational, functional, financial and human resource aspects of decentralization to the Ministry of Local Self-Government, relevant line ministries and the Association of Local Self-Government. Pilot initiatives on the local level such as conducting functional analysis of municipalities and support to the local development planning and strategizing process allowed to gather experience and inputs for policy advice to relevant Government institutions. These interventions were complemented by a comprehensive programme for enhancing skills of local governments to face new competencies and to address some of the most pressing locally identified needs of their citizens.

3.7. Unemployment and economic revitalization have been pointed out repeatedly to be critical for sustainable local development. Therefore, UNDP in 2003 assisted the Ministry of Economy to develop a programme for stimulating investments and attracting FDIs as well as to create an enabling environment for the expansion of economic activities. At the same time UNDP provided direct support to the municipalities by a) creating 4,700 temporary jobs across the country b) promoting Public Private Partnerships which generated 1 500 local long term sustainable employments and c) establishing 19 ICT centres and providing computer training to 20 000 students, thus enhancing their skills and improving their prospects to be integrated into the labour market.

Environmental governance and sustainable development

3.8. UNDP assisted the Government to identify capacity constrains in regards to the implementation of the three global environmental conventions related to biodiversity, climate change and desertification and land degradation, and to strengthen the institutional arrangements for their implementation, enhancing at the same time the inter-governmental collaboration. UNDP also assisted the Government to introduce the concept of sustainable development in the development plans in the country as well as to map the steps that will lead to the development of a National Strategy for Sustainable Development, and to strengthen the environmental management capacities of selected governmental institutions. Assistance was provided to the national and local governments to take a lead and coordinate integrated trans-boundary water management in the Prespa Park region. Emergency support to mitigate the consequences of the natural disasters i.e. mining tailing spills of the Zinc and Lead Mine "Sasa" in Kamenicka River and massive floods in the South-Eastern and Northern-west parts of the country was provided through creation of short term employment opportunities for the most affected population.

Special Development Situations

3.9. In order to mitigate the impact of the conflict in 2001 UNDP supported as an immediate response the rehabilitation of small infrastructure including water supply and sewage systems in former crisis areas. Apart from crisis-driven infrastructure failures, cumulative neglect led to the collapse of water management systems after heavy rains in the spring of 2004. On that occasion UNDP coordinated a joint response through its program team along with the disaster management office and FAO.

3.10. In 2003 UNDP launched the Small Arms Control project that emphasized support to the Ministry of Interior on policy development and planning for small arms and light weapons

(SALW). In 2004, Phase II intensified the project's policy-level support and was accompanied by community-based pilot projects to build local constituencies of support for safer, "weapons-free" communities. The project will be part of a UNDP program that dedicates additional attention to crisis prevention in 2005-09, both explicitly and through mainstreaming into other areas of activity. Among other initiatives, this could include renewed training in conflict mediation, which was provided to social workers and CSOs in 2004.

3.11. Lessons learned from projects in the municipal support programmes ('Youth employment support', 'Clean and green', etc.) showed that these kind of projects in addition to their immanent objectives have to address the weak capacities of municipalities to carry out the necessary tasks in order to implement internationally funded projects. Therefore building management capacities of local authorities should be an integral component of the projects and supported throughout the entire project cycle. Particularly in small municipalities, the lack of these management capacities caused difficulties during the implementation and limited the extent to which they could benefit from the support programmes; therefore, in addition to general management training, on-the-job training, guidance and if necessary specific coaching should be provided to these municipalities.

3.12. Another interesting lesson with rather small scale projects on the municipal level was to see that they were able to kick off sustainable partnerships between municipalities, national institutions such as the branch offices of the Employment Agency, communal enterprises, the private sector or the Centres for vocational training. These partnerships are critical in view of the competencies of municipalities envisaged under the new legal framework and the role different stakeholders will have to take over in local development processes. In the future, UNDP should respond to the new environment by forging partnerships, promoting FDIs, supporting the development of SMEs and introducing micro-financing schemes. These interventions will not only increase available financial resources but will also introduce modern management skills and transfer of know-how, which are key preconditions for a ensuring sustainable employment and long lasting economic development.

3.13. In addition, in an environment where Public Private Partnerships are not yet part of the business culture, positive examples leading to sustainable employments, demonstrated the potential of such cooperation and have to be further explored and promoted. The fact of linking vocational training centres with the private and public sector contributed to a better approximation of labour supply and demand and thus reinforced the sustainability of generated employments. Therefore vocational training components in employment generating projects should be more vigorously pursued.

3.14. Identifying projects without having local development strategies based on participatory processes carries a risk of supporting projects that address ad hoc requirements and might not necessarily lead to interventions with the biggest potential to improve human development. Therefore, emphasis has to be put on the facilitation of inclusive process of identification of local priorities and on the support of sustainable development planning.

3.15. The high interest for the ICT programme on the municipal level showed that there is a substantial demand for ICT training and use of modern technologies in various fields. Therefore, in the future, ICTs should be mainstreamed in different practice areas including the promotion of open and transparent local administration, provision of IT based vocational training or capacity building of civil society. In these endeavours the commitment and coordination of national institutions is critical for yielding better development results while simultaneously harnessing partnerships with the private sector.

3.16. Numerous encouraging experiences based on lessons learned in the local municipal support programme and their translation into policy recommendations and tools were gained in the past programming cycle and a variety of targeted analysis was made available to policy decision-makers. However, the actual translation of this knowledge into concrete

national policy measures is still insufficient. Therefore new programming initiatives should be geared towards supporting the codification of existing experiences and their integration into concrete national policies and measures. For example, the human resource analysis can be used for the development of a comprehensive training programme for the local administration; the functional analysis conducted in pilot municipalities can serve as a model for the organizational structure of new local government units; local level ICT experience could be instrumental in development of the national ICT strategy and e-governance with specific roles and responsibilities of various actors.

Part IV. Proposed Programme

4.1. The United Nations Development Assistance Framework (UNDAF) incorporates a rights-based approach to development and identifies four priority areas for programme interventions of UN agencies: a) accountable and transparent governance, b) poverty reduction, c) quality basic services and d) sustainable development. These priorities take into account the key challenges of the country on its path towards EU integration on the one hand and the comparative advantages of the respective UN agencies operating in the country. At the same time targeting interventions in the priority areas will contribute to improve human security, increase the perspectives for long-term stability and development and strengthen institutions to manage conflicts through political dialogue.

4.2. The growing disparities in the country will be addressed through targeted programmes for increasing the opportunities for the most vulnerable to access quality services, sustainable livelihoods, and safe environment and to participate in policy processes.

4.3. UNDP's 2005-2009 programme is linked to the UNDAF outcomes, which are aligned with the MDGs³. Furthermore, UNDP as score keeper of the MDGs will assure that the MDGs and the human development concept, gender equality and national ownership are the drivers the UNDPs work in the country. UNDP in the past programming period assisted the Government in preparing the baseline MDG report. The national MDG framework of development targets and indicators will be integrated in national policies and development strategies as tools for monitoring and evaluation of achieved progress. Furthermore, UNDP will support the establishment of monitoring mechanisms within the Government, but also with civil society forces. It will also advocate and support the elaboration and implementation of MDG based poverty reduction programmes as well as monitoring of social and economic performance of the country in terms of social inclusion requirements of the EU under the Joint Inclusion Memorandum. Enhancing national capacities for development cooperation will remain a focus of UNDP's efforts and shall be facilitated through increased alignment of development assistance with development priorities identified in the national MDG framework.

4.4. Policy support to the Government will be reinforced in two ways. One approach is to continue generating policy tools such as National Human Development Reports and Early Warning Reports. These documents will provide analysis and recommendations to help the Government sharpen public policies and further promote the human development concept. Broad consultative processes and inclusion of civil society in the preparation of these documents will be of additional value since they will enable different constituencies to reflect their concerns and suggest policy options contributing to national consensus building and redefining a social contract within the society. Another approach is to continue incorporating policy support as a component of development projects. The objective here is to provide relevant and targeted support to the government to formulate and implement effective public policies on priority issues. In this way UNDP can assist the government to extend its policy reach to cover emerging as well as ongoing issues.

4.5. The 2005-2009 programme will build on the acquired strengths of UNDP in local level interventions combined with high quality national policy support and further forge partnerships between the public, the private and the civil society sector. The programme will

³ Hyperlink to UNDAF Matrix

focus on: a) Capacity-building for good governance and the rule of law; b) Policy advocacy and the creation of an enabling economic environment for poverty reduction; c) Sustainable development, environmental and nature protection and sustainable management of natural resources.

Capacity-building for good governance and rule of law

4.6. UNDP will assist the Government to develop a strategic national vision for human development and good governance at the national and local level. It will advocate and support MDG based development strategies and programmes aiming at reducing human insecurity, poverty and social exclusion.

4.7. UNDP will continue to support the decentralization process and the development of an efficient and transparent local government consistent with the EU subsidiary principle. At the national level, UNDP will provide policy advice to the Ministry of Local Self Government in the process of translating the decentralization laws into concrete policies and policy measures and to strengthen the Ministry's capacities to oversee and monitor their implementation by local authorities. It will further support the Trilateral Committee – the Ministry of Local Self-Government, the Association of Local Governments and the Agency for Civil Servants – in the establishment of a national training system for civil servants at local level. A comprehensive training programme will enhance their capacities to take over devolved competencies, which is a precondition for the success of the decentralization reform.

4.8. UNDP will assist the government to strengthen national mechanisms for coordination and management of development cooperation which will allow for a better alignment of external aid with national strategies and policies. It will support the Sector for European Integration, the Aid Coordination Unit and line ministries to enhance their capacities for policy analysis and strategic planning so as to improve external resource management and the effective use of development cooperation resources.

4.9. At the local level, UNDP plans to reinforce local institutions through a) promoting accountable and transparent management of public resources and quality provision of services to citizens, b) introducing models for integrated social economic development and localized MDGs, c) enhancing inter-municipal and cross-border cooperation in areas of common interest and d) establishing resource centres which will provide trainings and services according to the needs of municipalities and introduce e-governance.

4.10 The use of ICT will be further promoted and encouraged through the development of a national ICT strategy and through advocacy for mainstreaming ICT for development into other practice areas.

4.11. UNDP will support the efforts of the Government to adjust local and national institutions in order to comply with EU requirements and to enable them to apply for EU pre-accession funds. Therefore, UNDP will assist in the preparation of analysis and MDG based strategies on the sub-national level and provide technical assistance to enhance inter-municipal cooperation.

4.12. The road towards EU accession will require rigorous restructuring of national and local level institutions and full adherence to the rule of law, including law enforcement and respect for human rights. In line with the ongoing public administration and judicial reform, UNDP will develop targeted capacity development and policy advice programmes.

4.13. UNDP will advocate for mainstreaming crisis prevention and peace building approaches into national development frameworks and programmes and will provide capacity support to that end. Human security concerns will be addressed by providing policy support to the Government to effectively manage peace and confidence building processes. In that respect, vulnerability assessments and the facilitation of multi-stakeholder dialogue will be instrumental.

4.14. A focus of support will be in the former crisis and conflict-prone areas including the development and implementation of a Strategy for Economic Revitalization and the extension of the programme for safer communities.

4.15. The UNDP 2005-2009 programme will assist integrating disaster risk reduction into development planning. In addition, UNDP will facilitate the coordination of timely national responses to natural and man-made disasters and sudden crisis through promoting contingency planning and preparedness mechanisms.

4.16. Through inclusion of HIV/AIDS in the capacity building agenda of local governments and the development of ICT tools, UNDP will support national partners in their efforts to reduce HIV incidence, to increase public awareness and education and to improve access to affordable AIDS treatment. National efforts to develop multisectoral policies based on cooperation between line ministries, local governments, private sector and NGOs and to suggest guidelines for their implementation will be supported. National capacities will be enhanced through the development of leadership models, which will contribute to improve the effectiveness of responses to the epidemic and the management of global and regional funds to combat HIV/AIDS. UNDP will constantly seek to galvanise the response of the UN system to HIV/AIDS, and will work closely with the UN Theme Group on HIV/AIDS, the National Multi-sectoral Commission on HIV/AIDS and CSOs in order to attain strategic goals and especially follow up the progress of the country towards achieving nationalized MDG targets.

Promoting an enabling economic environment for poverty reduction

4.17. The country's objective to reduce poverty through economic growth, job creation and an improved domestic investment climate requires innovative policy approaches, institutional adjustment to comply with EU policy standards, especially in the economic and social sphere.

4.18. UNDP will support strategic poverty reduction policies in line with national MDG targets and the creation of an institutional, legislative and regulatory environment conducive to investment, trade and private sector activity including the strengthening of business related judicial institutions. UNDP initiatives will focus on a) private sector development and support to small and medium enterprises, b) local economic development and c) community and private sector engagement. Targeted programmes will aim at creating an enabling environment for the private sector, stronger prospects for local economic development and the reduction of unemployment with specific consideration for the inclusion of geographically disadvantaged areas and vulnerable groups.

4.19. UNDP will in particular support the Government's programme for creating a healthy business environment that would provide incentives for the transition of the 'informal economy' into the formal sector. A multi-faceted programme addressing legal, institutional and financial aspects of the formalization of economic activities will complement these efforts. Private sector initiatives will be promoted through the introduction of micro-credit schemes and policy legislation favourable for the promotion of micro, small and medium enterprises as well as the establishment of business centres. Local economic development will be promoted through capacity building of local administration and encouragement of partnerships between local governments, the private sector and civil society actors. Public private partnerships will be promoted as well as the Global Compact and corporate social responsibility of the private sector.

4.20. UNDP will develop capacities and partnerships of local actors in economic governance, service delivery and resource management. Efforts in pro-poor policy advocacy will be complemented by interventions to increase the current low level of capital utilization and to reduce the large pool of unemployed, by providing vocational training and employment opportunities. UNDP will also support poverty reduction initiatives in partnership with the private sector.

Sustainable development, environmental protection and management of natural resources

4.21. In the area of environment, UNDP will assist the government in harnessing opportunities available through various financial mechanisms such as debt for environment swaps, and Kyoto Protocol, which can position the environment as a vehicle for local development, job creation and crisis prevention.

4.22. UNDP will provide assistance for the implementation of a National Strategy for Sustainable Development and will contribute that the principles of sustainable development are incorporated in other strategic documents on the national and local level. At the same time, UNDP will continue to support local initiatives for promoting environmental protection as a pillar of integrated sustainable development. This concept will be promoted through small scale interventions that will be implemented with local government units, CSOs and other relevant local stakeholders. These interventions will address problems related to biodiversity protection, climate change mitigation, sustainable land management, the reduction of land degradation and the protection of international waters. They will contribute to strengthen the capacities of local authorities for coordinated and integrated environmental planning and management, to enhance accountability and transparency and promote public participation in environmental decision-making and ultimately to support the process of devolution of environmental responsibilities to the local level.

4.23. Assistance to the country to meet its commitments and reporting requirements under the multilateral environmental conventions will continue. Particularly, support will be provided for the preparation of the Second National Communication to the UNFCCC, the preparation of a National Action Plan to the Convention on Combat Desertification and the establishment of a National Designated Authority for the implementation of the Clean Development Mechanism under the Kyoto Protocol. Environmental programme interventions will include activities for the enhancement of national and local capacities for the implementation of the three Rio Conventions, as well as for raising public awareness and knowledge about them.

4.24. UNDP will continue to support a trans-boundary cooperation programme for integrated watershed management, by strengthening the institutional capacities of national and local authorities to adopt an integrated approach to the conservation and sustainable use of the protected areas in the region, while ensuring the optimization of ecological, economic and social benefits arising from the use of the natural resources.

4.25. In partnership with UNEP and OSCE under the joint Environment and Security Initiative UNDP will facilitate a framework for cooperation on environment and security problems and hot spots across borders and promote peace and stability through a strong partnership between the governments, international organizations, academia and the civil society.

Resource Plan

Programme Component	Total Budget Thousands US\$	Indicator	2005	2006	2007	2008	2009
Capacity-building for good governance and the rule of law	12,550	Number of strategic documents that reflect the principles of sustainable HD concept. Awareness of HRs, increased use of ICT in public services Mechanisms for free expression and participation Number of capacity building events	2,100	2,400	2,700	2,750	2,600
Policy advocacy and the creation of an enabling economic environment for poverty reduction;	12,100	Annual reporting on poverty and MDGs; proportion of population whose per capita monthly expenditure levels below the absolute poverty line Unemployment rates; Private investment/GDP ratio; level of FDIs, PP Partnerships	2,000	2,000	2,500	2,500	3,100

Sustainable development, environmental protection and management of natural resources.	9,000	New laws/regulations approximated to EU legislation Permanent regional joint management and decision making bodies operational Annual reporting on environmental data and MDGs.	2,000	1,500	2,000	2,000	1,500
Total	33,650		6,100	5,900	7,200	7,250	7,200

V. Partnership Strategy

5.1. UNDP will continue its leading role in promoting partnerships for Human Development through supporting the regular production of National Human Development Reports in a participatory manner. Academia, civil society organisations and think tanks together with Government counterparts will increasingly participate in the identification of the topics, data collection, research activities, analysis and review, i.e. through mechanisms such as UNDP's editors' board and the readers' group. In order to increase the outreach, UNDP will encourage partners to further promote the concept through the organization of thematic forums and other forms for mobilizing their respective constituencies.

5.2. In partnership with the UN Country Team UNDP will advocate the MDGs as common development framework and point of reference for Government strategies and programmes such as an MDG based National Socio-Economic Development Program and the National Strategy for Sustainable Development, as well as civil society activities and donor assistance. The MDG 'partnership group' which has been established as part of the set-up for the national MDG process will be the appropriate forum for donors to foster a common understanding of development priorities and thus better target their programmes. The MDGs will also provide concrete opportunities for joint programming, monitoring and evaluation between UNDP and other UN agencies, notably UNICEF, UNIFEM, UNAIDS, WHO, UNHCR and OHCHR as outlined in the UNDAF.

5.3. Joint programming opportunities will also emerge around issues covered by the UN Country Team thematic groups, such as the Theme group on HIV/AIDS, the Millennium Group, and Human Rights Group as well as around disaster response coordination mechanisms (Disaster Management Team).

5.4. UNDP's partnership strategy with the Government builds on established relationships based on trust. In compliance with the outcomes of UNDP's Country Programme the key partners in the Government will be the Ministries of Local Self-Government, Transport and Communication, Finance, Economy, Labour and Social Policy, Environment, Foreign Affairs, Interior, Education, Health, Culture and the Sector for European Integration, National ICT Committee. Emphasis will be put on maintaining and reinforcing cooperation at a strategic level in order to ensure national ownership. The Government's role in monitoring and evaluating joint projects will be reinforced to allow government partners to better harness and internalize the impact and potential of projects and to translate them into specific policies.

5.5. The EU integration processes as well as the MDG agenda require multi-sectoral responses and further emphasise the need for inter-ministerial cooperation and coordination. This will be supported by UNDP through setting-up and facilitating various fora and other consultative mechanisms. Since UNDP will strongly support data collection and enhancing analytical skills, it will closely partner with the State Statistical Office and other specialized national institutions.

5.6. UNDP will continue to be a trusted partner to Local Government Units (LGUs) in supporting them throughout the decentralization process with special emphasis on enhancing their capacities to take over new competences. Municipalities will be closely involved already in the identification of areas of support as well as in defining training and capacity building needs throughout the implementation. Innovative pilot initiatives will

encourage cost-sharing arrangements with Government partners in the coming programme cycle.

5.7. In addition to strong and trusted relations with the Government the success of the new UNDP programme will also depend on establishing strategic partnerships with the 'third layer' of society, including local communities, the media, academia and civil society organizations. UNDP will continue to promote the participation of civil society forces in pursuing various policy initiatives and support mechanisms for ensuring government – civil society dialogue. Furthermore, civil society will be a key partner for advocacy and MDG campaigning.

5.8. UNDP will also partner with the private sector to bring about corporate social responsibility and implement the global compact principles. It will encourage public-private partnerships at all levels, as an important form for linking national policy objectives with local municipal development.

5.9. The creation and maintenance of strategic alliances and partnerships with international development actors will continue. Consultations and close cooperation with the IFIs (WB, EBRD, IMF) and their specialised agencies (FIAS, MIGA) will ensure complementarity of programmes.

Key partners

Government: Ministry of Foreign Affairs, General Secretariat of the Government, Sector for European Integration, Ministries for Interior, Economy, Defence, Finance, Local Self-Government, Health, Labour and Social Policy, Transport and Communications, Environment and Physical Planning, Agriculture, Forestry and Water Economy, Justice, Education, Entrepreneurship Promotion Agency, Investment Promotion Agency, Bureau for Development of Underdeveloped Regions.

Other Institutions and Bodies: Agency for Civil Servants, National Employment Agency, National ICT Committee, National Multisectoral HIV/AIDS Commission, Macedonian Bank for Development Promotion State Statistics Office, Agency for Sports and Youth.

Local Authorities: Municipalities administration, Municipal Councils, Municipal Gender and other Committees.

UN system: UNICEF, WHO, WB, IMF, UNAIDS, UNIFEM, ILO, UNCT, OHCHR, UNHCR, FAO, RC system, UNDP, UNOCHA, IOM.

Civil Society: Chamber of Commerce, Trade Union, Crisis Management Centres, Association of Local Self-Government Units, Red Cross, Commission on Corruption, Civic Platform of Macedonia, Association of Journalists of Macedonia, other NGOs and CSOs.

Private Sector: private companies.

Donors: Government of Norway, Italy, Finland, Switzerland, Sweden, the Netherlands, Luxemburg, Great Britain, Ireland, France, Austria, Slovakia, Hungary, etc. EU, USAID, DFID, the World Bank, EBRD, GEF, Foundation Open Society Institute-Macedonia, OSCE, FAO, KfW, CeDB.

VI. Programme Management

6.1. Based on the Standard Basic Assistance Agreement signed between UNDP and the Government of Macedonia the Ministry of Foreign Affairs will be the principle partner for consultation on overall policy and programme related matters. UNDP programme will be nationally executed and will follow the structure and policies of the National System for Coordination of Foreign Aid in close cooperation with the Sector for European Integration Government. Various line ministries, NGOs, UN agencies including UNDP will implement the sectoral programme activities. The Annual Work Plans, which describe the results to be achieved, will form the basic agreement between UNDP and each implementing partner.

- 6.2 The National Execution (NEX) modality will continue to be the preferred implementation modality. However, the current and foreseen Government's tasks related to implementation of the reform agenda as well as obligations derived from the EU accession process will significantly constrain capacities of the country to fulfil the NEX responsibilities fully. Therefore, the Direct Execution (DEX) modality will still be used to ensure flexibility and immediate response when required and while the necessary capacities of national counterparts are developed, also allowing national counterparts to focus on the strategic objectives of the projects.
- 6.3 In programme design and implementation, UNDP works closely with key partners. The country programme builds on the United Nations reform principles, especially simplification and harmonization, by operating in line with the harmonized programming instruments such as the UNDAF results matrix, monitoring and evaluation, programme resources frameworks, the CPAP and the AWP. To the extent possible UNDP and partners will use the minimum documents necessary, namely the signed CPAP and signed AWP to implement programme initiatives. However, when necessary, project documents would be prepared using, inter alia, the relevant text from the CPAP, and AWP. UNDP will sign the project documents with partners to satisfy local requirements. In line with the new joint programme guidelines, the scope of inter-agency cooperation is strengthened to cultivate new programme and geographical convergence.
- 6.4 UNDP integrated financial and management system - Atlas contributes to timely, efficient delivery of activities and more effective financial monitoring.
- 6.5 Under this programme, audits will be organized as an integral part of sound financial and administrative management and of the UNDP accountability framework. Audit observations/findings will be used together with monitoring, evaluation and other reports to continuously improve the quality of the activities and of management.
- 6.6 Resource mobilization efforts will be intensified to support the RRF and ensure sustainability of the programme. Mobilization of other resources in the form of cost sharing, trust funds, or government cash counterpart contributions will be undertaken to secure funding for the programme.
- 6.7 The core resources for the new country programme will be used to leverage non-core resources. A funding strategy will be developed with national and international partners by supporting the government to mobilize funds for the national development agenda

VII Monitoring and evaluation

- 7.1 Monitoring and evaluation of the CPAP will be undertaken in line with the UNDAF results matrix and monitoring and evaluation plan. In compliance with the UNDP Monitoring and Evaluation policies and procedures UNDP in close partnership with the relevant programme counterparts from the Government and designated Government's co-ordinating agency for external assistance, will be responsible for ensuring continuous monitoring and evaluation of the CPAP, with the view to ensuring efficient utilization of programme resources as well as accountability, transparency and integrity. The implementing partners will provide periodic reports on the progress, achievements and results of their projects, outlining the challenges faced in project implementation as well as resource utilization as articulated in the AWP. The reporting will be on a basis in accordance with the procedures and harmonized with UN agencies to the extent possible.
- 7.2 The Millennium Development Goals Report (MDGR) that is developed for Macedonia will serve as the primary means for reporting on UNDAF activities, complemented by the Annual Report and Workplan of the Resident Coordinator. A linkage will be established between the indicators used to measure UNDAF outputs and the contribution of these outputs to the achievement of the MDGs.
- 7.3 The success of UNDP's various programme interventions will be benchmarked, among others, by indicators that reveal UNDP's ability to a) Drive advocacy campaigns and provide the information needed to better shape the political debate around the national goals of European Integration and the MDGs; b) Bring together government,

civil society and the private sector for actions in support of the MDGs; c) Integrate nationalized MDGs into the Vision 2015 strategy and improve institutional capacity.

- 7.4 Indicators and methodology for the programme impact assessment will be developed in the process of programme design and will be linked with the MDGs and the right based approach. Mechanisms to systematize the knowledge and information gained through the implementation of projects at the local level will be built. This will be translated into knowledge-based advisory services, to be offered to national counterparts and other development partners.

VIII. Commitments by UNDP

- 8.1. UNDP will ensure coherence between the CPAP/AWP, UNDAF results matrix and MDGs, including M & E reporting. Through annual reviews and quarterly progress reporting, joint responsibilities between UNDP, the Government and implementing partners will be emphasized.
- 8.2. In consultation with the Government, UNDP will provide the following support services for activities in the CPAP:
- i) Identification and assistance with and/or recruitment of project and programme personnel; procurement of goods and services in accordance with the UNDP regulations, rules, policies and procedures;
 - ii) Identification and facilitation of training activities, including fellowships and study tours;
 - iii) Access to UNDP-managed global information systems, the network of UNDP country offices and specialized information systems, including rosters of consultants and providers of development services;
 - iv) Access to the support provided by the network of UN specialized agencies, funds and programmes.

Part IX Commitments of the Government

- 9.1. The Government will honour its commitments in accordance with the provisions of the Standard Basic Assistance Agreement (SBAA) of 30 October 1995. In line with this agreement, the Government will accord to UNDP and its officials and to other persons performing services on behalf of UNDP, such facilities and services as are accorded to officials and consultants of the various funds, programmes and specialized agencies of the United Nations. The Government shall apply the provisions of the Convention on the Privileges and Immunities of the United Nations agencies to UNDP's property, funds, and assets and to its officials and consultants.
- 9.2. As a contribution to the programme, Government cost sharing arrangements will be pursued, according to existing UNDP policies.
- 9.3. Mechanisms for participatory planning, monitoring and evaluation on the progress of the country programme involving civil society and other development partners will be implemented. The Government is also committed to organize periodic programme review, planning and joint strategy meetings and where appropriate, coordination of sectoral and thematic development partners groups to facilitate the participation of donors, civil society, private sector and UN agencies. In addition, the Government will facilitate periodic monitoring visits by UNDP staff and/or designated officials for the purpose of monitoring, meeting beneficiaries, assessing the progress and evaluating the impact of the use of programme resources. The Government will make available to UNDP in a timely manner any information about policy and legislative changes occurring during the implementation of the CPAP that might have an impact in co-operation.

Part X Other provisions

- 10.1. This CPAP supersedes any previously signed Country Cooperation Frameworks between the Government of FYR Macedonia and UNDP and may be modified by mutual consent of both parties on the recommendations of the joint strategy meeting.

10.2. Nothing in this CPAP shall in any way be construed to waive the protection of UNDP accorded by the contents and substance of the United Nations Convention on Privileges and Immunities to which the Government is a signatory.

IN WITNESS THEREOF the undersigned, being duly authorized, have signed this Country Programme Action Plan on this day [01 July, 2005] in [Skopje, the fyr Macedonia].

For the Government of the Former Yugoslav
Republic of Macedonia

Signature: _____

Name: H.E. Fuad Hasanovic

Title: Deputy Minister of Foreign Affairs

For the United Nations Development Programme in
the Former Yugoslav Republic of Macedonia

Signature: _____

Name: Mr. Frode Muring

Title: UNDP Resident Representative

Annex I: CPAP RESULTS AND RESOURCES FRAMEWORK FOR FYR MACEDONIA

Expected UNDAF outcome #1: Models and practices adopted for transparent and accountable provision of decentralized public services established.										
UNDP programme component	Expected Outcomes	Expected Outputs	Output targets and indicators	Implementing Partners	Indicative Resources by programme component (per year, In 000 US\$)					
					2005	2006	2007	2008	2009	Total
Goal: Fostering democratic governance	1.1. A strategic national vision for local human development and good governance at national and local level in place. <i>Indicator:</i> Number of strategic documents that reflect the principles of sustainable HD concept. <i>Baseline:</i> Framework Agreement, Stabilization and Association Agreement. Application for EU membership submitted. <i>Target:</i> Measurable progress towards achievement of MDGs and EU accession process	1.1.1. MDG and SHD based analytical instruments for monitoring socioeconomic trends at disaggregated level and national capacity to use them established; 1.1.2. Aid and policy coordination system and donors' support aligned behind 2015 and MDGs	<i>Indicator</i> (1.1.1): NHDRs, national and local MDGs Reports used as policy tools; <i>Baseline:</i> Limited capacity for MDG and HD monitoring and analysis; <i>Target:</i> Development policies on priority areas aligned with MDGs and SHD <i>Indicator</i> 1.1.2. Number of aid coordination meetings led by government <i>Baseline</i> 1.1.2. Limited capacity for aid coordination and development assistance fragmented. <i>Target</i> (1.1.2) Percentage of development aligned with Government priorities	Foreign Affairs, Economy, Finance, Local Self-Government, Health, General Secretariat of the Government, Sector for European Integration, EU, WB, State Statistics Office, UNAIDS, UNIFEM, UN agencies, FOSI-M, municipal authorities, CSOs	Regular Resources					
					150.00	150.00	150.00	100.00	100.00	Trac: 650.00
					Other Resources					
					400.00	440.00	500.00	560.00	600.00	C-S/ TTF 2,500.00
Goal: Fostering democratic governance <u>Goal 5</u> Information and	1.2. The principles of transparency, efficiency accountability and respect for human rights abided by public sector institutions and citizens. <i>Indicators:</i> Increased	1.2.1. MDG based models for integrated human development developed and implemented	<i>Indicator:</i> Number of comprehensive, multisectoral training programme for government officials; <i>Baseline:</i> some capacity for decentralization exists, but	Ministry of Local Self-Government, Labour and Social Policy, Finance, Justice), General Secretariat of the	Regular Resources					
					150.00	70.00	60.00	60.00	60.00	Trac: 400.00
					Other Resources					

communication technology	opportunities for citizens' participation and increased trust in public sector institutions. <i>Baseline:</i> Low level of trust in public sector institutions and limited mechanisms for social mobilization. <i>Targets:</i> Meaningful participation of all stakeholders in governance processes and consultation mechanism for CSOs in place.	through strategic partnerships and ICT based public service, including e-governance	needs consolidation <i>Target:</i> Significant improvement in governments' efficiency, accountable and transparency <i>Target year 1:</i> a) E-readiness assessment prepared and Task Forces for preparation of National ICT Strategy functional. National ICT Strategy and Action Plan accepted under inclusive and participatory process <i>Target year 1:</i> b) A functional national mechanism for human resources management for local governments in place; opportunities increased for transparency and communication through e-services and a national network of Local Government Web Sites. <i>Target year :</i> E-governance models introduced and operational at local levels.	Government, State Agency for Civil Servants, Sector for European Integration, Association of Local Self-Government Units, Commission on Anti-Corruption, National ICT Commission, local government units, Municipal Gender Committees, OHCHR, OSCE, DFID, Foundation Open Society Institute, CSOs, private companies and their associations .	775.00	1,015.00	1,210.00	1,260.00	1,240.00	C-S/ TTF 5,500.00
Goal 4: Crisis prevention and recovery	1.3. A culture of peace, conflict prevention and resolution fostered. <i>Indicators:</i> Mechanisms for free expression	1.3.1. National institutions are strengthened in cross sectoral policies in peace and conflict prevention	<i>Indicator:</i> Peoples' perceived improvement of security situation; <i>Baseline:</i> Early Warning Reports prepared on irregular basis. <i>Target:</i> Regular Early Warning reports based on	Foreign Affairs, Interior, Agency for Sports and Youth, municipal authorities, Municipal Gender Committees, EU, OSCE, UNIFEM,	Regular Resources					
					75.00	45.00	60.00	60.00	60.00	Trac: 300.00
					Other Resources					

	and participation, <i>Baseline:</i> Ohrid Framework Agreement; <i>Target:</i> Increase confidence and trust between ethnic communities		vulnerability and opportunity based analysis	relevant CSOs.	385.00	415.00	460.00	400.00	240.00	C-S/ TTF 1,900.00
Goal 4: Crisis prevention and recovery	1. 4 Coordinated and timely national cross sectoral response to natural man-made disasters and sudden crisis enhanced. <i>Indicators:</i> Number of capacity building events. <i>Baseline:</i> TBD <i>Target:</i> Capacity to coordinate response to disasters and sudden crisis.	1.4.1 Integrated and cross sectoral disaster management, crisis and contingency planning and prevention mechanisms in place.	<i>Indicator:</i> Contingency Plan (CP); field coordinating focal points; <i>Baseline:</i> No CPD and limited national capacity <i>Target:</i> At least one integrated pilot local scheme accepted for replication	Interior, Local Self-Government, Defence), Red Cross, UNICEF, Crisis Management Centres, municipalities, Municipal Gender Committees and CSOs	Regular Resources					
					15.00	15.00	10.00	10.00	0.00	Trac: 50.00
					Other Resources					
					50.00	50.00	50.00	50.00	50.00	C-S/ TTF 250.00

Expected UNDAF outcome #2: Sustainable employment opportunities, particularly in economically depressed areas and among vulnerable groups, increased.

UNDP programme component	Expected Outcomes	Expected Outputs	Output targets and indicators	Implementing Partners	Indicative Resources by programme component (per year, in thousands US\$)					
					2005	2006	2007	2008	2009	Total
Poverty reduction Goal 5. Information and communication	2.1. Sustained growth equitably shared among regions and vulnerable groups. <i>Indicators:</i> Annual	2.1.1. Poverty reduction policies in line with national MDG targets; 2.1.2. Legislative and regulatory environment to investments, trade and private sector	<u>Indicator:</u> unemployment disaggregated rates <u>Baseline:</u> budget allocations not linked with PRS and MDGs <u>Target:</u> MDGs used by central and local authorities as policy tools	Economy, Finance, Labour and Social Policy, Local Self-Government, Justice, National ICT Committee,	Regular Resources					
					150.00	150.00	100.00	100.00	100.00	Trac: 600.00
					Other Resources					

n technology	reporting on poverty and MDGs; proportion of population whose per capita monthly expenditure levels below the absolute poverty line <u>Baseline:</u> no annual reporting. 22.3 % below the poverty line <u>Target:</u> Develop poverty alleviation policies and growth strategies	activities, including MSMEs and FDIs	<u>Target year 1:</u> Nine (9) partnerships among the public, private and civil society sectors established and joint initiatives undertaken in pilot municipalities; e-based services for local businesses regularly and efficiently provided in pilot municipalities. <u>Indicator:</u> Number of laws reviewed and improved business environment conducive to increased investments <u>Baseline:</u> Approximately 70 laws/regulations identified for revision <u>Target year 1:</u> National dialogue and agreement on the priority actions to stimulate investments. <u>Target:</u> Increased level of FDIs by?% <u>Target year 2:</u> Study for introduction of integrated business registration system prepared. <u>Target year2:</u> Integrated business registration system functional <u>Target year 2:</u> Level of informal economy decreased by ?% <u>Target year 1:</u> GC Network established and functional. <u>Target year 2:</u> Microfinance assistance provided to ? MSMEs.	Agency for entrepreneurship , Investment Promotion Agency, Employment Agency, Central Registry, ILO, WB, UNICEF, municipalities and communities, Chamber of Commerce, Private companies and their associations, Trade Unions, Municipal Gender Committees, UNIFEM.	500.00	500.00	600.00	600.00	600.00	C-S/ TTF 2,800.00
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Poverty reduction Goal 5. Information and communication technology	2.2. Employment opportunities created for all with specific focus on marginalized communities <u>Indicators:</u> Unemployment rates; Private investment/GDP ratio; PP Partnerships <u>Baseline:</u> Unemployment 36.7% (2003) <u>Target:</u> Create sustainable jobs	2.2.1 Active labour market programmes at local level, for vulnerable groups and communities with high unemployment (especially youth and women) supported through ICT and private sector. partnerships	<u>Indicator:</u> Number of people provided with employment opportunities <u>Baseline:</u> Limited local capacities to implement local employment initiatives <u>Target:</u> Number of local labour strategies launched in depressed areas; ICT national strategy finalized <u>Target year 1:</u> a) 700 people provided with employment opportunities through community based schemes and local economic development strategies initiated under participatory process in two (2) municipalities. <u>Target year?:</u> Active labour market interventions implemented at local levels <u>Target year ?:</u> Active labour market interventions implemented at local levels <u>Target year ?:</u> Local development process introduced in additional 5 municipalities Target year ?: <u>Target year:</u> Socially responsible programmes initiated by ?private companies	Labour and Social Policy , Economy, Finance, Justice, Transport and Communications, Local Self-Government), Association of Self-government Units, Agency for entrepreneurship , municipalities and communities, Gender committees, private companies, FOSIM, Chamber of Commerce, WB, ILO, UNIFEM, CSOs	Regular Resources						
					100.00	150.00	150.00	150.00	150.00	Trac: 700.00	
					Other Resources						
						1,250.00	1,200.00	1,650.00	1,650.00	2,250.00	C-S/ TTF 8,000.00

Expected UNDAF outcome #3: Equal access to quality of basic services (Health, Education, Social Welfare, HIV/AIDS prevention) increased in selected areas.

UNDP programme component	Expected Outcomes	Expected Outputs	Output targets and indicators	Implementing Partners	Indicative Resources by programme component (per year, in thousands US\$)					
					2005	2006	2007	2008	2009	Total
Fostering democratic governance	3.1. Access to information and HIV/AIDS prevention services available to all people <u>Indicators:</u> 15-49 prevalence of HIV/AIDS new adults infected <u>Baseline:</u> 58 (2003); 1 (2003) <u>Target:</u> Prevent spread and ensure access to HIV/AIDS information.	3.1.1. Increased knowledge of HIV/AIDS prevention in population between 15-49 years old 3.1.2. Management capacity for implementation of National HIV/AIDS strategy.	<u>Indicator:</u> Number of people aged 15-49 with knowledge on how to prevent HIV/AIDS <u>Baseline:</u> no data <u>Target:</u> ensure access to information on HIV/AIDS among 15-49 year population <u>Indicator:</u> Reverse rate in the coursed of epidemic <u>Baseline:</u> Newly created Multisectoral Commission not yet fully operative <u>Target:</u> A functional HIV/AIDS Multisectoral Commission in place	Ministry of Health, National Intersectoral HIV/AIDS Commission, UNICEF, UNAIDS, HIV/AIDS Theme Groups, Municipalities and Gender Committees, CSOs.	Other Resources					
					Regular Resources					
										Trac: 0,00
					Other Resources					
					100.00	200.00	200.00	250,00	250.00	C-S/ TTF 1,000.00

Expected UNDAF outcome #4: Effective and equitable management of natural resource and environment protection based on the principles of sustainable development										
UNDP programme component	Expected Outcomes	Expected Outputs	Output targets and indicators	Implementing Partners	Indicative Resources by programme component (per year, in thousands US\$)					
					2005	2006	2007	2008	2009	Total
Energy and environment for sustainable development	4.1. Good environmental governance on national and local level achieved. <u>Indicators:</u> New laws/regulations approximated to EU legislation <u>Baseline:</u> National environmental strategies/ legislation need revision <u>Target:</u> Support the Government to adopt and make operational basic environmental laws/regulations	4.1.1. Policy, institutional, regulatory and financial capacities in place for environmental management and energy efficiency 4.1.2. Improved ability to monitor state of environment	<u>Indicator:</u> Availability of trusted, reliable data; policy for energy efficiency in place <u>Baseline:</u> Environmental Information System and Public Communication Office, Law on Environment Protection, NEAP, Local Environment Action plans <u>Target:</u> National Energy Efficiency Strategy; New Environmental legislation enacted <u>Indicator:</u> number and quality of relevant reports and studies <u>Baseline:</u> some capacity exists but needs development <u>Target:</u> feasibility study on debt for nature and links with poverty and environment	Environment and Physical Planning, Economy, Local Self-Government, Agriculture, Forestry and Water Economy), EU, FAO, WB, municipalities.	Regular Resources					
					70.00	70.00	70.00	70.00	70.00	Trac: 350.00
					Other Resources					
					500.00	350.00	600.00	550.00	500.00	C-S/ TTF 2,500.0
Energy and	4.2. Integrated	4.2.2 Capacities for trans-	<u>Indicators:</u> Capacities of relevant	Environment and	Regular Resources					

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environment for sustainable development	watershed management and trans-boundary cooperation in place. <i>Indicators:</i> Permanent regional joint management and decision making bodies operational <i>Baseline:</i> Trilateral Ministerial Declaration on Prespa Park <i>Target:</i> Improve the state of environment and livelihoods in watersheds	boundary cooperation strengthened, mechanisms on watershed management supported and community outreach programmes developed and implemented	stakeholders enhanced <i>Baseline:</i> Strategic Action Plan for the Prespa Park; <i>Target:</i> Investment programme in place and resources mobilized	Physical Planning, Forestry and Water Resources Management, Economy, Transport and Communications, Local Self-Government), municipalities and communities around Prespa Lake, EU, WB, FAO, KfW.	20.00	20.00	10.00	0.00	0.00	Trac: 50.00
					Other resources					
					1,190.00	840.00	1,100.00	1,160.00	710.00	C-S/TTF 5,000.00
Energy and environment for sustainable development	4.3. The country obligations related to the ratified environmental conventions met.	4.3.1. Capacities to implement the ratified Multilateral Environmental Agreements/Protocols improved	<i>Indicator:</i> NCCC and NAP on Desertification adopted and recommendations implemented <i>Baseline:</i> Limited capacity for implementation of the MEAs/Protocols <i>Target:</i> Projects	Environment and Physical Planning, Forestry and Water Resources Management,	Regular Resources					
					20.00	20.00	20.00	20.00	20.00	Trac: 100.00

	<p><i>Indicator:</i> Annual reporting on environmental data and MDGs. <i>Baseline:</i> MEAs ratified, but not fully implemented. <i>Target:</i> The country meets obligations under UNFCC, UNCBD, UNCCD.</p>		<p>addressing Climate Change and sustainable land management implemented.</p>	<p>Economy, Transport and Communications, Foreign Affairs), municipalities, WB, EU, FAO, USAID, CSOs</p>	<p>Other Resources</p>					
					<p>200.00</p>	<p>200.00</p>	<p>200.00</p>	<p>200.00</p>	<p>200.00</p>	<p>C-S/ TTF 1,000. 00</p>

Annex II: List of Acronyms and Abbreviations

CPAP- Country Programme Action Plan

BDP - Gross Domestic Product

GEF – Global Environmental Facility

AWP – Annual Work Plan

DFID – Department for International Development

DEX - Direct Execution of Programmes/Projects

EBRD – European Bank for Reconstruction and Development

ICT – Information and Communication Technology

ILO – International Labour Organization

MDGR – Millennium Development Goals Report

IOM – International Organization on Migrations

MIGA- Multilateral Investments Guarantee Agency

IMF- International Monetary Fund

MSMEs – Micro, Small and Medium Enterprises

MDGs – Millennium Development Goals

SMEs - Small and Medium Enterprises

NGO- Non-governmental Organizations

NEAP – National Environmental Action Plan

NCCC – National Committee for Climate Changes

OSCE – Organization for Security and Cooperation in Europe

OHCHR – Office of the High-Commissioner for Human Rights

SHD – Sustainable Human Development

CCF – Country Cooperation Framework

WB – World Bank

FDI – Foreign Direct Investments

WHO - World Health Organization

NEX – National Executions of Programmes

SBAA –Standard Basic Assistance Agreement

UNAIDS – UN Joint Programme on HIV/SIDA

UNGAS – Special Session of the General Assembly on HIV/SIDA

UNDAF – United Nations Development Framework

UNDP – United Nations Development Programme
UNDPA - United Nations Department on Political Affairs
UNEP - United Nations Environmental Programme
UNIFEM - United Nations Fund for Women
UNICEF - United Nations Children's Fund
UNOCHA - United Nations Office for Coordination of Humanitarian Assistance
UNFCCC - United Nations Framework Convention for Climate Change
UNCBD - United Nations Convention for Bio-diversity
UNCCD - United Nations Convention for Combating and Desertification
UNHCR - United Nations High Commissioner for Human Rights
USAID – US Agency for International Development
FAO – Food and Agriculture Organization
FIAS- Foreign Investments Advisory Service
FOSI-M – Foundation Open Society Institute- Macedonia
CEDB – Council of Europe Development Bank
CP- UNDP Country Programme
CPD – Country Programme Document
HD – Human Development