

Republic of Macedonia



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Authors: Annika Palo, Biljana Džartova-Petrovska, Peeter Kaaman and Mentor Kadriim

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1. Introduction

1.1 Political Development

Continued implementation of the Ohrid Agreement (Framework Agreement, August 2001) took place during the reporting period. The Macedonian Government adopted a national plan for implementation/ amendments of necessary legislation in designated areas in February. The list of areas to be covered is long and issues are complex, but real efforts are made by the Government to live up to commitments made, although some areas of implementation is rather slow and very tricky, e.g. equitable representation in public administration. On decentralisation, the plan for changes of major laws (law on territorial division and law municipal finances) are by the end of 2003 to have a clear picture of the situation by the time of local elections in September/October 2004. Important to remember though, is the generally weak connection between laws and their implementation.

Springtime is usually conflict-time in the Balkans. There were some worries about a possible spring offensive from the ethnic Albanian side, but this now seems highly unlikely. Political representation in parliament and government of the mainly ethnic Albanian DUI (Democratic Union for Integration) has defused much of the strive for ethnic Albanian independence. Within some ethnic Albanian political parties, i.e. DPA (Democratic Party of Albanians) and their leader Arben Xhaferi, critical voices have been raised towards the government and the running of the country, giving firepower to some armed ethnic Albanian groups. As Macedonia is still a young democracy, the opposition has not yet found its role as a constructive counterpart within politics. The ethnic Albanian diaspora, however, seems rather content with the performance of DUI within government, and thus external funds for covert armed actions remain low.

Political performance in general is still rather slow, but efforts are being made – the fight against corruption is visible and some high-ranking officials have been prosecuted. Efforts to stem trafficking in human beings are being pursued, and police raids towards bars with trafficked women have been frequent during the reporting period. Now the Macedonian judiciary struggles with the outcome of the raids – trials of the traffickers/pimps, and finding a way of using the victims as witnesses. The judicial system is still weak.

1.2 Economic Development

Negotiations with IMF (International Monetary Fund) were finalised during the reporting period and continued loans were agreed to. Macedonia will in the future receive loans from IMF/WB without soft components. The economy remains weak though – average income is approximately 11 000 MKD/month (about 1500 SEK) for the working population. Production and investments have not picked up to pre-conflict situation. With the coming loans from IMF, special efforts are devoted to job creation. “Branko’s law” (named after the Prime Minister, Branko Crvenkovski), giving companies (temporary) tax liberties when employing new staff, is one of the efforts the Government has undertaken to stimulate the economy and stabilise the country, which still has an unemployment rate, officially reaching 35%, but is higher in real terms. The government has secured passage of the 2003 budget and pushed through value-added tax (VAT) harmonisation, as required by its IMF agreement. Although this increases the risk of social unrest, the deal also unlocks access to greater official financing. Following real GDP growth estimated at 0.3% in 2002, the economic recovery is expected to accelerate in 2003–04 on the back of increased foreign funding and an improved external economic outlook.

1.3 Social Development

Continuous weak economic prospects and development perpetuates the bleak social situation for a substantive part of the Macedonian population. Social support is irregularly being paid to the ones that receive it, and for a range of reasons many potential beneficiaries are not even registered. Here, the issue of citizenship is of central importance, excluding from social welfare the ones with unclear status. One minority group comes into focus here, the Roma population, who continues to face a grim social situation.

The division of pupils into Macedonian- and Albanian languages in schools has been taking place for a number of years and the separation continues. Having parallel systems does not bode well for future unity of the country – especially as most of the children never get to meet and to know “the others”. Also the curricula (foremost history and literature) cause concerns for lack of understanding and acceptance. Clashes between students in some Secondary Schools took place during the fall, and during the reporting period, similar incidents have occurred. Police and social authorities have not acted strongly upon the outbursts of violence, and it indicates the need for long-term actions to avert repetition of similar incidents, and the ensuing situation of uncertainty.

2. Swedish Development Co-operation and Donor Co-ordination

2.1 Development Co-operation Strategy and Development Co-operation Agreement with Macedonia

The strategy that was developed during the fall was in March 2003 adopted by the Swedish Government. The core focus in the strategy is supporting Macedonia in its strive towards the European Union (through the Stabilisation- and Association Process), taking poverty reduction into consideration. The strategy is valid until end of 2005.

The Agreement on General Terms and Conditions for Development Cooperation and the Agreement on Development Cooperation, which have been negotiated between Sida and the Macedonian Government for approximately three years, was signed on 11 March, during a visit of the Swedish Minister for Foreign Affairs, Anna Lindh. Negotiations regarding Specific Agreements are underway.

2.2 Disbursement and Planning

The planned amount for interventions in the three designated sectors, Democratic Governance, Economic Development and Environment, amounts to approximately 65 MSEK for 2003, a figure that will be amended as plans proceed.

2.3 Donor Co-ordination

The National Aid Co-ordinator (Deputy Prime Minister) has realised the necessity and importance of functioning foreign aid co-ordination, and increased efforts has been put into the creation of a system for national (central) aid co-ordination. Structures are not yet set, and efforts are being made to avoid creation of bottlenecks, complicating the process of receiving aid and the potential good benefits for the country. Sectorwise co-ordination is continuously undertaken by large actors, such as the European Agency for Reconstruction, the Office of the EU Special Representative and OSCE for a range of matters. Most multilateral- and bilateral actors do however support the full inclusion of Macedonian Government representatives and urging them to take over such responsibilities.

The scene consisting of Non-Governmental Organisations (local and international) is to a large extent unorganised, badly co-ordinated and non co-operative. Reasons for this can be traced back to the creation of

the NGO sector in Macedonia, and the number (about 3.000 registered NGO's exists) available – causing a situation where they fight for funds rather than co-operates to reach the common good. Withdrawal of donors and hence their funds due to other international crises has caused NGO's to single out actors with a longer-term perspective, resulting in a large inflow of project proposals in all possible sectors to Sida.

3. Sida Programmes

3.1 Democratic Governance – Human Rights and Democratisation, Culture

In the recently adopted Swedish strategy for development cooperation with Republic of Macedonia, support to civil society is highlighted, as it is crucial to the successful promotion of a genuine democratic state. According to the strategy, support to Macedonian civil society should be extended. Swedish support to the civil society sector with focus on the young generation, promotion of women's rights, media, interethnic dialogue and combating trafficking in human beings has been effective for quite some time and is continuously being analysed to fit reality.

3.1.1 Swedish Helsinki Committee (SHC)

The Swedish Helsinki Committee continues the cooperation with a small number of actors in Macedonia. Local co-ordination through IMF (the International Media Fund) secures the distribution of funds to the local media sector and SHC visits these meetings occasionally. SHC took during the reporting period on a new local partner, working in supporting Roma children in Sveti Nikole, Sun Rising. SHC's board will during the course of 2003 visit Macedonia and look into the strategic future for the support given.

3.1.2 Olof Palme International Centre (OPIC)

In January 2003, a new project was added to the existing activities supported by OPIC in Macedonia. Organisational support is given to the organisation *Centre for Civil and Human Rights*. The centre is a gay rights organisation, based in Skopje, with the main aim to promote equal treatment and fight discrimination of homosexuals in the Macedonian society. This topic has fairly recently emerged in society, and homophobia is still very widespread. Thus, the work and activities of the centre will be pioneering. As regards to the other projects that OPIC are supporting, activities have been carried through as planned and reports have been delivered on time. During this period, OPIC's desk officer also made a short visit to the projects in Macedonia.

3.1.3 *Kvinna till Kvinna (KtK)*

The ten projects supported by Kvinna till Kvinna have been running during the reporting period without any major disturbances. The organisational support with a focus on multiethnic understanding and networking is still the core within the eight projects supporting women organisations/networks. The Research Centre in Gender Studies is in the process of preparing its second year for the “School of Gender”, with an increased number of applicants, compared to the first year. During the period, Sida visited one of numerous workshops arranged by ESMA (an organisation for Roma women). This particular workshop for teenage-girls focused upon early marriages and motherhood. The organisation is very ambitious in its efforts to reach out to as many as possible, a fact that limits the possibilities of regular follow-up, necessary for some of the very sensitive issues discussed. KtK are putting efforts in working together on rescheduling and geographically limiting the ESMA activities in order to be able to focus properly in a more limited area.

3.1.4 *PRONI Institute of Social Education*

PRONIs educational programme is ongoing and the students have from this semester taken on to also practically implementing smaller projects involving youth, as envisaged in the education plan. The support given to develop a youth action plan to the Agency for Youth and Sports (AYS) has had some problems. Grand changes of personnel in the AYS have caused all the institutional memory to collapse and nobody within AYS has felt responsible for guiding the support given by PRONI. Now, there is a new director in place that seems to be interested and engaged.

3.1.5 *Warthorn Societies Project – WSP/Project for Common Vision*

A report was filed to Sida and the other donors in March and follow-up meetings to this report are expected to be hosted by WSP in May in Skopje. There has been a continuous confusion from the donor agencies in Skopje about the activities of WSP in Macedonia, as not very much information is shared and made public.

3.1.6 *Children’s Theatre Centre*

The Sida office received a proposal for a new two-year period of the project. The activities will be basically the same, focusing on children, culture and multiethnic tolerance. The building of the actual theatre studio/centre out of the remnants of an old erotic cinema at the Old Bazaar in Skopje is ongoing. The studio/centre will not only be a centre for children’s theatre, but also a facility for other artists and groups to use for workshops, seminars, performances, etc. Thus, it will be the first multiethnic cultural centre in Macedonia. The establishment of the studio is also an effort to revitalise the whole Old Bazaar-area. The plan is that the building of the studio should be finished by the end of the summer, and that the inauguration may be held in September.

3.1.7 *Institute for War and Peace Reporting (IWPR)*

Having ended the projects with the documentary as well as the book on the conflict in Macedonia and the Ohrid Agreement, the aim for the coming period is to become more focused on the actual training of jour-

nalists. In the end of January, IWPR carried through a one-week seminar on investigative journalism. More than 150 journalists took part in the training. IWPR is also carrying through roundtables on a monthly basis, discussing various topics that might be of interest for journalists. Except for journalists, university students from the Faculty for Journalism are also invited to these roundtables. In addition, the IWPR has taken initial contacts with the faculty, which might lead to some forms of future cooperation between the two.

3.1.8 Anti-trafficking in Human Beings/

International Organisation for Migration (IOM) – regional programme

The trend of Macedonia transforming from a transit country into a recipient country has continued. The new government has showed signs of dealing with the problem of trafficking in human beings more actively. Thus, police activities have increased, a fact that has resulted in increased violence against the victims. This in turn has led to a need for home-care in the shelters. This is a concern for IOM, since the cooperation between the hospitals and the shelter is not satisfactory at the moment. At present, hospitals charge high rates (i.e. rates for foreigners) for taking care of the victims. IOM has plans of establishing a separate facility for victims who need to stay for a longer period of time and also have a need for psychological support. Connected to the increased violence is also the problem of insufficient protection of victims. The existing legislation and approach to the victims/witnesses is clearly not satisfactory. In order to come to terms with this problem, deepened regional cooperation is needed. As a part of IOM's local capacity-building efforts, cooperation is established with the Faculty of Philosophy for starting a master course in psychosocial assistance/counselling and legal issues. The course will give the students specialisation in supporting victims of trafficking. At present stage, the curriculum is developed and the Faculty has approved the course.

During the period, Sida was faced with the information that the IOM shelter receives double funding from Sida and the Dutch Embassy. IOM has responded to Sida's questioning of this and explained that the programme costs per capita has increased and that they therefore needed additional funds. As mentioned in the previous report, the contacts between Sida and IOM in Skopje have not been the best. Hopefully this will be improved when IOM recently has appointed a new programme officer and Sida, thanks to the increase in number of staff, can have closer and more intense contacts with its partners.

3.1.9 Balkan Children and Youth Foundation (BCYF) – regional programme

Balkan Children and Youth Foundation got their application approved by Sida beginning of 2003 and activities continued. Sharing of information from BCYF to the Skopje office has improved greatly and their activities are more known. Special efforts have been made by BCYF to more actively support and encourage co-operation between organisations in the region, resulting in a range of seminars and workshops held in the region.

3.1.10 Multiethnic NGO Network/European Center for Minority Issues, ECMI

After being in contact with ECMI for more than a year, the actual project was launched during the report period. The aim of ECMI's work

is to promote (through training and advise) cooperation and networking between national NGO's on an interethnic basis. In addition, it gives support to the organisations in strengthening their capacity in order to become reliable and strong partners in a democratic system. A national network is established, as well as six regional resource centres throughout the country. At present, the network consists of approximately 90 member organisations. As an additional part of the project, direct support is going to the network member organisation "Loja", funding the running costs of a "Babylon Centre" (i.e. an interethnic centre for children and young people) in Tearce. The centre, providing after school activities for children between 7 and 14 years, is very popular. A proof of the popularity of the centre is the long list of children, both from Tearce and other neighbouring villages, queuing for taking part in the activities.

3.1.11 MHC

Another new project started during the first quarter of 2003 is the "School of Tolerance", run by the Macedonian Helsinki Committee (MHC). The School of Tolerance project is targeting the lack of knowledge and tolerance between different ethnic groups, and the aim is to set a model for interaction between school children, teachers, parents and peer educators that can be used in the whole country to ease ethnic tension. The project has started its pre-phase period, where central actors in the identified pilot school, the Goce Delchev high school in Kumanovo, have been contacted and discussions are held. In this initial process, crucial support has been given by two members of parliament (one from SDSM and one from DUI, both originating from Kumanovo) in order to give legitimacy to the project as well as to identify key actors. So far, the reactions have been mainly positive during the meetings in Kumanovo. Sida has had close contact with MHC during the initial phase. Several meetings have been conducted, among others with the abovementioned MP's and with the director of the Bureau for Education (with whom MHC will be in close contact when developing the curriculum). The pre-phase – i.e. planning and preparing for the school year – will last up until the start of the semester in September.

3.1.12 Activities in pipeline

The Sida-office is constantly approached with proposals for projects within the *Roma community*. The proposals vary widely in content and approach and are concerning everything from dental care and food packages to education and human rights issues. Being a relevant sector to work within, the Sida Skopje Office have an urgent need for some guidelines in order to have the correct approach from the start and to know that the chosen path will be sustainable. The issue has been raised both with the offices in the region and with Stockholm. Discussions have been held with some initiated actors in the country and further discussions are planned for the future to come in order to work for a common strategy for Roma-projects. Thus, no concrete project proposals targeting the Roma-community have been lifted for further discussions during the time period, but guidelines will be developed rapidly so that Sida can start working actively within the Roma community within a near future.

Discussions have been held regarding cooperation between the Children's Theatre Centre and the Search For Common Ground for creating children's theatre plays based on the ideas and values of the Nashe Maalo TV-shows. Sida is still waiting for a proposal for this project

3.2 Democratic Governance – Institution Building

As stated in the Swedish country strategy for development cooperation, Institution Building is one of the key features of favourable and sustainable development in Macedonia. Focus has to a large extent been on local democracy and local institutions in supporting people's initiatives, and only some activities have been undertaken on the central level. The focus has thus during the reporting period been on supporting grassroot movements. The focus will however change to more central levels should conditions be present.

3.2.1 Albania Macedonia People's Empowerment Programme, AMPEP

A meeting was held between Sida and AMPEP in the end of March, mainly concerning the new project proposal, with a somewhat new set-up. An important issue discussed was the matter of developing a methodology for following-up and measuring results and effects of project activities – something that continuously has to be discussed and adapted to changing conditions. Another area of focus that they mentioned is the need for engaging the local authorities in different ways. The key would be a closer dialogue with the mayors of the municipalities. Amending and including the Initiative Development Fund (IDF) into AMPEP, as an operational tool is another feature that is being developed.

3.2.2 Integrated Rural Development – ACTED

In February, a consultant visited ACTED and IRDU for an assessment of the project. In March, Sida called for a meeting for discussing the findings and a possible way forward. One of the findings was that there had been an unclear definition of roles between the ACTED country co-ordinator and the IRDU team. This was in general agreed upon, however, they had overcome this and it was no longer considered a problem. An additional factor to the confusion of roles had been the absence of an ACTED country co-ordinator. Shortly before the meeting, an acting co-ordinator had arrived to Skopje and she intends to stay up until a permanent replacement is found. Furthermore, recommendation from the evaluator was that more effort be put on organisational strengthening. The group agreed to this as well, and a revised work plan for this will be presented on a meeting in May. Following recommendations in the assessment, IRDU will also try to limit the number of municipalities in order to concentrate their work to 7 or 8 municipalities. The number of team members has automatically decreased by a few persons, and no replacements have been taken in. The plan is to use consultants when needed, instead. In general, the team members felt positive both about the report and the future of the project. Finally, it was agreed that the contacts with Sida have to be more frequent, i.e. Sida has to be informed of proceedings and eventual changes in the activities.

In the end of March, Sida conducted a field visit, joining one of the IRDU-teams in the process of community profiling outside the village of Sveti Nikole. Sida intend to continue following the work in that particular village in order to get a better overall idea of the different parts of the process of their work.

3.2.3 *Enhancing capacity of Ministry of Local Self-Government*

For a number of reasons, the four studies to be carried out by an international institution have been delayed. During the report-period, the tendering process has continued. Out of the fourteen University institutions that were contacted with calls to present proposals for the studies, only two institutions came in with proposals – one Greek and one Hungarian. One reason for the low amount of proposals might have been the size of the project as well as the short notice. Both were assessed to be qualified for carrying through the studies. The next step of the process will be the evaluation of the bids and discussions on the two proposals. The decision will be made in the beginning of May.

3.2.4 *Activities in pipeline*

In the area of *Public Procurement*, a consultant visited Macedonia and investigated practices of the Public Procurement Law. Information is shared with European Agency for Reconstruction, which has set aside some funds for implementing a programme in the sector. The Sector for European Integration within the Macedonian Government urges Sweden to be an active partner in building the necessary systems for EU-compatible Public Procurement.

In *Justice and Home Affairs*, Sida awaits the final report with recommendations from International Legal Assistance Consortium (ILAC), due out in May 2003, and consequently actions will be taken. Discussions have been held with the *Civil Aviation Authority* on closer cooperation with the Swedish equivalent, Luftfartsverket.

3.3 **Economic Development**

Stimulation of the economy in Macedonia is at the core of Swedish development support. As reflected in the various undertakings, Sida uses a holistic approach, with the aim of creating understanding for and establishment of a market-based economy in the country, supporting the utilisation of the core production asset, agriculture.

3.3.1 *Support to Farmers Organisations – Scanagri*

Scanagri have been extending the number of activities, adjusting the project to the current needs and developments in the country, using the knowledge and experience gained through implementation and transferring it into practice.

The option of machinery co-operation among farmers has been actively presented to the Farmers Associations through several study circles. Positive change is noticed among the farmers, who now to a larger extent takes the option of machinery ring cooperation into consideration. Study circles organised for the improvement of milk quality production, as well as a study tour to Sweden organised for representatives of several Farmers Associations and representatives from the National Extension Agency

(NEA). The increased focus on this sub sector also led to increased interest from farmers, and for this purpose Scanagri increased its local capacity with an additional local expert in this field.

Increased direct co-operation with the Federation of Macedonian Farmers has taken place during the reporting period. The second Leadership school took place during the period from October 2002 until March 2003. Out of 25 participants to this training, 20 have successfully finalised the course. More intensive work has been done on the sub-project on Farm Management. On this issue closer co-operation have been established with NEA with the intention to use available data collected by NEA through their Farm Monitoring System. The data available will be used for calculations and reporting about the financial efficiency of farms and farmers in Macedonia.

Being at stage of intensive implementation, the project is actively responding to the needs in the sector. Due to the great needs and their variety it is easy to get involved in too many activities that can be damaging for the project success and the sustainability of its undertakings. Possibility is considered to provide expert support through independent monitoring of the project activities, in order to recommend more focused approach by the project to a limited number of areas and adjustment of project goals and activities accordingly.

3.3.2 Building capacity for Macedonian policy formulation and economic analysis – SLU & Faculty for Agriculture at Skopje University

The co-operation between SLU and Faculty of Agriculture at Ss Cyril and Methodius University continued through well-established communication and exchange of information and experts. In February, 2003 four researchers from Sweden visited Macedonia to determine the final versions of paper outlines and to discuss scientific issues, as well as to determine the June workshop arrangements. It was agreed that the workshop will be organized in Ohrid beginning of June. Eight researchers from Sweden and ten researchers from Macedonia will participate at this workshop and present their findings. Contribution through active participation is expected by the participants that will be invited from other relevant institutions and projects implemented in Macedonia. It is expected that the end result of this workshop will be project proposals for longer-term co-operation between the two universities, to be presented to Sida and other donors for financing.

3.3.3 Agricultural Financial Services Project/AFSP – IFAD

Due to the extreme delay of project implementation start up, Sida conducted an assessment by an independent consultant, in order to make recommendations on eventual reorganisation of project mechanisms and to prevent further delays. Findings of the expert have confirmed the existence of serious organisational and managerial problems in the project that might be the factors that contributed to the delayed project start up (see project performance review made for Sida in January 2003 by Sven Öhlund, Devfin advisers AB). During the reporting period Sida has not been informed about any start up of activities for the project implementation.

3.3.4 Collateral Guarantee Fund

– Small and Medium Enterprise Development Center/SMEDSC

Continued promotion and intensive field activities have been implemented for the Collateral Guarantee Fund during the period. High interest have been expressed for the use of this Fund both through actual applications for guarantees as well as through individual requests for information. Active co-operation has been established with three banks; Tutunska Banka, Komercijalna Banka and Invest Banka. An increasing interest by other banks to be included into the list of banks co-operating and using the services of the Fund is also noticeable. The list of possible interested banks for future co-operation with the Fund is including names of five possible new interested banks (Bitolska banka, Ohridska banka, Rado banka, IK and Balkanska banka). An obvious need is to increase the limit of the maximum possible amount (20.000 Euro) for issued guarantee, results from the practical implementation experience. Upon request from the Fund, Sida is providing for expert support in April 2003 in order to define the needs for future development of the Fund as well as to support the promotion of the Fund to other donors. The possibility for further Sida-support to the Fund will be considered, based on the expert's findings and recommendations.

3.3.5 Southeast Europe Enterprise Development, SEED- IFC

During reporting period the project continued to be active in providing Investment Advisory Services. Support is provided to companies able for sustained, market-based competition, in preparation of Development Advisory Plan and in identification of financial resources both at domestic and international level. SEED have addressed the issue of support to capacity building of SME's, Business Service Providers – BSPs and Business Associations- Bas, by

- Partnering with local associations of business owners and building the capacity for these associations;
- Implementing training and technical assistance programs to local business service firms;
- Facilitating knowledge sharing among SMEs and SME service providers;
- Promoting the development of women-owned/operated businesses through targeted support for women business association development.

On the issue of improvement of the Business Enabling Environment support have been provided to the Ministry of Economy in developing Strategy for development of SME's in Macedonia. Technical Assistance has also been provided to the Ministry of finance in preparation of the Leasing Law.

3.3.6 Support to Agricultural Statistics – Statistics Sweden & State Statistical Office of the Republic of Macedonia/SSORM

Due to full capacity engagement of SSORM with the Population Census in Macedonia the project activities have been postponed for the beginning of the year 2003. The project was initiated with a Study tour to Sweden in January 2003 and training provided for three selected members of the Project Co-ordination Unit. Two experts visiting SSORM in

February 2003 have provided continued support in Project Management.

Further support have been provided through supporting the National Extension Agency – NEA to further develop the Farm Monitoring System and implementation of Farm Accountancy Data Network – FADN principles, support to Forestry statistics and Structural Agricultural Statistics.

The project implementation is according to the scheduled work plan and it is done in agreement between the two institutions. The established co-operation is evaluated as very valuable and useful by both of the institutions. No major obstacles or problems were faced. An important issue to be solved is signing of a Specific Agreement between Sida and SSORM for this project implementation.

3.3.7 Activities in pipeline

A feasibility study on *Advisory Services* in the agricultural sector to complement the other Sida-funded programmes have been undertaken early 2003. The findings of the expert recommend a longer-term programme with a pilot stage of two years and a long-term commitment for support in the period between five to ten years. The actual needs and programme definition will take place in a workshop that will be organised in June 2003.

Efforts will also be put into exploring possibilities to introduce *micro-crediting* possibilities. The positive Sida experience in the region and knowledgeable Sida implementing partners should be used for this purpose.

3.4 Environment

The third core area of Swedish development support to Macedonia, Environment, is being explored at present. Strengthened capacity on all levels (Sida head office, regional level and local level) have resulted in more intensified activities in the environment area. During the reporting period the regional environment co-ordinator have visited Macedonia and together with the National Programme Officer in charge for this part of the programme in Macedonia, explored the possibilities for starting the co-operation in the environment field. Some of the organisations met, have been considered as possible implementing partner organisations.

Sida head office and the Regional infrastructure and environmental programme officer produced a draft document on the environmental profile for Sida in the Western Balkan Region. The document includes work plan for 2003 concerning both regional level and country-specific activities. Co-operation with International Financing Institutions for the development of environmental infrastructure and supporting development of Local environmental plans and Local Environmental Initiatives is considered as a possible start-up of the specific environment development programme in Macedonia.

3.5 HIV/AIDS

The “Right to Know” programme (What every adolescent has the right to know), implemented by UNICEF, continued according to plan, from the onset of 2003 funded by Sida. The aim is to prevent HIV/AIDS spreading among the young people of Macedonia. Interactive workshops

with youth and vulnerable groups are undertaken and the very popular Macedonian pop-star Toshe was elected “ambassador” for UNICEF and their activities. UNICEF have engaged local youth groups and other active youth in the campaigns and the work methods are theatre, story-telling etc. Also special attention is given to marginalized groups such as the young Roma population.

4. Conclusions

The Macedonian situation in terms of political, economical and social development is not stable, rendering implications for the development cooperation. International actors shifting focus towards other parts of the world, and thus decreasing international funds for development assistance is creating a more difficult situation in Macedonia. The pressure on Sweden/Sida, being one of the few actors with a more long-term approach will increase in the future, why clarity and consistence from the Swedish side will be of increased importance.

Existing programmes and projects are presently well in line with the frames set out in the Swedish strategy for development cooperation, but as some undertakings are lacking or rather weak (foremost intense and concrete support to the Stabilisation and Association Process) due to weak interest from earlier administrations, further efforts will be spent in elaborating more on these areas, also contributing to the stabilisation of the country as such. Swedish success in entering into such widened undertakings depends to a large extent on the willingness and ability of the Macedonian Government to prioritise among the multitude of efforts that are needed.

Macedonia assistance 2003		25 June 2003					
		SEK		SEK		Exchange rate Euro to SEK is 1 : 9,1670	
		Com 2003	Disc 2003	Disb 2003	Com '03 Euro	Disc '03 Euro	Disb '03 Euro
Transition and Development Cooperation assistance		10 176 000	1 000 000	3 846 000	1 110 069	109 087	419 548
Human Rights and Democracy		6 357 927	1 000 000	2 362 127	693 567	109 087	257 677
Institutional Capacity Building, Public Services		0	0	0	0	0	0
Integrated Area Programs, Refugee return		8 809 459	950 000	3 033 459	960 997	103 633	330 911
Health, Culture and Youth		12 757 000	0	2 655 823	1 391 622	0	289 716
Local Institution Building		625 000	270 000	114 238	68 179	29 453	12 462
Private Sector Development		8 155 700	4 000 000	1 272 186	889 680	436 348	138 779
Agriculture and Environment		0	0	0	0	0	0
Infrastructure		961 101	0	830 561	104 844	0	90 603
Various, other							
Total		47 842 187	7 220 000	14 114 394	5 218 958	787 608	1 539 696
Com 2003: Committed and decided funds 2003; Disc 2003: projects under discussion but not decided or committed, Disb 2003: spent of committed funds		0	0	0	0	0	0
Humanitarian assistance							
Total development cooperation & humanitarian assistance 2003		47 842 187	7 220 000	14 114 394	5 218 958	787 608	1 539 696
Decided & Committed Development Cooperation projects							
Human Rights and Democracy		Disb 2002	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates
MRG Promoting rights of minorities and enhancing intercommunity understanding			1 000 000	1 000 000	3 000 000		Apr03-Mar06
OPIC, framework agreement 2003; OPIC work with 37 projects in the region, covering ICT issues, womens projects and human rights, and also address union and workers issues		945 000	900 000		1 845 000		Dec02-Dec03
KTK 2003 framework agreement. Kvinna till Kvinna is granted Sida support for about 80 womens organisations in the Balkans. They work to help women regain power of their lives and to take active part in the development and democratisation process of their society.		2 500 000	2 000 000		4 500 000		Jan03-Jan04
SHC, framework agreement 2003. SHC is working with media related projects and HR projects in the Western Balkans. The proposal includes 57 projects and additional projects during the year. Support is above all given to media infrastructure, legal advice and minority projects. Direct support to media is being phased out and gradually replaced by credits through e.g MDLF.			2 560 000		2 560 000	1 280 000	Jan 03 - Dec 04
ECMI; regional and national network in Macedonia. Support to the European Center for Minority Issues (ECMI)for strengthening the NGO network. Overall goal is to generate inter-ethnic cooperation. Pilot project with an option of prolonged support.			2 300 000		2 300 000	1 150 000	Jan03-Dec03
MFHC; School of Tolerance. The School of Tolerance of the Macedonian Helsinki Committee aims at creating better contacts between students of different ethnic backgrounds. They do not only work with the students but with the entire surrounding network- students, teachers, authorities and families. They will work in a number of schools around Macedonia.			1 416 000		1 416 000	1 416 000	Apr03-Apr04
Institutional Capacity Building, Public Services		Disb 2002	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates
Expert to Min. Local Self Gov. Decentralisation reform			133 927	0	1 550 000	1 550 000	Apr02-Oct03
Feasibility Study, Procurement Macedonia			5 846 000	7 180 000	18 026 300	89 447	March03
Agricultural Statistics						722 680	Jan03-Jan06
Hum Law Centre, Training judges, prosecutors, def lawyers. Training of judges, prosecutors, defence lawyers and police investigators in international humanitarian law and extradition of war criminals.			378 000		378 000		Mar03-Feb04
Health, Culture and Youth		Disb 2002	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates

Youth; Childrens Theater Center Skopje, 03 - 04. Childrens Theater, Skopje, has received Sidasupport a couple of years to raise the status of childrens culture and to work for reconciliation and peace between ethnic groups

Culture; Royal Univ. College, Summer school Stockholm -02	500 000	300 000	800 000	500 000	March03-Apr05
Culture; Royal Univ. College, Winter school Dubrovnik -03	29 459		194 459	29 459	Sep02-Sep02
Culture; Music co-operation through KMH; The Royal University College of Music continues its cooperation with music high schools and academies. The support consists of the exchange of students and teachers, training in Stockholm and in Sarajevo, purchase of used instruments for schools, concert tours etc.	162 000		162 000	162 000	January 03
Culture; Promotion of Macedonian Folk Musik: The Swedish Concert Institute will produce a CD with traditional folk music in Macedonia together with local music groups. The CD will be sold and distributed in Macedoni and in Sweden.	70 000		70 000		Jan03-Dec03
Youth; PRONI. Social Education Programme	570 000		570 000		May03-Nov03
	2 336 000		2 336 000	1 000 000	Jan03-Dec03

Youth; Cross Cultures Proj Ass, Open Fun Football Schools. Cross Cultures Project Association, a Danish NGO, arranges with summer football schools for childre in the Balkans since 4 years. This year some 15.000 children will participate, plus trainers and leaders, in Bosnia, Serbia/Montenegro/Kosovo, Croatia, Macedonia. Nordic countries main donors. Peace and democracy promoting.

Support to NGO H.E.R.A. to carry out AIDS campaign project together with two other NGOs in Macedonia, Serbia and Bosnia Hercegovina

Health; Planning mission to prepare a regional programme to fight AIDS carried out by the NGO Project Hope

Health; UNICEF; Project The Right to Know - AIDS/HIV-prev. UNICEF's project The Right to Know in Bosnia, Macedonia, Serbia and Montenegro aims at prevent the spread of HIV/AIDS. They work with and for young people, providing them with information and lifeskills via media, theater, TV, yough friendly services, peer education etc.

1,5 years.

Nashe Maalo, Educative TV for children. TV-programme, serial during 2 years, for children from all ethnic background in order to teach them active tolerance and conflict prevention in their multicultural society.

Local Institution Building

AMPEP, local resource development Korca & Recen. The purpose of the programme is to mobilise local resources in the process of problem solving activities promoting transparency, gender awareness and preservation of the environment. The long term objective is to strengthen the democratisation and decentralisation process in the area in order to achieve better living conditions for the citizens. The project is a crossborder project.

Assessment to the Integrated Rural Development Progr.

ACTED;The project is community based, focusing on improving the most urgent problems felt locally, mainly water supply, sewage and solid waste. The emphasis of the programme is on appropriate designs and systems that can be maintained on a village level. The target communities have participated at all stages of implementation, and has also involved the MoLSG. Gender, local mobilization and democracy are key.

AMPEP, PEP Int. local resource development Korca & Recen

Private Sector Development

Disb 2002	3 900 000	7 800 000	15 600 000	2 557 500	Jun02-May04
		4 850 000	4 850 000		Apr03-Jan04
Disb 2002		Com 2003	Total SEK	Disb 2003	Project dates

Disb 2002	2 000 000	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates
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2 800 000

595 000

9 700 000

Jan03-July04

Disb 2002	2 000 000	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates
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4 300 000

1 000 000

Oct01-Aug04

5 700 000

98 323

Jan02-Mar03

January 03

Disb 2002	3 900 000	7 800 000	15 600 000	2 557 500	Jun02-May04
		4 850 000	4 850 000		Apr03-Jan04
Disb 2002		Com 2003	Total SEK	Disb 2003	Project dates

SMEDSC. The organisation Small and Medium Enterprises Development Support Centre (SMEDSC) has established a Credit Guarantee Fund with the aim to support small enterprises in overcoming the collateral problem when applying for micro credits and also to minimize the risk for banks and financing institutions when approving credits to smaller companies.

Advisory Services to Credit Guarantee Fund

IFAD assessment

Consultant Blondell: advisor & observer SMEDSC credit fund

	Disb 2002	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates
		155 700		155 700	113 186	Jan03-May03

Disb 2002	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates
12 206 966	7 000 000		23 316 000		Apr01-Jun04
1 000 000	1 000 000		2 000 000	1 159 000	Aug02-Jun03
Disb 2002	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates

11 100	11 100	10 988	dec-02
950 000	1 911 066	690 064	Jan01-Jan04
1	282 001	129 509	Jan01-Jan04

32 150 853	47 842 187	9 175 000	115 688 553	14 114 394
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	Disb 2002	Com 2003	Com 2004	Total SEK	Disb 2003	Project dates
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Transition & Development Cooperation Projects under Discussion					
	Planned 2003	Planned 2004	Planned 2005	Planned 2006	Total Planned

Human Rights and Democracy
Roma study, ECMI

Project	Value
Institutional Capacity Building, Public Services	
Justice & Home Affairs; Civil Aviation, cont. of procurement	1 000 000
	1 000 000

Health, Culture and Youth	350 000	350 000
Intercult; theater cooperation	600 000	600 000
Rikskonserter: recording of Alb folk lore music		

Local Institution Building

Private Sector Development

Start East SME	270 000	270 000
Agriculture and Environment		
Env; Local Environmental Action Plan	1 000 000	4 000 000
Env; Environment Infrastructure	2 000 000	10 000 000
Agr; extension agr advisory services	700 000	
Agr; Evaluation CESVI	300 000	
		9 000 000
		17 000 000
		700 000
		300 000

Various, other

Regional Projects committed and decided. SEK amounts are for the entire region, not country specific

Human Rights and Democracy

Minority Rights Group, minority questions/rights
 PRONI, youth research, coop w Council of Europe/Stab Pact
 PRONI; evaluation of PRONI's projects in the Balkans
 OSCE, Task Force on Trafficking
 KiK Trafficking Western Balkans
 Evaluation of IOMs organisational capacity
 Evaluation of IOMs counter-trafficking programmes
 IOM; Regional Counter-trafficking-programme

IWPR regional programme 03-05: IWPR works with journalist training in a local and regional perspective. The goal is to support the development of democracy, rule of law and good governance by improving media's function as a society watchdog. The project co-operates closely with HR organisations, thus linking the project directly to these issues. In the future, all training should be taken over by local trainers.

Save The Children; Action Research on Child Trafficking
 CoE Criminal Law Reform; trafficking in the Balkans
 MDLF Media Training Centre and Newspapers on the Web
 TOL Balkan Reconstruction Report

Institutional Capacity Building

ILAC, regional judiciary sector strategy development
 RPS; Admin. costs International Secr. 2001
 SCB, Framework agreement Statistics in Balkans

Culture

PRONI audit
 Youth; Balkan Children and Youth Foundation

Private Sector Development

WV, regional micro credit program Alb, BIH, FRY, Mac, Kos
 Quality infrastructure training
 Study on free trade agreement
 OECD, Study Trade in Services in SEE

Agriculture

Regional Plant Genetic Resource network

Committd '03	Committd '04	Total Committd	Disb. 2003	Project dates
		1 345 000		Nov01-Oct04
		2 730 000		Jan02-Jan03
458 000		458 000	436 956	Aug02-Oct02
		575 000		Jul02-Jun03
		5 000 000		Dec02-Jan04
300 700		300 700	89 611	Jan03-Sep03
296 600		296 600		Jan03-July03
30 000 000		30 000 000	15 000 000	Jan03-Jan04

3 200 000	3 400 000	10 200 000	3 200 000	Jan03-Jan06
1 700 000		1 950 000		Jun02-Nov03
550 000		1 100 000	550 000	Jul02-Oct03
2 285 000	2 885 000	8 240 000	2 285 000	Apr03-Apr06
1 700 000	1 800 000	3 500 000	1 700 000	Jan03-Jan05

40 490 300 8 085 000 65 695 300 23 261 567

725 715		1 451 430	725 715	Nov02-Apr03
272 540		272 540		Jan-Dec03
6 185 000		12 728 500	487 257	Nov02-Nov04

7 183 255 0 14 452 470 1 212 972

164 000		164 000		Jun03-Jul03
3 000 000		3 000 000	1 500 000	Jan03-Sep04

3 000 000 0 3 000 000 1 500 000

2 700 000		14 500 000		Jun02-May03
48 000		2 700 000	2 667 685	Jan03-Dec03
2 280 000		48 000		summer 2003
5 028 000	0	2 750 000	2 667 685	Sep02-Jun03

800 000 2 000 000 2000000 4 800 000

53 501 555 10 085 000 89 144 730 31 454 967

For information:

Tel	Fax	E-mail
Macedonia desk officer in Stockholm: Sofie Berghald	+46 8 214529	sofie.berghald@sida.se
Sida representative in Skopje: Annika Palo	+389 2 112 065	annika.palo@mt.net.mk, sidask@mt.net.mk
PO Agr., SMEs, Environment, Local Development: Biljana Dzartova-Petrovska	+389 2 112 065	biljana.dzartova@mt.net.mk, sidask@mt.net.mk
Peeter Kaaman	+389 2 112 065	peeter.kaaman@mt.net.mk, sidask@mt.net.mk



Development Cooperation Section
Annika Palo / Biljana Džartova-Petrovska

January 2003

Priority tasks of Sida in R. Macedonia, January - June 2003

Overall situation

The September 2002 parliamentary elections changed the government of Macedonia, rendering a new coalition of parties to come into power. Fatigue among the Macedonian population with regards to corruption, slow reforms and lack of political commitment paved way for the new constellation. The words of the new government are very positive, but not many actions have so far been implemented. There seems however, to be a firm commitment within the government to adhere to and speed up the Stabilisation- and Association Process, as well as to put strong efforts into co-ordination of foreign assistance. These features are highly appreciated by Sida and efforts will be put into responding and supporting the governments' priorities during the period.

The state of the economy remains bleak as is the macro-economic situation. Cancellation of the war-tax by the turn of 2002 was implemented, but the general tax collection rates remains very weak. The tax system bears complicated features and social security fees are very high (as a percentage of the salary) - offering a "good" excuse for avoiding paying them. Official unemployment circles steadily around 35%, but the real figure is most probably higher.

The social situation and the split between the two major groups - ethnic Macedonians and ethnic Albanians - were highlighted with the armed conflict in 2001. The wounds torn by the conflict has by no means been healed yet and the continued separation of the ethnic groups does not promote trust and co-operation, rather the contrary. Sida will actively support activities that promote connections and dialogue between all ethnic groups. Trust will help create a strong and mature democratic state, whilst lack of the same will offer societal unrest.

According to the revised strategy for development co-operation with Macedonia, Sida's main focuses - *Income generation, Human Rights & Democracy and Institution Building* - continue to be valid. Further elaboration on the sectors *Environment* and *prevention of HIV/AIDS* will be prioritised during the initial six months of 2003.

Sectors covered and actions to be taken during the coming period

Below a brief description of the foreseen activities in the relevant sectors will bring clarity to what will be prioritised in the development co-operation with Macedonia during the first half of 2003.

Income Generation

Credits

- IFAD - Agricultural Credits. Examination of programme by external consultant undertaken early spring - recommendations will guide Sida's future actions. *Main actors: Biljana, Annlouise.*
- Collateral Guarantee Fund. Follow results of implementation and share it with other actors. Keep relevant Macedonian authorities informed. *Main actors: Biljana, Annlouise.*
- World Vision Regional Credit Programme. Consultant commissioned to study potentials in micro-crediting. Decision to be made on entering the sector - or not. *Main actors: Biljana, Annlouise.*
- Local Initiative Fund - connected to AMPEP. Give input in the reformulation and agree on future format. *Main actors: Biljana, Annika, Sofie*

OfC Skopje

Agriculture/Environment

- Scanagri - support to farmers organisations. Keep updated on implementation, take necessary steps with regards to changes and revisions. *Main actors: Biljana, Peter H.*
- SLU - cooperation with University of St Cyril and Methodius on studies on agricultural impacts. Follow researchers' development and take active part in the seminar in June where reports will be presented. *Main actors: Biljana, Peter H.*
- Define actions to be taken in the environmental sector and start implementation. *Main actors: Biljana, Magdalena Svensson.*

Human Rights and Democracy

- Olof Palme International Center. Follow activities. *Main actor: Annika.*
- Swedish Helsinki Committee. Follow the newly opened support to the Gay Organisation and the International Media Fund. *Main actor: Annika.*
- Kvinna till Kvinna. Follow activities. *Main actor: Annika.*
- IWPR. Explore in what ways Sida can support independent media reporting and training. *Main actors: Annika, Per B.*
- ECMI - support to NGO network. Finalise Agreement and transfer of funds. Be included in steering committee of the small grants fund. *Main actors: Annika, Sofie.*
- IOM - counter trafficking programme. Evaluation conducted during the spring 2003. *Main actors: Annika, Per B.*
- PRONI. Follow up on the university course and the co-operation with the Agency for Youth and Sports - advice PRONI on possible actions. *Main actor: Annika.*
- Macedonian Helsinki Committee. Scrutinise proposal for "School of Tolerance" and, if found appropriate, finalise necessary documentation. *Main actor: Annika, Per B.*

Institution Building (central and local)

- AMPEP. Support the setting up of the new implementation organisation; offer advice on solutions for sustainable conduct and localisation of the programme. *Main actors: Annika, Robert, Sofie.*
- ACTED - Integrated Rural Development. Evaluation and advice on continuation needed promptly. Decision whether to continue need to be made during spring 2003. *Main actors: Annika, Sofie.*
- UNDP - support to MoLSG. Follow up on implementation of activities. Evaluate whether support shall continue after the project period expires (April 03). *Main actors: Annika, Sofie.*
- Work closely with European Integration Office in identifying priorities where Swedish resources (or other appropriate resources) can be used - in law approximation, institution building etc. Find out what capacities Sweden has and match it with identified needs. *Main actors: Annika, Sofie, Britta.*
- Statistics Sweden - Agricultural statistics. Figure out the situation around the Specific Agreement and what needs to be signed. Support the two statistical offices in implementation. *Main actors: Biljana, Peter H, Britta.*

Various

- Follow the implementation of the Sida-funded UNICEF programme on HIV/AIDS prevention. Get acquainted with methods and tools. Report to Gunnel and field offices. *Main actor: Annika.*
- Finalise recruitment and installation of new Programme Assistant. Install new Bilateral Assistant Expert and start transfer of responsibilities. Finalise new structure and clarify different actors' roles and responsibilities. *Main actor: Annika, Biljana.*
- Agreements: Finalise and sign General Agreement on Terms and Conditions (Procedural Agr.) *Main actors: Biljana, Anna Ablgren, Ambassador Engfeldt.*
- Pursue co-ordination - sectorwise and donorwise. Participate in the formulation of the donor co-ordination structures, headed by the European Integration Office. *Main actors: Annika, Biljana.*

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



SWEDISH INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY

SE-105 25 Stockholm Sweden
Phone: +46 (0)8 698 50 00
Fax: +46 (0)8 698 56 15
info@sida.se, www.sida.se