



## 2010/January NEWSLETTER



### Transparent Public Procurement Saves Taxpayers' Money

Since 2006, the USAID Business Environment Activity (BEA) has supported public procurement reform in Macedonia to minimize corruption and increase the transparency of public procurements. BEA assisted the Ministry of Finance in drafting, publicly debating and adopting the current Public Procurement Law (PPL). Through the Human and Institutional Development Program (HIDP), USAID also supports the Public Procurement Bureau in implementing the PPL and improving the Bureau's performance.

In early 2009, the Public Procurement Training Center was established through a joint effort of BEA and the HIDP, together with the Public Procurement Bureau and the Faculty of Law. "Transparency in public procurement not only decreases the opportunity for corrupt behavior, it contributes to greater stability of the procurement process and an improved business environment" said Michael Fritz, USAID Mission Director. "With the new law in place, we must support its effective implementation by undertaking the next step: educating all of the stakeholders in the national public procurement system."

On December 11, the Public Procurement Bureau and the Faculty of Law, together with the HIDP and BEA, conducted a certification ceremony for Macedonia's first group of professional trainers in public procurement. Forty-three individuals successfully completed the five-month certification program of the Public Procurement Training Center. Coordinated by the Public Procurement Bureau, this corps of trainers will now extend their knowledge to others by providing training to all contracting authorities and economic operators involved in public procurement processes.

USAID, through the e-Government Project (e-Gov), has also helped the Government of Macedonia to establish an electronic procurement system that is fully compliant with European Union directives and supports all forms of public procurement, including e-auctions. In 2009, e-Gov trained 840 individuals, representing contracting authorities and economic operators, in how to use the e-procurement system. Currently, there are over 1900 registered users of the system. The electronic auctions, through which the government seeks the lowest price for goods and services that they are purchasing, have been especially successful. While some 90 e-auctions were conducted in 2009, 32 of these alone saved the government over U.S. \$1.7 million.

On January 1, 2010, e-Gov and the Public Procurement Bureau will launch a new system that will integrate the e-procurement system described above with another software solution developed by the Public Procurement Bureau for publishing contract notices and notifications. This integrated software will represent a comprehensive and central system, making everything related to public procurements in Macedonia available in one place, thereby further improving efficiency and transparency of the overall public procurement system in Macedonia.



## USAID Promotes Green Agenda in Primary Schools



The Green Schools program, a joint effort of two USAID projects - Plastic Recycling and Primary Education - is raising environmental awareness among students, their parents and teachers in primary schools throughout Macedonia.

During the 2008-2009 school year, the program was successfully implemented at five pilot schools, where Green Clubs were established to promote energy efficiency, waste recycling, water conservation and better transportation habits. The clubs enable students to become actively involved in setting goals, designing and implementing activities for achieving them, creating portfolios and organizing public events. Club members also collect data through interviews, surveys and infrastructure assessments.

Pilot school teachers developed the Green School Annual Program, which can be implemented as an extra-curricular activity over the period of one school year. Teachers have developed a comprehensive Green School Manual for students and other teachers who wish to promote environmental protection in their schools or classes. The manual provides detailed guidance for numerous activities that can be carried out by Green Clubs, with information such as the goal of each activity, the number of lessons needed and expected outcomes for both the students and the school.

Together with the manual, a Green Club Activity Notebook was produced that students use to design and implement different school based projects, including educating their peers, replacing regular light bulbs with energy saving ones, replacing water taps with those that automatically shut off after use, establishing parking for bicycles in the school yard, and setting up sensors to automatically turn lights off. Students presented their projects to the community on numerous public occasions, such as on Pedestrian Day, the Day of Urban Communities, Tree Day, and Energy Saving Day. They also made presentations at the Earth Day celebration in Skopje City Square.

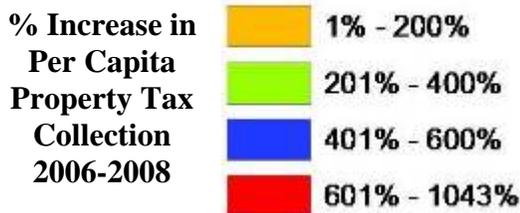
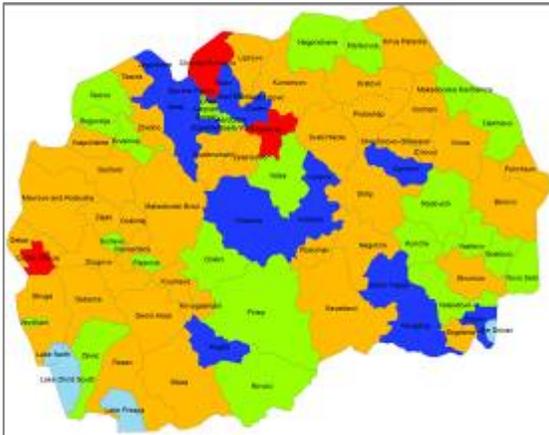
Through these activities, the Green Schools have mobilized the community and raised citizen awareness of environmental issues. As a result of the successful pilots, the Green Schools Program is extending to 15 additional primary schools throughout the country in the 2009/2010 school year.



## Decentralization Doubles Tax Collection

When property tax administration was decentralized following the Ohrid Framework Agreement for Peace, local governments learned first-hand just how poorly this task had been carried out under the previous centralized system. Property tax records provided by the central Public Revenue Office were outdated and incomplete. Tax avoidance and inaccurate assessments contributed to very low property tax collection overall. Yet, when fiscal decentralization was initiated, municipalities had little capacity to improve the property tax system.

Beginning in 2006, USAID decentralization programs developed the Local Tax Administration Software (LTAS) system to help municipalities effectively manage this important new function. The LTAS system allows municipal tax departments to update property tax records and automate bill preparation, and provides a user-friendly way for citizens to request and receive information. By the end of the 2009 fiscal year, the USAID Macedonia Local Government Activity (MLGA) completed LTAS installation and training for all 85 local governments in Macedonia.



“I want to recognize the important contribution USAID has made to decentralization in Macedonia,” said Deputy Prime Minister and Minister of Finance Zoran Stavrevski. “The success of decentralization depends on local governments maximizing their own capacities and reducing their dependence on the central government. Great progress had been made, and we must continue this trend in the future.”

MLGA analysis of property tax collections clearly shows the significant positive impact of the LTAS. Property tax collections have improved dramatically across the country, on average more than doubling in the first three years of fiscal decentralization. As seen in the map at the left, many municipalities have increased their collections by more than 200%.

Maximizing local property tax collection helps ensure fairness to all tax payers. With the capacity to accurately administer their own tax collection, communities can more effectively use local taxes to pay for local needs.

The Ohrid Framework Agreement for Peace ended armed ethnic conflict in Macedonia by providing a process to decentralize central government authority and create stronger, more accountable and accessible local government. Effective municipal governance is also a key element for European Community integration. By providing municipalities with the tools and training to be more effective public servants, USAID supports Macedonia's efforts to fully implement the peace agreement, as well as establish accountability in accordance with European Community standards.



Members of the Shtip Youth Council participate in decision making about common concerns

## Municipal Youth Councils—Instruments for Addressing Youth Issues

Stip is Macedonia's first municipality to establish a Youth Council (YC), a municipal body through which young people can propose initiatives and ideas that address their problems. YCs help young people strengthen their influence in the local community and participate in decision-making on youth-related issues under municipal jurisdiction, especially in the fields of education, culture, and sports. The Youth Councils Project is implemented by the Coalition of Youth Organizations – SEGA, which is one of the organizations supported by the USAID Civil Society Strengthening Project.

Citizen participation in decision making about common concerns is one of the most important features of a democracy, and is particularly important for young people, who can contribute greatly with progressive ideas. Previously, almost no opportunities existed in Macedonia for young people to become directly and institutionally involved in decision making. Things are slowly starting to change for the better. Young people from Stip are starting to make their voices heard and put their own ideas into action through their representatives in the YC.

"I'm pleased by the fact that we are the first ever Youth Council in Macedonia. It didn't take long for young people to realize that they have power and should react accordingly" said Bojan Keremestevski, President of the Youth Council and member of the municipal council in Stip. Through their contacts with young people, who are now actively proposing ideas to the YC, Keremestevski and the other young councilors are already pushing for construction of more sports fields—the first major problem identified by Stip's young people.

Although the YC has only been operating for a short while, interest among young people is on the rise. The YC consists of seven members from different backgrounds, including representatives of the Goce Delcev University, high-schools, civil society organizations, political parties, and the Roma community. In this way, they are able to reach out to different groups of Stip's youth and their ideas will be jointly put into practice in the community.

Stip's Youth Council has the support of the mayor, Dr. Zoran Aleksov. "This is an excellent opportunity to establish better communication with young people" said Aleksov. "I believe young people should get the place they deserve in the work of the municipality, because they are its main engine." The mayor has said that all future municipal activities will involve young people, and the municipality has announced that, from next year, the YC will function as a committee and an advisory body, and Council members will be paid honoraria.

Stip's efforts have inspired the municipalities of Resen and Radovis to implement youth councils as well. Establishing youth councils is one focus of the USAID Civil Society Strengthening Project which engages citizens, including youth, in addressing local community priorities.

For more information about USAID programs on economic growth, education, democracy and governance please visit <http://macedonia.usaid.gov>