



UNITED NATIONS

UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK

2010 -2015

FOR THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

I. INTRODUCTION

The former Yugoslav Republic of Macedonia has made significant progress in its transition to democracy and to a functional market economy since its independence in 1991. Yet, the achievement of equitable and sustainable development continues to be a challenge.

The country is still recovering from the economic, political and social fallout of a prolonged transition. While the so-called "Ohrid Framework Agreement", which brought an end to the inter-ethnic conflict of 2001, has laid the foundations for peace and stability, its continued observance and implementation remains crucial for the country's inter-ethnic cohesion. This is even more so in the current context of a still complex regional political landscape.

'The UN will assist the government and civil society in developing the institutional and strategic capacity that is essential to ensure inclusive and sustainable development based on the rule of law and a respect for human rights for all people in a multi-ethnic state'
UN Mission Statement

European Union (EU) membership is the country's most certain path to achieving accelerated human development and EU accession has been at the core of the country's development agenda since the European Council granted it EU candidate status in December 2005. The EU accession agenda also acts to strengthen social unity, enjoying wide support from the general population across ethnic and political divides.

The country's aspiration for EU accession has generated much momentum for political, economic and social reforms, which are reinforced by the commitment to abide by the Millennium Declaration and achieve the Millennium Development Goals (MDGs). In that respect, the promotion of equitable and inclusive development based on human rights frames the national development agenda. In pursuit of this agenda, the Government has set an ambitious programme that seeks to underpin economic growth, improve living standards of all citizens, create jobs, fight corruption, increase education opportunities, develop democracy and improve inter-ethnic relations.

The country's process of convergence with the EU will be particularly challenging due to large socio-economic disparities with the EU member states (GDP per capita is equivalent to only 27% of the EU-27 average)¹, unresolved differences with neighbours and capacity constraints in the public administration. Moreover, the road to the EU will not only require the country to design and adopt EU-compatible standards and laws, but will also very much depend on the country's capacity to implement them. In that regard, the UN's support to build institutional and strategic capacities of the state and civil society for policy making and implementation has been and will continue to be instrumental to enable the country to benefit fully from the EU accession process and become an EU member state.

Although, after the Lisbon European Council in 2000, the EU has firmly acknowledged the interdependence of economic, social and environmental policies, experience shows that the economic and political criteria tend to dominate the early stages of the EU accession agenda. Issues pertaining to social development and environmental protection which will be critical for the country's actual convergence to the EU, have however been addressed in the later stages of the accession process. The continued involvement of UN agencies will thus be essential to complement the EU accession agenda by supporting reforms and

¹ Economic Profile of the former Yugoslav Republic of Macedonia, Economic Commission, DG Enlargement.

developing capacity in these two important national development priorities. Furthermore, the UN's recognized know-how and respected neutrality in promoting local development and cohesion will also contribute to accelerate citizen's enjoyment of EU accession benefits while fostering social and inter-ethnic dialogue.

To support the country to achieve the goals of becoming a modern democracy and an EU member state, the United Nations Country Team (UNCT), in accordance with its *Mission Statement*, and in close cooperation with the Government, civil society stakeholders, and the international community, has prepared the United Nations Development Assistance Framework (UNDAF) for the period 2010-2015.

The underlying purpose of the UNDAF is to focus the UN's capacity to contribute and complement national efforts to meet the national priorities and its Action Plan towards EU Integration, particularly in areas inherent to the UN's mandate and where the UNCT has a proven track record of experience and expertise and unique ability to access and utilise international know-how and comparative experiences, particularly from successful transition countries.

The main analytical building blocks of the UNDAF are the Government's *National Development Plan 2008-2013* and other national development strategic documents, the current UNDAF 2005-2009 and its subsequent *Evaluations*, the 2006 *Strategic Review of UN Activities in light of the Country's EU Accession*² and the European Union's annual *Progress Reports* towards EU membership.

The preparatory planning for the UNDAF was conducted in a comprehensive and consultative manner, involving all agencies and programmes present in the country (UNDP, UNICEF, WHO, UNIFEM, UNFPA, IOM, UNAIDS³ and UNHCR) as well as non-resident agencies (UNESCO, UNEP, ILO and UNIDO). During the strategic priority-setting process, particular attention was made to identify the comparative advantages of the UN Country Team vis-à-vis the national development challenges and priorities as well as the programme focus of the country's major development partners such as the EU, the World Bank and other bilateral and multilateral organizations present in the country⁴. The UNCT held a Strategic Design Workshop in September 2008, where together with national counterparts and development partners it defined the strategic UN priority areas of cooperation in line with the objectives of the UNDAF. Subsequently, the UNCT together with the Government and stakeholders elaborated and validated the programme pillars of the UNDAF at a Strategic Planning Retreat.

Therefore, fully anchored and aligned to the country's national development agenda and based on the UN's comparative advantage and capacity to act: social inclusion, local governance and regional development and environmental protection have been identified as the three strategic areas of the UNDAF 2010-2015. While capacity development to bring about effective and transparent governance⁵, improved aid coordination, human rights, gender equality, and creating a culture of interethnic cohesion were identified as important cross-cutting themes to be integrated in all UNDAF programmatic activities.

The UNDAF is designed along three programme pillars formulated as three UNDAF Outcomes:

² See the above mentioned report by Hugh Frazer and Vanco Uzunov, *Strategic Review of UN Activities in light of the Country's EU Accession*.

³ At country level is represented by UNAIDS Focal Point that facilitates the work of the Joint UN Team on AIDS on technical level and the UN Theme Group on AIDS on policy level (both consisted of UNDP, WHO, UNICEF, UNHCR, IOM, WB, UNFPA and UNIFEM).

⁴ Bilateral donors in the country are Austria, France, Germany, Greece, Italy, Japan, the Netherlands, Norway, People's Republic of China, Spain, Slovenia, Sweden, Switzerland, UK, and USA. Multilateral donors are the EU, OSCE and the UN International financial Institutions include: International Monetary Fund, the World Bank, European Bank for Reconstruction and Development, CEB and EIB.

⁵ Enhancing the UN's contribution to National Capacity Development, *UNDG Position Statement*, October 2006.

Social Inclusion area/UNDAF Outcome 1 - By 2015, the socially excluded will have increased access and improved quality services and opportunities to enjoy full and productive lives.

Local Governance and Territorial Development area/UNDAF Outcome 2 - By 2015, local governance and territorial development is enhanced to promote equitable development and inter-ethnic and social cohesion.

Environmental Protection area/ UNDAF Outcome 3 - By 2015 the central and local level authorities have improved capacities to integrate environment and disaster risk reduction into national and local development frameworks, and communities and CSOs participate more effectively in environmental protection and disaster risk reduction planning, implementation and monitoring.

The UNDAF represents the joint programming and implementation efforts of UN agencies to assist the country in achieving its strategic development priorities. It aims to produce synergies and multiplier effects with activities undertaken by other international agencies, such as the Bretton Woods institutions, donors and other partners and the UNDAF Outcomes correspond to three of the five sectors selected by the Government and donor community for the strengthening of aid coordination⁶. Stand-alone activities of the UN agencies falling outside joint priority areas are not included in the UNDAF.

The UNDAF has six sections, following the introduction a situation analysis lays out the analytical rationale for the selected UNDAF priority areas and outlines the position and potential of the UN in the country, this is followed by section III which elaborates upon the results the UNCT is seeking to achieve over the UNDAF period, it identifies the agencies roles and the manner in which the UNCT will achieve them, section IV follows, and lists the activities to be pursued outside the framework of the UNDAF while Section V, describes the organizational arrangements to be employed to implement the UNDAF's strategies and finally section VI explains how the UNCT will monitor and evaluate progress towards achieving the UNDAF priorities.

⁶ Government session of December 18, 2008, tasked the Secretariat for European Affairs, in consultation with the donor community, to agree on the sectors and working arrangements for the implementation of a sector wide approach.

II. SITUATION ANALYSIS

During the post independence period the country maintained a relatively high degree of political and macroeconomic stability with steady though slow economic progress, which was accompanied by several external and internal shocks. The economy, as measured by GDP grew at a rate of around 3-4% a year, although job creation was low. In 2008, the country achieved a respectable 5.3% GDP growth⁷. Although the current GDP per capita has reached the same level enjoyed during the pre-transition period, the country is still confronted with persistent and exceptionally high unemployment of 33%.⁸ The most affected are young people (age category 25-29) which constitute 13% of the total number of the unemployed and 82.1% of those seeking employment have been unemployed for more than one year. While real unemployment figures are difficult to determine due to the size of the informal sector, opinion polls confirm very high levels of unemployment or underemployment.⁹

Despite some positive economic trends, one of the most acute issues of the economy with a direct impact on human development is the lack of job creation, at least in the formal economy. The informal economy is large and is estimated to account of between 40 to 45 percent of GDP, while informal employment is estimated to reach up to 60 percent of total employment¹⁰. The tendency towards increasing inequalities is expected to continue if further private sector development is not matched with further employment opportunities.

Although at the time of formulating the UNDAF 2010-2015 the effects of the world economic and financial crisis cannot yet be properly assessed, it is very likely that a prolonged recession in Europe and elsewhere in the global economy will reduce international demand and will depress economic growth in the region. This may serve to further compound socio-economic challenges in the country and negatively impact on recent progress. Employment opportunities, household incomes and corporate profits and investments are expected to decline, while income disparities and social exclusion will increase, unless countered by appropriate economic and social policies that would mitigate those effects.

Entrepreneurship is still under-developed and labour market expansion has not been sufficient to re-employ workers made redundant from economic restructuring and privatization, nor to absorb new entrants into the labour force. Young people and members of vulnerable groups including the Roma¹¹, the long-term unemployed, the disabled and women, particularly from rural areas, as well as victims of violence are disproportionately disadvantaged in seeking employment or re-employment, and have hence been identified as priority target groups in national employment programmes.¹²

Poverty studies show that employment status, household size and the level of education of the head of the household determine per capita income and poverty status. Pensions, unemployment benefits and social assistance still represent the main source of income for the vulnerable, which suggest that social assistance schemes play an important role in mitigating poverty. Yet, the resources allocated for these benefits do not ensure an adequate standard of living for the recipients¹³. The poverty rates, both relative and absolute, have remained high and stagnating, as evidenced by the mid-point MDG assessment, conducted in 2008, which reconfirmed the country's slow progress towards achieving MDG 1, indicating that it will be unlikely

⁷ 2008 estimate, State Statistical Office.

⁸ Rate in the third quarter of 2008, Labour Force Survey, 2008, State Statistical Office.

⁹ People – Centred Analysis, March 2008, page 37.

¹⁰ World Bank, FYR of Macedonia. Poverty Assessment for 2002–2003, Washington D.C. 2005.

¹¹ At Risk: Roma and the Displaced in Southeast Europe, UNDP Bratislava Resource Centre, 2007.

¹² CERD Concluding Observations, 2007; para 15. CESCR Concluding Observations 2007, para 15-17., CEDAW Concluding Comments, 2006, para 33.

¹³ CESCR Concluding Observations 2007, para 35.

to be achieved by 2015. However, the stagnation in the level of poverty masks the internal dynamic which has been occurring between different social groups and geographical areas. The depth of poverty between 1997 and 2007 was on a steady rise, suggesting that the poor were increasingly drifting away from the living and social standards of the rest of the population¹⁴. Also, the urban poverty in secondary i.e. middle-size towns has risen.

The Roma, Ashkalija and Egyptian (RAE) communities are particularly disadvantaged due to, inter alia, the lack of personal documents, which is one of the key obstacles for the integration of these community groups into society. For example, they are still facing legal and institutional obstacles to access employment, benefit from social services and for their children to enter the education system. The various conflicts in the Western Balkans have further exacerbated the vulnerability of refugee RAE communities in particular, as in most cases their documentation was lost and their links with their communities of origin were cut off and families have been separated.

Poverty and social inclusion analyses point to multiple determinates of the growing inequalities and entrenched poverty levels such as: (i) high unemployment; (ii) low public investment in health, education and social protection services, particularly in rural areas; (iii) the inability of the social protection system to buffer economic shocks and (v) the lack of solid social sector data and a system for monitoring vulnerabilities which prevents the establishment and implementation of targeted policies and programmes. To address these challenges, in the last two years, the Government has launched a comprehensive and multi-faceted employment reform, covering issues and sectors beyond the labour market.

The lack of relevant skills appears to be one of the most serious obstacles for the employability of the workforce and economic growth. As the country integrates further into the European market, the need to reform the education system at all levels will be even greater, so as to ensure that the workforce remains competitive.

Overall, the gross secondary school enrolment rate is low by both regional and international standards. Presently around 32.6% of those enrolled do not finish secondary education, which compares unfavourably with EU member states, where the figure is around 10%. While primary school enrolment rates are almost universal, access to education varies greatly by ethnic group, by region, and by income level. Furthermore, international studies, PIRLS and TIMMS, rank the country very low in terms of learning achievements.¹⁵ The Government took an important step by making secondary education compulsory in 2008. However a significant shift in the type of curriculum and the teaching methods offered to students, as well as ensuring that it is accessible and affordable to all students is also needed so as to translate this decision into concrete results.

Linked to learning achievements in primary school and beyond are early childhood development opportunities. The recent UNICEF supported process of validation of the Early Learning Development Standards (ELDS) revealed that young children are not given sufficient support in all areas of development, which is mainly a consequence of insufficient and inadequate support in the family and the community and/or the limited availability of organized early learning opportunities. Kindergartens are the only form of ECD funded by the state. Only 11% of young children are enrolled due to limited infrastructure, which is in place in urban areas only, and the costs of kindergartens which are prohibitive for most parents. These limitations inhibit cognitive development and the skills that lay the foundation for a child's success in school and beyond.

Gender disparities in school attainment levels start at secondary school, mainly among students of the Roma, Turkish and Albanian communities¹⁶. Secondary school dropout rates among Roma girls and girls

¹⁴ National Mid-Point MDG Report, 2008, page 10.

¹⁵ Situation Analysis of Children and Women, UNICEF, 2008.

¹⁶ MDG Progress Report, 2008.

living in rural and peri-urban areas, and those with special needs have been highlighted as one of particular concern by the CEDAW, CRC, CERD, CESC and the Human Rights Committee¹⁷. Moreover, the current education system does not offer opportunities for the large number of dropouts to re-enter the education system through second chance programmes.

The mid-point MDG analysis also showed the progress made in promoting gender equality (MDG3). The introduction of a 30% gender quota in 2002 contributed to improved political representation of women in the National Parliament and local councils. Nonetheless, participation of women at decision making levels and executive functions is still disproportionately lower compared to men. In many instances individual electoral rights are violated, particularly in rural areas, due to the incidence of proxy and family voting under which men vote for female members of the household. Moreover, the report reconfirms women's disproportionately lower participation in the labour market and increasing readiness to work in the informal sector. A far smaller proportion of women have independent sources of income and, on average, they have lower salaries than men.¹⁸

As recognized by the government and pointed out by the UN treaty bodies, the insufficient coverage and non-implementation of existing protection systems for victims of domestic violence as well as appropriate measures for prevention, needs coordinated inter-institutional action.¹⁹ In addition, the country has the second highest juvenile offending rate in the region with a recorded crime rate of 1,856 per 100,000 children aged 14-17 years old in 2005.²⁰ More importantly the response to juvenile offending remains largely repressive, with an emphasis on punishment and custodial sentencing rather than prevention and rehabilitation. While the new law on juvenile justice provided the basis of reform, institutional and human resource capacities are insufficient to address prevention and rehabilitation effectively.

Turning to health, according to the MDG mid-point analysis of the country's progress in achieving the MDG health indicators, significant advancement has been made on almost all health MDGs. Most of the targets have already been achieved, while the remaining ones are likely to be achieved by 2015. Currently, the key health indicators are also comparable to other countries in Southeastern Europe.

Nonetheless, various studies analyzing the health care system highlight governance failures. While implemented reforms in general contributed to the improved management of health services, some of the key issues still remain to be tackled such as the under-use of basic and primary health care services, substantial out-of-pocket payments by patients, weak control and accountability measures and redistribution of medical staff towards more attractive curative and urban areas, leaving the preventive care and rural areas underserved²¹. Socially excluded groups face particular obstacles with respect to access and quality of healthcare services, including to those for health education and health promotion, the reasons for this are twofold – the low awareness of citizens to enable adequate health seeking behavior and low quality, affordability and accessibility of existing services, particularly in secondary and tertiary health care. The basic health package offers a wide scope of health care services but is of an insufficient quality.²²

Women living in rural areas, as well as young people aged 15-19 have a low level of knowledge concerning sexual and reproductive health, and often face traditional practices that obstruct their use of needed healthcare services. Moreover, with a rate of 13.6 registered abortions per 1000 women at the age of 15-44

¹⁷ CERD Concluding Observations, 2007, para 18. Human Rights Committee Concluding Observations, 2008, para 19. CESC Concluding Observations 2007, para 27. CEDAW Concluding Comments, 2006, para 27.

¹⁸ Mid-Point MDG report, 2008, page 2008.

¹⁹ CEDAW Concluding Comments, 2006, para 23; CAT Concluding Observations 2008, para 19. Human Rights Committee Concluding Observations, 2008, para 10.

²⁰ Lost in the Justice System, UNICEF, 2007.

²¹ Assessment of the National Immunization System, 2008 UNICEF/WHO.

²² People Centered Analysis, UNDP, March 2008, p.43).

years²³, the country still suffers higher abortion prevalence rates when compared to other European countries. With the elimination of specialized family planning services from the primary health care package, access to family planning and specialized sexual and reproductive health services has become particularly difficult for rural women and women from other vulnerable communities, particularly the Roma, as well as for adolescents and young people up to the age of 24. Even though, the country has low HIV prevalence, behavioral studies show that the most-at-risk populations to HIV transmission engage in multiple high-risk behaviors, thus the HIV prevention services need to be further expanded in terms of improved access and quality.²⁴

As in many other countries throughout the region, governance weaknesses are seen to be a key constraint for the country's progress. The fight against corruption and the efficient and transparent provision of public services remains a key concern for citizens and the business community. The decentralization process is expected to contribute to the improvement of public service delivery, as local government units are best positioned to deliver efficient and quality services to their respective communities.

The ongoing decentralization process has also served as an important instrument in overcoming inter-ethnic conflict. This was the essence of the 2001 Framework Agreement which among other things not only brought about peace, but also laid the grounds for the country's present two-tier self-government system.

Three years after commencing the decentralization reform it is widely recognized that it has greatly contributed to addressing ethnic divisions, increasing democracy and political stability. Moreover, the decentralization process has been seen as a powerful instrument for citizens' empowerment and participation in local programmes and initiatives and their better political inclusion.

Nonetheless, the mismatch between the scope of decentralized competencies and resources available to finance the implementation and administration of those competencies, both from inter-governmental transfers and local revenue generating taxes and fees, raises questions as to the practical sustainability and fairness of the current system. This particularly affects small and rural municipalities, which due to their size often face human, administrative and financial resource constraints. The failure to meet minimum standards of services delivered and a widening rural-urban gap may seriously distort the objective of the reform and compromise the entire decentralization process.

The analytical process²⁵ preceding the UNDAF has shown that notwithstanding the significant progress compared to the last UNDAF process, in particular regarding the transfer of important competencies to the local level and the smooth transition of the majority of municipalities (i.e., 69 out of 84) to the second phase of fiscal decentralization reforms, significant challenges still lay ahead. While progress has been made in the transfer of competencies in the area of education, culture, urban planning and financial management, the decentralization of social sector competencies will still require close attention, as this sector is significantly lagging behind in terms of the actual transfer of competencies envisaged by the Law on Local Self Government.

That said, the existing model of financing local services does not ensure equitable public service provision across the country, as the current formula uses the existence of facilities as a basis for fund transfers. Hence, access to education and social services has been significantly hampered in rural municipalities where no such services exist.

In addition, further efforts in terms of strengthening administrative and financial capacities, improving the transparency and accountability of local administrations and the continued cooperation between central

²³ Multi Indicative Cluster Survey 2006, State Statistical Office of the Republic of Macedonia, 2007.

²⁴ UNGASS Country Progress Report for 2008, Republic of Macedonia.

²⁵ Assessment of Fiscal Decentralization Report, (UNDP, 2007), has been recognized by the international, national and local actors as a major contribution to continue building a decentralized government system beyond its already started second phase.

and local governments and among the municipalities themselves, will be required to consolidate progress, to ensure the full implementation of new competencies and the long-term viability of the process.

While the Framework Agreement established the foundation for inter-ethnic stability, measures are still needed to build inter-communal trust and social capital at local level. Education, municipal Commissions on Inter-Community Relations, local leadership and media could be the important vehicles for facilitating inter-cultural dialogue, confidence building and problem-solving processes.

One of the reasons why the governance system is weak is because, social dialogue (that is, the meaningful engagement of organisations representative of employers and workers) is still deficient. The country has made efforts to build social dialogue institutions and mechanisms but those efforts have fallen short of reaching the social dialogue standards set by the International Labour Organisation and the European social model. Strengthening social dialogue will notably lead to improving the quality of the reform strategies, but also assist the country to move closer to the EU social model of which social dialogue represents an important feature.

Another specificity of the country is the existence of considerable socio-economic disparities among the regions and between rural and urban areas. Taking into consideration the importance of pursuing development policies which address the existing territorial socio-economic disparities, the Government has set a normative and basic institutional framework and initiated the preparation of a National Strategy on Regional Development. This policy complements the objectives of the decentralization process in terms of providing the preconditions for underpinning growth and employment, while promoting social cohesion and economic inclusion. Moreover, it supports the country in meeting EU priorities set in its cohesion policy and in the Lisbon strategy and increases its absorption capacities for EU pre-accession funds.

Moving to the area of environment, it is clear that the need to align environmental legislation and practices to international and particularly EU standards will pose a challenge over the coming period. Available data suggests that environmental indicators are on par with regional averages although in general significantly below EU levels. The need for the rapid transposition of EU law into national legislation and the development of institutional structures for the legal enforcement and effective management of the increased environmental responsibilities of the authorities will place significant capacity and financial pressures on state institutions. To facilitate and speed up these processes, a comprehensive and yet focused support to strengthen the knowledge base of environmental issues at all levels will be required.

Presently, at the policy level, very little progress is being made in terms of incorporating environmental considerations into sectoral policies. The National Strategy for Sustainable Development, which is soon to be approved, together with the Strategic Environmental Assessment and Environmental Impact Assessment are expected to provide the necessary framework and policy tools to better integrate environment policies into national and local development programmes. Furthermore, the decentralization of environmental management responsibilities to the local level also presents a challenge in this area.

In addition, further environmental reforms emerging from the need to comply with the evolving international and stringent EU environmental protection policies will continue to grow. In particular, the institutional change and cost requirements for adapting to the forthcoming international and EU climate change legislation will be particularly high. Moreover, significant efforts will be required for the country to benefit from the existing and future international and European incentives for adapting to and mitigating the effects of climate change and fully reap the benefits of entering early into the new "green-economy".

However, the capacities of national stakeholders to develop and implement successful initiatives remain a challenge. The environmental monitoring of air, water, and soil is neither well defined, nor coherent. This, in turn, compromises the accuracy and reliability of data and thus undermines the quality of national reporting related to the ratified global and regional conventions and protocols, as well as the country's

ability to make informed and timely decisions on environmental issues. Adapting its energy sector to the new clean and efficient standards will pose a tremendous test for the country.

Another serious challenge in the environmental sector is the transformation of industrial activities. Most industrial installations operate with obsolete equipment which do not comply with the new environmental regulations and standards. The high level of energy intensive production, emissions of air pollutants, the unclear liabilities for historical pollution between the state and the new owners of privatized installations and the generation of waste and waste waters from the industrial processes, all pose serious threats to the environment.

Identifying cause-effect relations between negative health impacts and the environment is rather complex, due to the time gap and a multiplicity of factors acting together. However, one could say that inadequate air quality in urban and industrial areas and indoor spaces, inadequate waste and waste water management at national level, uncontrolled use of chemicals and pesticides and unsafe processes of food production and trade that often lead to poor food safety, are among the major threats to human health. Accordingly, the establishment of effective prevention, control and evaluation systems for health risks, in line with national legislation and EU requirements, as well as recommendations of the World Health Organization (WHO), is essential.

The country does not belong to the group of high risk, disaster-prone countries, which combined with the fact that during the transition period socio-economic challenges have dominated the Government agenda, has resulted in little attention of, or even negligence to, disaster risk reduction management issues. However, the global analysis of the impact of climate change on environmental and disaster risks, have underscored the need to pursue a country specific in-depth analysis of the vulnerabilities to disaster and its response capacities. Such analysis will have to be considered as part of a more comprehensive reform of the country's disaster risk reduction management system.

A general characteristic of the biodiversity of the country is its high levels of diversity, relictness and endemism. To protect this rich biodiversity by removing a number of critical threats such as capacity and resource gaps, insecure legal and institutional tenure and inappropriate land-use and area management, the country is currently embarking on a process of developing a more representative network of protected areas, re-evaluating and re-proclaiming all the individual protected areas within the network, appointing properly capacitated institutions to manage these protected areas and instituting a planning framework for their management based on its legislation, strategies and sector development plans, seen particularly in the new Law on Nature Protection (2004). Meanwhile, the barriers to achieving the 'normative' situation are a disjuncture between the legal and policy framework and the actual institutional capacity, limited capacities and resources in most protected areas, unclear land-use and ownership rights, uneven representation of habitats in the protected area network, institutional duplications, and inadequate knowledge management systems.

Position, Potential and Comparative Advantages of the UN

Supporting poverty reduction and sustainable development are inherent to the UN mandate and directly linked to the ability of individuals to realize their fundamental human rights. By working in partnership with different national stakeholders during the 2005-2009 UNDAF cycle, the UN agencies have built a unique comparative advantage, due largely to the multi-sectorial and complimentary approach applied by the UNCT.

The UNCT's work in the area of **social inclusion** during the last UNDAF period has been guided by three inter-related approaches. First, support has been provided to the Government to identify and gather the data necessary for establishing a comprehensive and strategic national social inclusion framework, in line with the national MDG framework and the EU's policy requirements related to the elaboration of the Joint Inclusion Memorandum²⁶. Efforts were also made to strengthen socio-economic data collection and analytical skills thus enhancing the country's capacity for evidence-based policy making. UN agencies have thereby contributed to the development and implementation of key strategies, assessments and policy documents²⁷. They also provided a valuable contribution to identify socially excluded groups, the extent and nature of challenges they face and ways to address them.

Secondly, the UNCT provided substantive support to Government efforts to address unemployment both at the policy and service provision level. A pilot employment generation programme, which targeted the socially excluded have informed the national policy framework for Active Labour Market Measures (ALMMs). Special consideration has been given to assessing the needs, ways and manners for deepening the assistance to labour market institutions with a view to improve their performance in designing and implementing ALMMs. The external evaluation of the impact of ALMMs confirmed the value of such measures for the better integration of vulnerable groups and underlined the importance of training as a way to provide the necessary work-force skills to the labour market.

The third major pillar of UNCT support in the social inclusion area during the last UNDAF period has been in the area of basic service provision. The pivotal programme which aimed to improve standards and policy development processes pertaining to Early Childhood Development (ECD) and basic education, among other things promoted innovative approaches to support the schooling of Roma and rural children as well as improving the quality of education. In addition, the UNCT has also contributed to the process of revising the national legal framework and development of policies and standards in the area of reproductive health and HIV/AIDS²⁸. An important aspect of the UNCT work has been dedicated to the capacity development of social care and protection institutions to introduce innovative and alternative approaches in delivering reproductive health and HIV/AIDS prevention services for the socially excluded and for Roma and young people in particular. The UN Theme Group on AIDS²⁹ coordinated the overall UN technical support in the area of HIV/AIDS prevention with national efforts in programme implementation, policy formulation, advocacy and monitoring and evaluation.

To address the administrative obstacles that Roma Ashkalija and Egyptian Communities in the Western Balkans face, due to the lack of personal documents, a comprehensive social inclusion programme is being implemented to support local and refugee RAE persons. In response to the needs of these persons, interventions have included direct support in facilitating access and provision of civil registration, documentation, legal advice and counseling, representation before administrative and judicial bodies, as well as the identification and advocacy for systemic changes in legislation to alleviate burdensome administrative procedures and remove unnecessary obstacles to the effective and equal state protection of the RAE Communities. Simultaneous support is being provided to raise awareness and develop the capacity of the civil society of these communities.

²⁶ Commission of the European Union, SEC (2004)848.

²⁷ Government Operational Plan for Employment in 2007 and 2008; National Strategy for Information Society; National Action Plan on Gender Equality (NAPGE) 2007-2012; National HIV/AIDS Strategy 2007-2011; National Strategy for Demographic Development 2008-2013; National Strategy for De-institutionalization 2008-2018, National Action Plan to Implement the Juvenile Justice Law. 2008-2009; Strategy and National Action Plan for Combating Trafficking in Human Beings and Illegal Migration; Action Plan for Combating Trafficking in Children 2005-2008, Integration Strategy for Refugees and Foreigners in the Republic of Macedonia 2008-2015.

²⁸ Through facilitation of the Joint UN Team on AIDS on technical level and the UN Theme Group on AIDS on policy level.

²⁹ Consisted of UNDP, WHO, UNICEF, UNHCR, IOM, WB, UNFPA and UNIFEM.

Addressing gender inequalities has been at the centre of UN activities, which encompassed a wide range of activities such as the revision of the national action plan on gender equality, the development of a gender-responsive national plan on youth, the capacity development of civil servants on mainstreaming gender in policies and budgets. In parallel, national efforts have been supported towards the political empowerment of women by helping to improve the enjoyment of a woman's right to a free and secret ballot. At the same time, a comprehensive joint UN programme that focused on the strengthening of institutions, enhancing accountability and raising awareness was launched to address the high levels of domestic violence against women.

The UN's comparative advantage in the area of **local governance and territorial development** is inherent to the mandate of the organization, the strong local and international network of expertise, and the long years of experience as a reliable partner of the Government and local level stakeholders. In fact the UN is one of the longest supporters of the country's decentralization process. The UN agencies have proven over time their capacity to quickly respond to the Government's needs for defining and implementing national policies pertaining to the implementation of the decentralization reform, but also in brokering partnerships amongst stakeholders involved in the process. The UN's relationship with relevant stakeholders, both at central and local levels, and its established local networks have been instrumental for facilitating community participation and encouraging and promoting bottom-up policy and advocacy work in the country. Built-up over time, the in-house technical capacities across the UNCT ensures a high quality and customized response to the needed interventions.

Impartiality and the perception of the UN as an honest broker is one of the strongest UN assets and is especially relevant to actions related to local and regional development where the structure of actors and interests is rather complex and often an obstacle to the solid design and implementation of policy interventions. Impartiality, also gives the UN a unique comparative advantage to support programmes that address inter-ethnic relations and social cohesion.

In addition to the Government as the main partner in planning and implementing programme activities, the UNCT has established close cooperation with the Association of Local Self Government (ZELS), individual municipalities, and NGOs.

Next to the overall expertise in local governance and development affairs, the UN agencies offered expert know-how in specific sectorial policies relevant to the decentralization process. The UNCT contributed to the development of some key laws, policies and in-depth assessments. In supporting the Government's efforts to make decentralization work, expert support was provided to the preparation of the Law on Legalization of Illegal Buildings and Informal Settlements, which addresses some of the long standing obstacles in the area of urban planning and urban development. The UNCT's technical expertise also contributed to the preparation of the Law on Inter-Municipal Cooperation, which will be instrumental to encourage local level partnerships, as a way to address the capacity problems emerging from the fragmented structure of the country's municipalities and create economies of scale for local service delivery. Through the assessment of the status of the decentralization process and the subsequent Fiscal Decentralization Assessment, the UN provided strategic advice to the Government with regards to the main obstacles, remaining challenges and needed policy actions for deepening and fulfilling the decentralization reform, which were reflected in the Government programme for the Implementation of Decentralization 2008-2010.

The UNCT has also provided direct support to local government units in strengthening their institutional and human resource capacities that would enable them to competently and efficiently take over transferred mandates and improve good governance practices. In the area of Inter-municipal cooperation the pivotal support enabled local government units to explore the ways and means for more efficient public service provision. Good governance practices were supported through developing a complex platform of actions for promoting integrity among local government officials, improving transparency, but also

empowering civil society to seek the accountability of local officials. In these efforts, the UNCT has closely collaborated with ZELS and municipal authorities, which resulted in the development of the Code of Ethics, designing of an anti-corruption index and streamlining office procedures for the provision of basic services to citizens.

Additionally, the UN has a proven record of running programmes targeting special social groups, such as children, the poor and women, amongst others. UN agencies have extended support to Local Commissions on Equal Opportunities, for promoting gender sensitive budgeting and integration of children's rights into local development planning. While a human rights based approach has been applied in the development planning processes and operational interventions at local, regional and national level, thus providing a space for the inclusion of vulnerable groups at different stages of the process, but also in helping local and national institutions to embed good governance principles.

The UNCT has a proven track record and experience in addressing **environmental challenges**. The value added by the UNCT lies in its experience in supporting the country to fulfill its commitments towards the global environmental conventions and its ability to consider innovative programmes and projects by adapting global best practices to local conditions combined with the scientific and technical expertise of specialized agencies and their networks in specific environmental areas, building partnerships and mobilizing financial and human resources.

During the 2005 – 2009 UNDAF period, UN agencies have supported the county by providing a wide range of technical support to national institutions in fulfilling their commitments towards the ratified global environmental conventions. To this end, the UN Agencies' continued their support to the Ministry of Environment, which was central for strengthening policy making and environmental management capacities, that have enabled the Ministry to take a more proactive role in mainstreaming environmental issues into national policies and to participate in international environmental policy processes and in international carbon markets.

National efforts for addressing and responding to climate change challenges have been supported by a variety of programmes for strengthening national capacities to monitor climate variability and assess the vulnerability of different sectors to climate change. This also provided an in-depth understanding of the potential socio-economic risks of climate change to the most vulnerable sectors and proposed systematic measures that mitigate its negative impacts and threats for agriculture, water resources, biodiversity, forestry and health. Additionally, the UN provided fundamental support in creating a Green House Gases inventory and developing energy efficiency and renewable energy related policies and measures for emission reductions. Comprehensive policy support for the establishment of a legal and institutional framework for the implementation of the Kyoto Protocol has been launched including amongst others the National Strategy for the implementation of the Clean Development Mechanism (CDM) as well as a training programme that better enables the relevant national institutions and potential project proponents to participate and benefit from the global carbon market.

Due to the historical negligence of environmental considerations in pursuing industrial policies and production practices, industrial pollution and environmental "hot spots" mostly related to the large metallurgical installations, chemical industry and mining represent significant threats for the environment. Clean-up and cleaner production measures, often associated with large scale and high cost investments, require concerted action by the public and private sector. In the efforts to address the negative impact on the environment, public health and safety, both locally and in a cross-border context, a pilot programme was commenced to promote the establishment of a public-private partnership for reducing the environmental impact of historical and current malpractices from mining operations. Moreover, in the framework of the environment and security Initiative, UN agencies conducted an assessment in order to identify environmental and human safety risks posed by sub-standard mining operations.

Extensive support to the country is being provided in establishing and promoting cleaner and sustainable production centres that help enterprises adopt preventive technologies and measures that reduce the negative impact of production processes on the environment. This also, included a substantive support to the country's efforts to phase out the production and consumption of ozone-depleting substances, promoting the sound management of chemical regimes and the integration of these considerations into development planning processes.

The UNCT has been providing timely assistance to the country in responding to the aftermaths of emergency situations associated with floods or wild forest fires. The ability of the UN system to quickly mobilize financial and human resources resulted in a timely assessment of damage caused by forest fires and consequently in the improvement of the early recovery planning.

The UNCT has also helped the country in accessing Global Environment Facility (GEF) resources for enhancing national and local level capacities for maintaining and better harnessing the potentials of biodiversity in economic development. To this end, the UNCT's support has been rendered through the implementation of an integrated trans-boundary programme for strengthening capacities and improving practices for water use, agriculture, forest and fishery management, waste management and conservation of the Prespa Lakes Watershed, while contributing to the ecological, economic, and social revitalization of the cross-border area. Particular emphasis is being given to the establishment of an effective institutional and legal platform for monitoring of the trans-boundary watershed in which NGOs and civil society play an active role.

In addition, national authorities are being assisted in designing and developing a viable protected areas network, enhancing the effectiveness of the management of natural resources in a sustainable manner, the establishment of protected areas in the bordering regions as well as encouraging the cooperation on trans-boundary mountain areas with its neighbours.

III. UNDAF EXPECTED RESULTS

"Assisting the government and civil society in developing the institutional and strategic capacity that is essential to ensure inclusive and sustainable development based on the rule of law and a respect for human rights for all people in a multi-ethnic state" is the mission statement of the UN Country Team and the main benchmark for measuring the success of the agreed Outcomes of the UNDAF, 2010-2015.

During the UNDAF period, the UNCT will support the country's development agenda and in particular its overarching priority of EU accession, which corresponds to UN values framed by human rights and the MDGs. Strengthening national strategic and institutional capacities at central and local levels will be at the core of all UNDAF activities. In this context, particular efforts will be made to empower civil society by providing them space, models and practices for their increased participation in governance processes.

The UNDAF framework outlines three UNDAF Outcomes, which reflect the UNCT's collective priorities. Each UNDAF Outcome result will be attained through three Country Programme Outcomes and a number of Outputs. The targeted results are outlined in the UNDAF Results Matrices and Monitoring and Evaluation Framework (Annex 1 and 2 respectively).

UNDAF Outcome 1 - Social Inclusion

The overall goal of the UNCT in the area of social inclusion will be to support the country to enable socially excluded people have increased access to improved quality services and opportunities to enjoy fuller and

more productive lives. The consensus to focus on this goal was based on the key social inclusion challenges identified in a number of reports and analysis as summarized above, the national objectives defined in the *National Development Plan 2008-2013*, the identified comparative advantages of the UN, the lessons learned from previous cooperation and the need to accelerate efforts in critical areas in order to attain the MDGs by 2015. Moreover, the UNCT programmes targeting the poorest and most socially excluded will be critical at this stage of national development and in light of expected repercussions of the global financial crisis.

This objective will be pursued through the implementation of three interrelated programme approaches, which will contribute to fostering greater equity in the country as existing inequalities are considered a major impediment to achieving accelerated growth and spreading its benefits among all citizens.

The *First Country Programme Outcome* will focus on human resources development, which is essential for the medium term and sustainable success in the fight against poverty and ensuring social inclusion of the vulnerable. Under this area, the UNCT will focus on: a) development and implementation of active labour market policies such as self-employment and formalization of unregistered businesses; b) enhancing entrepreneurship capacities and private sector development for the poorest and c) improving the quality and relevancy of basic education and increased access to early childhood opportunities.

More specifically, the interventions will aim at supporting the employment service institutions in implementing large scale employment generation programmes, while providing targeted training and retraining for the unemployed and fostering life-long learning. Extended support will be provided to the most vulnerable groups in the country, with an emphasis on the Roma in the most depressed peri-urban areas and also on refugees through programmes for increasing the entrepreneurial culture and providing business support to the poorest to start their own business. Efforts will be made to reach out to the most economically depressed areas through community-based and community supported initiatives for social cohesion and will inter alia seek to integrate refugees and foreigners into the socio-economic life of the country. Support to the Economic and Social Council will ensure that this body plays a critical role in facilitating social dialogue and promoting greater governance, transparency and accountability.

Programme interventions in the education sector will aim at supporting the country to allow the provision of quality basic and early childhood education services for all and fostering the concept of life-long learning from early childhood to old age so as to improve the skills and competencies of all sections of society and their ability to participate fully in an increasingly competitive market and globalized environment. But, most importantly the programme interventions will be addressing the particular problems faced by the most socially excluded groups such as rural children and Roma. Assistance will be predominantly focused on providing advisory support for policy reform and change of education curricula. In addition, programme support will include: capacity-development for inclusive education and assessment of learning achievements; policy advice on Quality Education, educational planning and direct support to technical and vocational education and training (TVET).

The *Second Country Programme Outcome* aims to support national policy and institutional capacities for the provision of social services, which respond to the needs of the socially excluded and the most vulnerable. The set of interventions which fall under this outcome will address the sharp disparities in accessing social services, but also the poor quality of services that fail to address the needs of the socially excluded and to respond to the demands and challenges of the transition. The UNCT will particularly focus on social services pertaining to social and health care, domestic violence, sexual and reproductive rights, children in institutions and other services for vulnerable children including juveniles in conflict with the law, foreigners, vulnerable migrants and victims of trafficking.

The support provided should result in reformed policies and standards for development priorities, but also strengthen governance. As the decentralization of social protection services is pending re-organization at

national level, interaction and linkages will be ensured between programme interventions in this area and the UNDAF Outcome on local governance and territorial development. Support to the social protection sector will also be provided for the purpose of de-institutionalizing and diversifying services and establishing national systems to better respond to the problems of domestic violence, care for children and elderly people and juvenile justice. Within the health reform, UN agencies will work together to ensure the sustainability and modeling of alternative and innovative approaches related to mother and child health and nutrition, reproductive and sexual health and HIV/AIDS prevention.

The *Third Country Programme Outcome* in the social inclusion area will focus on promoting evidence based policy making. The UNCT will continue its work with national and local level institutions to enhance policy processes based on accurate and reliable evidence and analysis while ensuring participation and involvement of civil society and professional organizations. It will also include support to national institutions for data collection, for monitoring the progress of the socially excluded, but also on reporting on international obligations (EU Laeken Indicators, MDGs, human rights conventions etc.). Efforts will be made to strengthen data collection and analytical capacity related to population and demographic policies, especially those pertaining to sexual and reproductive health. Bearing in mind the complexity and interconnection of the social challenges, assistance will be provided to national and local level policy makers to analyze the trade offs in relative allocation of public resources while ensuring the proper reflection of the needs of children, women and the socially excluded. The UNCT will promote the establishment of regular cross-ministerial information sharing and consultation with civil society with a view to address the multi-disciplinary nature of social inclusion issues.

Programme activities in this area will include a wide array of partners, including; Ministries of Labour and Social Policy, Health, Education and Secretariat for European Affairs, as well as other national and local level public institutions responsible for employment promotion, preventive health, education development, social protection, juvenile justice and domestic violence, amongst others. The UNCT will also partner the various parliamentary and municipal commissions, as well as established national commissions such as the Roma Decade national Coordinating Body, National Commission on HIV/AIDS, UNESCO National Commission, amongst others. Civil society organizations will play a key role in promoting social inclusion and will be partnered, while close partnerships are expected to be developed with the private sector in employment generation and entrepreneurship development schemes as well as in promoting alternative social protection models.

UNDAF Outcome2 - Local Governance and Territorial Development

In the area of local governance and territorial development, the overall goal of the UNDAF programme will be to support the ongoing decentralization process and make local and regional good governance a reality. Consequently, building on previous experience, the focus of the UNCT in this outcome will be to support national authorities in addressing the outstanding policy issues and developing the adequate financial and institutional framework that will enable local institutions deliver decentralized competencies and reinforce the democratization processes at the local level. Such an approach will contribute to the national commitment to further deepen the implementation of the decentralization process and make the local governance system accountable, transparent and effective to plan, implement and monitor service delivery to local communities which will ultimately lead to an inclusive and more equitable territorial distribution of development gains, strengthened inter-ethnic dialogue and social cohesion.

In addressing the above issues, the UNCT will continue to pursue complementary avenues of support to the design and implementation of national policies and in providing direct support to local authorities in key

selected areas. Following the principles of the United Nations Convention on Anti-Corruption (UNCAC)³⁰, all activities will contribute to promoting participation, transparency and accountability as the key values of local governance. Finally, the implementation of the principles of good governance and other proposed measures will also favourably influence other policies, such as the development of human capital, rural development, the fight against corruption and social protection.

Under the *first Country Programme Outcome*, the UNCT will continue to provide considerable support to the ongoing fiscal decentralization process aimed at improving the financial viability of municipalities. The assistance provided will help national authorities to design a system of financing local service provision that will overcome the current fiscal imbalances between rural and urban and between small and large municipalities. The new fiscal decentralization model and enhanced revenue generation capacities of local authorities will ensure that all local governments have the necessary means to provide a comparable level of local public services and create equitable opportunities for all citizens to access public services regardless of their place of residence.

Improving the quality and efficiency of the provision of administrative services and the delivery of decentralized competencies will also be one of the priorities in this Country Programme Outcome. This will include introducing an innovative approach at the community and service delivery level to build the capacities of municipalities for planning and delivering quality services and developing and implementing models, which will support municipalities in overcoming capacity deficiencies through the promotion of inter-municipal cooperation. In this area a comprehensive programme approach will be undertaken to raise awareness of the national authorities of the value of inter-municipal cooperation as a viable and efficient tool for effective municipal service provision. Moreover, at local level, inter-municipal cooperation arrangements will be promoted for the provision of decentralized competencies, including in the social area. The UN will also aim to reinforce its leading position in the delivery of sustainable training opportunities and institutional support for transparent and accountable provision of administrative and other local public services, improved access and utilization of data and information, and hence empower local government administrations to competently undertake their decentralized responsibilities.

To address the territorial disparities between and within the regions and prevent even further aggravation on the path towards the EU, under the *Second Country Programme Outcome*, the UNCT will lend support to national counterparts in strengthening the policy and institutional framework for equitable regional development. Programme assistance will include a range of services at the national level for strengthening the policy making capacities for designing and implementing regional development policies and supporting local authorities to operationalize national legislation. The comprehensive and hands-on support will seek to enable local stakeholders to articulate and manage regional development priorities while making neutral space for the inclusion of the voices of all relevant parties, including the most disadvantaged and marginalized people. Operationally, the programmes will be designed in consideration of EU regional policy priorities, structures and requirements with a view to start building capacities to make efficient use of EU regional policy mechanisms as soon as they are available.

The UNCT will join efforts to facilitate the establishment of a functional system for inter-community dialogue by strengthening capacity at local and national levels as well as promoting a multi-cultural civic identity under the *Third Country Programme Outcome*. Joint programmes will strive towards facilitating a systemic linkage amongst existing responsible mechanisms at national and local levels, and building inter-ethnic collaborative capacities where none exist. They will enhance the capacity of central and local bodies to facilitate inclusive problem-solving processes and consensus-building around community priorities. To strengthen the commitment to an inclusive civic national identity that respects diversity, the UNCT will

³⁰ United Nations Convention Against Corruption, UNODC, New York, 2004.

support the longer term role of education, and work with local leaders, civil society and the media to facilitate constructive civic dialogue that promotes inter-cultural awareness and values contributing towards peaceful co-existence.

National partners are expected to include, amongst others, the Ministry of Local Self Government and the Ministry of Finance as the main national institutions responsible for the coordination of the decentralization reform, line Ministries, Association of Local Self Government, local government units, Regional Centres and Regional Councils, as well as other national institutions responsible for the promotion of regional development. Due to the complexity and sensitivity of the policy process and to ensure complementarily, the UNCT will continue to closely cooperate with the EU, the World Bank, OSCE, GTZ and other international organizations and partners who support the decentralization and regional development process. In the implementation of local level activities, in particular those related to enhancing inter-ethnic dialogue and community cohesion, the UNCT will closely partner and involve civil society, the media and other grass-root networks.

UNDAF Outcome 3 - Environmental Protection

Under the rubric of protecting the environment and enhancing disaster preparedness and response, the UNCT aims to support national capacities necessary for meeting the obligations the country has committed itself to under the Multilateral Environmental Agreements (MEA), which will lay the groundwork for its compliance with the more stringent EU environmental directives. This will be achieved through the integration of MEA requirements and other related priorities into the main national strategies thereby ensuring environmentally sound development. Interventions will encompass a range of environment issues at both policy and practice levels, including climate change adaptation, trans-boundary water management, ecosystem and biodiversity management, industrial waste and pollution mitigation and clean-up. Throughout its various activities, an integrated and multifaceted approach will be employed.

The focus of UN Agencies in addressing climate change challenges under the *first Country Programme Outcome* will be on increasing awareness among decision makers and various stakeholders of the expected impact of climate change, supporting the formulation of adaptation strategies to help those affected adapt to foreseen changes effectively and contribute to the implementation of policies that will reduce greenhouse gas emissions. The main policy tool will be the Second National Communication on Climate Change and the Economics of Climate Change Report³¹.

In addition, the UNCT aims to contribute to the creation of an enabling environment for climate change adaptation measures and implementation of energy efficient practices in the construction and industrial sectors through piloting mitigation measures, and raising awareness and the capacity of targeted groups of stakeholders with regard to energy efficiency and renewable issues. Furthermore, the MDG Carbon Facility, an innovative mechanism for the development and commercialization of emission reduction projects, will be utilized to support a number of Clean Development Mechanism (CDM) projects thus contributing not only to emission reductions but yielding additional sustainable development and poverty reduction benefits. In this context a territorial approach to climate change will be pursued with a view to enable the country enter into the "green economy" and generate "green jobs".

Under the *Second Country Programme Outcome* the UNCT will contribute to strengthening national capacities for the management of ecosystems and biodiversity conservation. A National network of protected areas will be strengthened to support the planning, financing and management practices of the country's protected areas that will make a significant contribution to the country's effort to meet its obligations under the Convention on Biological Diversity and in enforcing the new Law on Nature

³¹ Currently under preparation.

Protection. To this end, the work on the establishment of planned protected areas, as requested by the government, will be continued. This is the case for the Shara mountain, where further activities aimed at enhancing trans-boundary management are needed. The Man and Biosphere (MAB) programme will provide context-specific opportunities to test approaches combining scientific knowledge and governance modalities to reduce biodiversity loss, improve livelihoods and enhance social, economic and cultural conditions necessary for environmental sustainability. A special emphasis will be put on the establishment of an effective environmental protection and monitoring system as well as enhancing the trans-boundary institutional and the legal framework for watersheds.

In this respect, support to natural resource management will be provided by promoting scientifically-sound policy guidelines and good practices in water governance, improved water resource management in river basins and aquifers and fostering the sustainable use of shared water resources, also in a trans-boundary context. Support to the Prespa region will continue through the implementation of specific activities in the agriculture, forestry and fishery sectors, in land use planning, protected areas management as well as the establishment of effective environmental protection and monitoring mechanisms. A special emphasis will be put on enhancing the trans-boundary institutional and legal frameworks of the Prespa watershed. This action will also aim to assist the enhancement of cooperative and integrated management of the shared water bodies and the related ecosystems based on the application of existing integrated Decisional Support Systems designed to simulate the consequences of the different management options taking into account the recommendations of the EU Water Framework Directive.

To increase the country's overall ability to reduce risk and respond to natural and man-made disasters, the UNCT, under the *Third Country Programme Outcome*, will support the institutional and operational capacities of the national crisis management system, by inter alia, establishing a platform for coordination and strengthening risk assessment, preparedness and management as well as in piloting a local-level risk management system. Through active dialogue, a solid platform for harnessing various disaster risk reduction and management enhancement activities within the country and among its neighbours, including through the Regional Network of National Observatories will be pursued, as well as through the establishment of effective public-private sector partnerships. Risk reduction models to address the issues of both historic pollution and the mitigation of adverse environmental effects of current mining practices will be created through collaborative public-private sector interventions for the clean-up and rehabilitation of two of the country's worst mining environmental hotspots, Lojane and Bucim Mines. As part of a larger programme intervention in the Western Balkan countries, the UNCT will also strengthen regional cooperation to solve problems of cross-border contamination due to industrial and mining activities, and will improve the environmental situation and quality of life for citizens living in and around polluted areas.

UN agencies will expand the implementation of joint programmes and projects especially aimed at raising the awareness of climate change, mitigation and adaptation and integrated watershed and chemical management.

The UNCT's key partner in the implementation of the activities will be the Ministry of Environment and Physical Planning as the Government body with the mandate to ensure the protection and improvement of the environment. However, integration of environmental protection measures into national and local development frameworks will require collaboration with other line ministries such as the Ministry of Economy, the Ministry of Agriculture, Forestry and Water Economy, the Ministry of Transport and Communication, the Crisis Management Centre, as well as local governments, civil society organizations, research institutions, amongst others. Particular attention will be put on extending the UNCT's collaboration with the industrial and the private sector. The UNCT will also continue to closely collaborate and coordinate with the donor community in the country especially the Swiss Development Agency, the Austrian Development Cooperation Agency, KfW, World Bank, and other specialized international agencies that are supporting environment protection and promotion, and disaster risk reduction.

IV. ACTIVITIES FALLING OUTSIDE OF THE UNDAF

IOM will continue to support technical cooperation and capacity-building activities on migration, in particular in relation to EU accession in this area concerning, inter alia, border management, visa policy, labour migration, readmission and counter-trafficking.

UNESCO, through its regional office in Venice will continue implementing SEE regional activities in the country as well as including national participants in the activities organized elsewhere in SEE, primarily in connection with the promotion and implementation of the international standard setting instruments. Such an approach will have a specific effect in the framework of the sub-regional professional exchange and mobility in the domains of the Organization's mandate (education, science and culture), the absence of which was perceived among the key reasons of the brain-drain effect in the past decade.

UNHCR, to strengthen the national asylum/protection system, will provide, technical advice to assist the harmonization of national legislation with the EU Acquis and international standards; capacity development activities aimed at removing obstacles for self-reliance and/or naturalization of persons of concern; advocate for the establishment and implementation of an administrative framework to address issues of statelessness; build the capacity of civil society and directly assist asylum seekers, refugees and other persons of concern.

UNIDO will support capacity development in the establishment and management of industrial parks, in investment and technology promotion; building public-private partnerships and in the training of local experts on various issues related to industrial park management. Such assistance will stimulate economic development and thus contribute to addressing national needs and priorities.

V. IMPLEMENTATION

The UNCT led by the Resident Coordinator will ensure the coherence and the overall effectiveness of the United Nations activities under the UNDAF. Specialized resident and non-resident agencies will provide assistance and technical support in implementing the programme, the mobilization of funds and in sharing resources.

To ensure the consistent implementation of the UNDAF, UN Agencies will prepare Country Programme Documents in line with the Country Programme outcomes outlined in the UNDAF. Individual Country Programmes and project documents will specify how they contribute to UNDAF objectives and cooperation strategies. The harmonized programme cycle of UNICEF and UNDP during 2010-2015 will facilitate joint work planning, implementation and monitoring of outcomes.

With a view of fostering coherence, sustainability, effectiveness and efficiency in delivering development results, to the greatest extent possible, the UNCT will apply a joint projects implementation modality. Such an approach will leverage the experience, technical expertise and limited financial resources of UN Agencies and hence make them a more effective development partner.

The UN Country Team composed of the Heads of UN Agencies and UN Agency representatives, under the leadership of the UN Resident Coordinator, will be responsible for the review and validation of the joint programme initiatives and cooperation arrangements between agencies. It will also oversee and ensure the effective functioning of the inter-agency Outcome Working Groups (OWGs).

Under the overall UNCT umbrella and oversight, three UNDAF OWGs will be established comprising of UN Agency' staff members. They will be tasked to coordinate the preparation of the Annual Outcome Work Plans, monitor and report the progress in the overall implementation of UNDAF activities and to the greatest extent possible organize joint evaluations. The OWGs will be chaired by the lead outcome agencies i.e. UNICEF in the Social Inclusion area and UNDP in the Local Governance and Territorial Development and Environmental Protection.

Programmes and projects will be formulated based on a comprehensive analysis of core issues. To the greatest extent possible, joint analysis and thematic assessments will be carried out and relevant and accurate data from official sources and/or academic institutions or think tanks will be collected, shared and used to identify underlying factors and dimensions of the issue as well as to ensure that programmes and projects target those most in need. As part of the efforts to broaden the evidence based national dialogue on key social, economic, governance or environmental issues, the analyses and assessments carried out by the UN will be used for discussions with the national partners.

The OWGs will also be mandated to periodically review the UNDAF Monitoring and Evaluation framework and when necessary adjust the indicators, baseline data and data sources. Throughout the period of the UNDAF implementation, the OWGs will submit annual reports to the UNCT on progress and constraints in the achievement of each UNDAF Outcome, including specific proposals for the further implementation of UNDAF priorities and identification of the capacity development needs among implementing partners. The sub-Working Groups which will be established for coordinating joint programmes or other collaborative activities and programmes will develop specific workplans which will be integrated into the Annual Report and Workplan of the Resident Coordinator.

A number of Thematic Working Groups, already contribute to the better integration of United Nations Agencies in the key thematic and crosscutting areas, such as the UN Theme Group on HIV/AIDS and UN Human Rights and Gender Theme Group. The UN Theme Group on HIV/AIDS will continue to operate and will be the main vehicle for ensuring coordination, enhanced information exchange, as well as joint planning and decision making. The UN Human Rights and Gender Theme Group will take the lead to facilitate the mainstreaming of gender across UNDAF interventions and ensure the application of the human-rights based approach in the implementation of the UNDAF Outcomes and in the Monitoring and Evaluation plan.

Tripartite partnerships involving the Government, UN Agencies, civil society and where appropriate, the private sector will be the main modus operandi. Considering the explicit focus of the UNDAF on promoting social inclusion and strengthening local governance, community participation and dialogue, tripartite dialogue between government, employers organizations and trade unions, establishing partnerships at municipal level, including with municipal councils, community leaders, grass-root CBOs, CSOs and local media will be essential to the successful achievement of the UNDAF outcomes. Partnerships will be increased with trade unions, employers' organizations, the private sector, academic institutions, think-tanks and specialised associations. The aim of applying such an approach in programme/project implementation will be to: a) strengthen the capacity of national institutions, b) facilitate transparent, responsible and evidence-based decision-making; c) empower organised civil society groups and encourage their participation in the policy-making process and d) promote a practice of continuous dialogue and feedback between authorities and civil society over policy-making and the monitoring and implementation of national and local level policies and programmes.

UN Agencies will remain committed to the principles of the Paris Declaration and the Accra Agenda for Action on Aid Effectiveness. Through membership of the donors' core group, the UNCT will advocate for the further strengthening of development cooperation and effective use of external resources including through the establishment and application of a programme based approach in the strategic planning and implementation of external assistance, the promotion of the Government's lead role in coordination and

facilitation of partnerships as well as the enhancement of the national aid management and implementation capacities. With the aim to enhance synergies, avoid duplication, mobilize additional resources and build a base for programme sustainability, the UNCT will actively seek partnerships with bi-lateral, multi-lateral donors and IFIs.

The main norm for managing specific programmes and project interventions will be through national implementation modalities, by fostering consultation and transparency in all stages of the programme/project's design and implementation. To ensure the efficient use of resources, UN standards in recruitment, procurement and financial management will be followed. Nonetheless, as part of the overall UNCT commitment to encourage national programme management and use of Government systems in disbursing and reporting of funds through Implementing Partners, UNDP, UNICEF, and UNFPA will aim to employ a Harmonized Approach to Cash Transfers (HACT).

VI. MONITORING AND EVALUATION

The UN Country Team is strongly committed to the rigorous monitoring and evaluation of the UNDAF. To this end, during the UNDAF preparation, three thematic inter-agency working groups supported by the Resident Coordinator's Office have worked to define a set of realistic indicators to measure progress on each UNDAF outcome. It must be noted that the availability of data has influenced the selection of indicators. Nevertheless, for each indicator, both baseline data and target numbers have been provided (or will be identified during 2009). This information is summarized in the UNDAF M&E Framework (see Annex 2), which focuses on monitoring and evaluating UNDAF outcomes and the related Country Programme outcomes.

Monitoring progress towards the achievement of the UNDAF outcomes will be undertaken annually. In order to ensure objective monitoring and evaluation the main monitoring mechanism will involve existing data analysis, simple primary data collection, stakeholders' surveys and field studies. It is assumed that for each indicator specified in the UNDAF, the M&E Matrix observed data will be confronted with respective baseline and target numbers. This approach will allow the UNCT not only to assess the achievements until the date of review, but will also indicate whether the progress observed is enough to achieve final targets.

Bearing in mind the fact that at the time of preparation of the UNDAF the impact of the global economic and financial crisis could not be fully assessed, towards the end of 2010 the UNCT will consider carrying out an early evaluation to ensure that programme interventions continue to address the most pressing development issues.

The three UNDAF OWGs, which will be lead by a lead Agency, will meet regularly and will serve as the main mechanism for implementing and monitoring the UNDAF and under the oversight of the UNCT, they will be responsible for monitoring data collection, including its timeliness, quality and form. These meetings will establish an ongoing forum of information exchange, enable the strengthening of partnerships, and will contribute to the improved coordination and collaboration of the United Nations System as a whole. In cooperation with the lead UN Agency for the respective country programme outcome, and in consultation with other contributing agencies, the UNDAF OWGs will monitor progress on achievements made, identify lessons learned or good practices and check the extent to which these lessons are being implemented into the programming.

Monitoring the progress towards the achievement of the UNDAF outcomes will be undertaken through annual UNDAF outcome reviews. Lead UN agencies assigned to each joint activity will be responsible for

reviewing UNDAF activities and findings and results will be consolidated by respective OWGs in a form of an annual report, which will be submitted to UNCT for quality assurance and endorsement.

A joint mid-term evaluation by the Government, United Nations System and other development partners will be conducted at the midpoint of the UNDAF period (2010-2015). To the extent possible, it will be synchronized with respective Agencies' mid-term Country Programme reviews. Similarly, a joint end-of-cycle evaluation of the UNDAF will be done. Such evaluations, providing feedback and guidance on the management of the process, results and outcomes, will ensure that the UNCT's efforts remain focused on national priorities, that achievements and lessons learned are recognized, that difficulties are addressed and that best practices are acknowledged. All M&E mechanisms will be coordinated by the RC's office.

The M&E Programme Cycle Calendar (see Annex 2, Table 2.4) outlines how and by whom outcome achievements will be measured. The M&E programme cycle calendar also includes final evaluation milestones that describe the key stages of preparation, implementation, timing and allocation of responsibilities.