

STATEMENT OF WORK

Objective:

To assist USAID Macedonia in the preparation of a Task Order for GWIT and an Activity Design and Approval package for a new long-term local economic development activity

Background:

The Strategic Objective 3.4, “ Mitigating the Adverse Impacts of Social Transition” has two components – one is designed to address obstacles limiting educational attainment the other which this SOW concentrates on is enhancing local economic development to further employment and growth in targeted municipalities.

To date USAID has undertaken a number of activities to promote local economic development:

- 1) Prisma (Partners for Economic Development in Macedonia) program supported through an agreement with the US department of Labor (DOL). It was initiated in July 1999 and to date USAID has obligated approximately \$6.0 million. A key element has been fostering public private partnerships in 30 municipalities. DOL subcontracts with a US contractor WSI which mobilized and trained a team of Macedonians to work with the targeted communities. The activity is scheduled to end this coming September 2003. An evaluation carried out by MSI s last year gave the program high marks.
- 2) LGRP (Local Government Support) was initiated in 1999 and currently USAID has invested in excess of \$7.0 million. The activity concentrates on a number of areas including support for Local economic Development. There have been several efforts in which LGRP and Prisma combined efforts to formulate and implement LED activities. Recently LGRP has held a workshop to begin planning to strengthen efforts in this area. Results to date have not been systematically assessed by USAID. The activity is scheduled for completion in FY 2004..
- 3) CSHI (Community Self Help Initiative) this is a \$22.0 million activity managed by Louis Berger which manages a grant program funding community initiatives in three areas (economic development/small scale infrastructure and social development). Some of the CSHI economic development efforts have been coordinated with Prisma. The activity will be extended through FY2005.
- 4) Competitiveness Project this a recently signed contract with Booz Allen Hamilton that will concentrate on improving on a national level the competitive

performance of selected clusters. The first selection of industry clusters is expected this year.

In addition to the above activities USAID has funded a labor market assessment carried out by Price Waterhouse Coopers last year. The study surveyed the constraints and problems related to the very high unemployment rates in Macedonia which are +30% with suggestions as to what measures USAID should take in this area.

Scope of Work:

The Contractor will carry out the following tasks:

- 1) Review background documents: a) PWC labor force study; b) Prisma methodology for carrying out local economic development c) MSI evaluation of Prisma done last year; and c) USAID Strategic Plan particularly Strategic Objective 3.4 d) Ministry of Economy's plan for promoting SME development e) draft activity action memo prepared by USAID for LED f) other donor efforts in LED and SME development
- 2) Meet with key players in local economic development programs (see above) to develop clear understanding of the various approaches and complement with field visits to at least two Prisma LED sites
- 3) Develop an approach for strengthening and carrying out a program that enhances local participation fostering public –private partnerships and also addresses the problem of sme development – in particular the sponsoring and development of sme clustering at the local level.
- 4) Make recommendations for the final Targets and Results to be incorporated in the USAID activity action memo and TASK Order that would be addressed to an IQC such as GWIT..
- 5) Provide an estimated budget for the various program activities required to achieve the Targets and Results.
- 6) Prepare a complete Activity Design and Approval document based upon ADS requirements.

Period of Performance:

Two weeks in Macedonia (six-day workweek is recommended) to begin on or about March 17.

Deliverables:

The following documents will be submitted no later than first week in April 14, 2003:

- 1) A copy of a draft program description for a Task Order under GWIT.
- 2) An Estimated Budget for program activities required to achieve the Targets and Results.
- 3) A complete Activity Design and Approval document package.