



USAID
FROM THE AMERICAN PEOPLE

**THE
COMPETITIVENESS
PROJECT**

USAID'S COMPETITIVENESS PROJECT

ANNUAL REPORT

October 1, 2009 – September 30, 2010

Contract No: 165-C-00-07-00101-00

SUBMITTED: October 15, 2010 TO:
Ms. MARGARETA LIPKOVSKA ATANASOV
Contracting Officer's Technical Representative
USAID MACEDONIA

Nimish Jhaveri
Chief of Party
Competitiveness Project
Orce Nikolov 63, 1000 Skopje
Republic of Macedonia
njhaveri@carana.com

Lori Brock
Project Manager
CARANA Corporation
4350 N. Fairfax Drive #900
Arlington, VA 22203
lbrock@carana.com

DISCLAIMER

The author's views in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Table of Contents

ABBREVIATIONS AND ACRONYMS	2
EXECUTIVE SUMMARY	3
MCP HIGHLIGHTS BY COMPONENT	4
• SUCCESSFULLY ATTRACTED INTEREST OF INVESTOR FOR WASTE-TO-ENERGY (W2E) INNOVATION.	5
I. OBJECTIVES AND APPROACH	6
II. STRATEGIC APPROACH FOR FY 2009	10
III. MARKET LINKAGES AND CAPACITY BUILDING IN TARGETED SECTORS	12
OVERVIEW: ACTIVITIES UNDER MCP VERTICAL PROGRAM DURING 2009	12
CAPACITY BUILDING	14
LIGHT MANUFACTURING	17
FASHION AND DESIGN—APPAREL AND FOOTWEAR.....	23
INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT)	29
IV. CROSS-CUTTING ACTIVITIES.....	31
OVERVIEW: ACTIVITIES UNDER MCP HORIZONTAL PROGRAM DURING 2009	31
ACCESS TO FINANCE.....	32
EUROPHOENIX	36
REAL ESTATE VALUATION	36
WORKFORCE DEVELOPMENT.....	37
TRAINING AND CERTIFICATION PROGRAMS.....	42
FOREIGN INVESTMENT PROMOTION	46
• SUCCESSFULLY ATTRACTED INTEREST OF INVESTOR FOR WASTE-TO-ENERGY (W2E) INNOVATION.	50
V. KNOWLEDGE MANAGEMENT.....	53
COMMUNICATION AND OUTREACH	53
PERFORMANCE MONITORING UPDATE	59
ANNEX 1: RESULTS OF APPROVED FINANCING S FROM FINANCIAL PLATFORM (AS OF SEPTEMBER 30, 2010)....	62
ANNEX 2: CUMULATIVE RESULTS AND STATISTICS FOR MYCAREER INITIATIVE	67

Abbreviations and Acronyms

ACM	Automotive Cluster of Macedonia
B2B	Business to business
C&O	Communications and Outreach
CBI	Centre for the Promotion of Imports from developing countries (Dutch Donor)
CEFE	Competency based Economies through Formation of Enterprise
CIRKO	Center for Advanced Engineering Technologies
CMC	Certified Management Consultant
CMT	Cut make trim
CPD	International Trade Fair for Womenswear & Accessories
EAC	European Automotive Components
EDA	Economic Development Agent
FDI	Foreign Direct Investment
GCDF	Global Career Development Facilitators
GTZ	German Technical Cooperation
ICT	Information Communication Technology
KIMES	Kosovo Integrated Market Entry System
M&A	Merger and Acquisition
MCP	Macedonian Competitiveness Project
MGI	Macedonian Garment Industry
MOU	Memorandum of Understanding
NIJP	National Internship and Job Placement Program
OEM	Original Equipment Manufacturer
P&L	Profit and Loss
PMP	Performance Monitoring Plan
RFQ	Request for Quotes
SIPPO	Swiss Import Promotion Programme
SMEs	Small and Medium-Sized Enterprises
TTA	Textile Trade Association

EXECUTIVE SUMMARY

Activities carried out by the Macedonia Competitiveness Project (MCP) this year took place in the context of a recovering (albeit gradually) global economy. An improvement in the economic environment, combined with a solid foundation of MCP platforms and services available to Macedonian companies have continued to accelerate results across multiple project components. The financial platform's advisors facilitated a staggering \$29.6 million in new investment in company expansions, upgrades or product development, creating exports and jobs. The MyCareer internship and job placement platform passed the benchmark of over 1,000 internships in July 2010, reaching 1341 by September 30. Market linkage activities resulted in nearly \$3 million in new business in light manufacturing stemming from participation in German trade shows, and new apparel orders after a successful business-to-business event in March 2010. A digital media company continued to expand its export pipeline, thanks in part to high-tech training for new staff through MCP's revolving fund. While problems in securing land have slowed a potential logistics park investment, the international real estate company hopes to close a transformative \$10 million investment by the end of the year. Foreign investments in automotive, waste-to-energy and pharmaceuticals are in advanced stages. Furthermore, the Innovation Center, a new MCP program launched in May 2010, has developed a pipeline of cutting-edge projects with high investment and sales potential.

These successes and other MCP activities have returned favorable results within the Project's most important performance indicators:

- \$38.35 million in new investment (total domestic plus foreign)
- \$8.7 million in new foreign investment
- \$21.6 million in new exports
- New job capacity of 4,004 employees (including 774 new jobs, 1,023 internships and 2,207 trained individuals).

These outcomes were achieved through market-led initiatives to support Macedonian companies and supply chains as they respond to the opportunities and challenges of the global market. Project results are also generated by building partnerships with local and international counterparts, including government agencies, donor organizations, educational and vocational institutions, domestic and international financial institutions, local experts and consulting companies, business associations, and of course, individual companies.

With its activities producing results and demonstrating clear transactional and transformational impacts, the Project started exploring sustainability and legacy opportunities, with a specific focus on spinning off the MyCareer internship and job placement initiative into an independent organization. The Project has also intensified its collaboration with industry associations such as the Automotive Cluster of Macedonia and the Textile Trade Association of Macedonia (TTA) to build their market linkage capacity, scaling back MCP's role in future efforts.

This annual report presents an overview of MCP activities over the last year, organized as follows:

1. Introduction—MCP's integrated approach, strategic results framework, project structure and strategic themes for FY 2010.
2. Market Linkage and Capacity Building to Support Target Sectors—Vertical component objectives and activities in light manufacturing, apparel and ICT.
3. Cross-cutting Activities—Horizontal component objectives and activities in innovation, access to finance, workforce development and foreign investment.
4. Knowledge Management—MCP communication and outreach activities, monitoring and evaluation, and the PMP.

MCP HIGHLIGHTS BY COMPONENT

Component	Key Activities	Outcomes
Overall	<ul style="list-style-type: none"> • Market linkage program targeting EU markets in automotive, tool and die, industrial supply, toys and apparel. • Certification support to meet critical industry requirements • Support for financing investment for new production capacity, new business lines and working capital • Addressing critical workforce development issues through internship, career development and industry-led training programs. • Attracting and facilitating foreign investments • Facilitating commercialization of Macedonian innovations. 	<ul style="list-style-type: none"> • \$38.35 million in new investment (including \$8.7 million from foreign sources) • \$21.6 million in new exports • 774 direct jobs created and capacity for further 3230 positions developed • Live investment leads with multimillion dollar potential • Export pipelines in light manufacturing, apparel and ICT with multi-million dollar potential
Light Manufacturing	<ul style="list-style-type: none"> • Support for ACM joint marketing efforts • Co-organized 5 fairs and 4 B2B events • Participation at Euromold 2009 Tool and Die Show • Macedonian Pavilion at Hannover Messe 2010 • Macedonian Pavilion at EAC Expo 2010 • Participation in automotive B2B events in Serbia and Turkey • Cost-shared support for individual booths at automotive and toy fairs. • Support for industry certifications 	<ul style="list-style-type: none"> • Total \$10.6 million in investment, \$6.06 million in exports and 97 jobs created through project interventions. • \$2.3 million of new exports resulting from market linkage activities • Two additional companies identified as potential suppliers to Volkswagen • \$990,000 in orders stemming from Toy Fair. • Planned visits by BMW, Mercedes, Opel, Magna and Webast. • Two companies obtained ISO certification and one trains internal auditors TS to obtain TS 16949 certification, resulting in export orders of \$280,000 during reporting period.
Apparel	<ul style="list-style-type: none"> • Continued support of “Own Design” initiative • Organized first B2B event with EU buyers • Support follow-up sampling from Apparel B2B event • Recruiting new potential buyers • Supporting sampling and initial orders • Planning second buyers event for October 2010. • Supporting companies at February and July 2010 CPD shows. • Assistance in financing for apparel • Supporting market capacity of Textile 	<ul style="list-style-type: none"> • \$7.9 million in exports, \$1.7 million in new investment and 152 new jobs created via project interventions (including outcomes from MGI investment) • \$2.8 million shoe deal facilitated by Dutch EDA • 130 B2B meetings and 50 factory visits. • 10 buyers carrying out sampling and supplier screening activities. • First successful order from B2B valued at least \$40,000 delivered with repeat orders in process. • 8 articles published by just-style.com

	Trade Association (TTA)	and WGSN.com, reaching global audience <ul style="list-style-type: none"> • 3 Macedonian receiving orders from CPD valued at over \$35,000.
ICT	<ul style="list-style-type: none"> • Advanced training for 45 programmers in digital animation and visual effects using Revolving fund. 	<ul style="list-style-type: none"> • \$1.2million in exports • 45 people employed using Revolving Fund • IT workforce capacity increased via 75 internships
Access to Finance	<ul style="list-style-type: none"> • Assisting over 80 companies through process of packaging and submitting investment proposals. • Ongoing awareness-building of financial services available to meet different financing needs. 	<ul style="list-style-type: none"> • 65 companies receiving \$16.3 million in new financing, resulting in \$29.6 million in total investment, 491 jobs, \$12 million in exports • First equity deal facilitated by financial platform.
Workforce Development	<ul style="list-style-type: none"> • Expansion of NIJP and MyCareer online internship and job placement portal. • Sustainability plan for MyCareer initiated • Introduction of certified career development facilitator program • Certified Management Consulting Training (CMC) • Introduction of 2 partnership programs between academia and business sector 	<ul style="list-style-type: none"> • Total of 8,390 students, 384 companies registered on www.MyCareer.com.mk • Total of 1,341 internship placements and 176 permanent jobs facilitated through MyCareer • MyCareer established as NGO • 27 GCDF Master Trainers trained • 30 consultants expanded received CMC certification, • Curricula changed for 40 students in two high school
Foreign Investment Support	<ul style="list-style-type: none"> • Continued mobilization of EDA network developing FDI leads. • Continued collaboration with Invest Macedonia and Minister of Foreign Investment to attract and support investment. • Continued support for pending logistics investment 	<ul style="list-style-type: none"> • Visits by potential investors from India and U.S. • Land issues for \$10 million logistics investment close to resolution with groundbreaking possible in Q1 2011.
	<ul style="list-style-type: none"> • Establishment of Innovation Center operations and NGO. • Attracting pipeline of Macedonia innovation projects • Recruiting initial Innovation advisors • Collaboration with Crimson Capital for creation of Innovation Development Fund. 	<ul style="list-style-type: none"> • Initial pipeline of potential 25 projects for Innovation Center • Successfully attracted interest of investor for waste-to-energy (W2E) innovation. • Successfully attracted Dutch telecom company to establish business in Macedonia resulting in initial investment of \$2 million

I. OBJECTIVES AND APPROACH

The USAID-funded Macedonia Competitiveness Project (MCP) is a five-year project, implemented by CARANA Corporation, designed to support USAID/Macedonia’s *Strategic Objective 1.3 Accelerated Development and Growth of the Private Sector*. USAID’s efforts are directed towards improving the business environment, making private firms more competitive, and addressing unemployment and underemployment. Specifically, MCP activities fall under *Intermediate Result 1.3.2 Private Sector Firms More Competitive* with key outcomes including:

- **Market linkages** with international companies resulting in new export deals and strategic partnerships involving joint business ventures, investment and knowledge/technology transfer.
- **New foreign investment**—green field, brown field or joint venture—resulting in export-oriented job creation and the strengthening of Macedonian supply chains and industries.
- **Financing**—debt or equity—for Macedonian companies aiming to improve profitability, competitiveness and market positioning through investments in capacity expansion, productivity upgrades and product development.
- **Adoption of modern technologies and practices** and compliance with standards required to perform and be seen as credible partners.
- **Investments in students and employees**, resulting in a workforce with upgraded skills and flexibility.
- **Support for innovative entrepreneurs**, resulting in new jobs, exports and investment.

Ultimately, these outcomes help lead to new or enhanced employment and Macedonian companies and sectors better able to respond to the ever-changing demands of the global economy. See “Figure 1: Results Framework” for more information on how project activities and components contribute to SO 1.3 and IR 1.3.2.

MCP’s Integrated Approach

The Competitiveness Project implements cost-effective, high-impact and market-oriented activities within an integrated approach that considers issues related to specific sectors as well as factors that affect Macedonia’s ability to achieve export-driven growth across sectors. These activities generally take one of two forms:

1. **Vertical** activities focusing on target sectors—fashion and design, light manufacturing and ICT—that build on market linkages, creating new business and investment and enabling Macedonian companies and supply chains to better compete within a given industry or market.
2. **Horizontal** or cross-cutting component activities benefitting multiple sectors and making Macedonia a more competitive place to do business. Horizontal components include access to finance, workforce development and facilitation of foreign investment.

Figure 1: MCP’s Integrated Market-led Framework

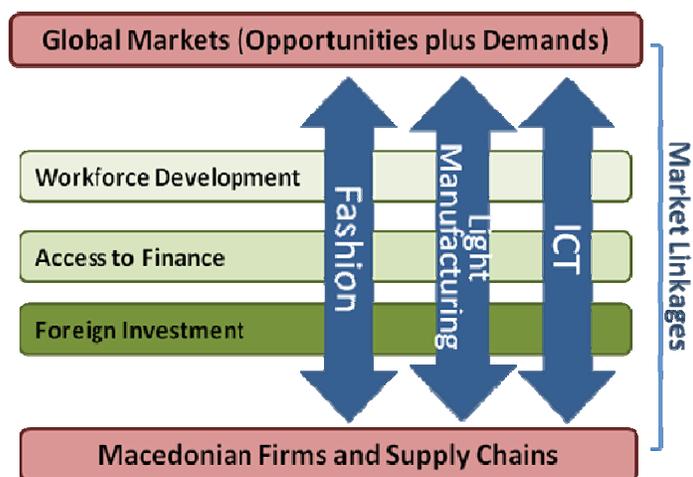
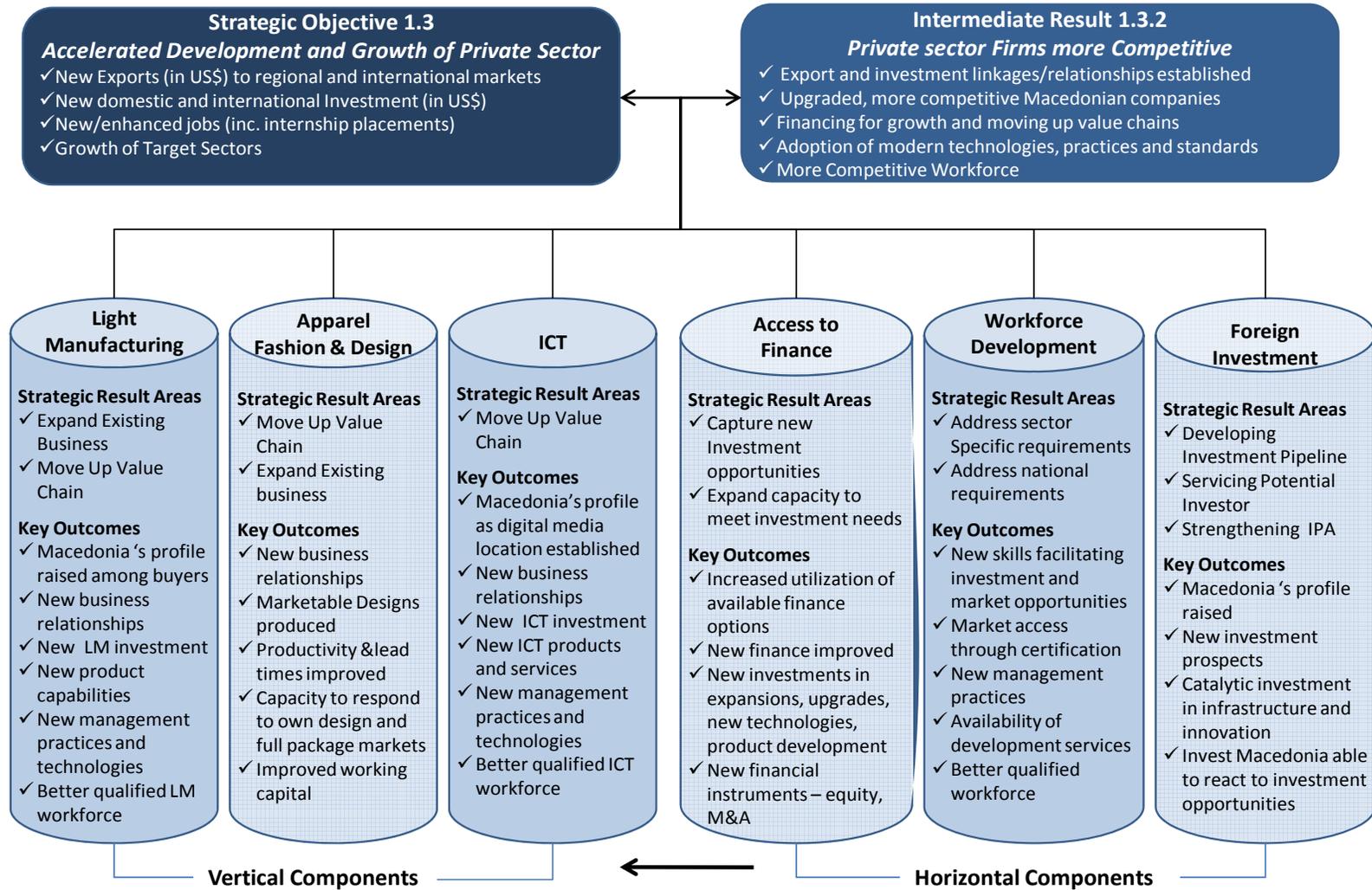


Figure 2: MCP Strategic Results Framework



These vertical and horizontal components are often intertwined. In many cases, growth in the target sectors depends on companies' ability to access: a flexible and skilled workforce; financing for upgrades, expansion or product development; certification services, fundamental infrastructure and innovations. MCP activities can be either **transactional** or **transformational** in nature and impact. Transactional activities often focus on helping a company or supply chain realize a *short-to-medium term objective*, most often related to pursuing a specific market opportunity, whereas transformational activities have a *longer-term impact horizon*. Transformational activities can take many forms, including using a market opportunity to drive change and upgrades within a company or sector, providing sustainable solutions to a critical market failure, or supporting investments and strategic partnerships that raise companies and supply chains to a new level of market engagement. While transformational activities often require longer implementation, they have significant impact on future export growth and competitiveness.

Whenever possible, MCP strives to **improve coordination with donors** operating within similar mandates. Without this collaboration, limited donor resources are wasted and opportunities lost through duplication. In FY 2010, MCP ensured intensive collaboration with GTZ, SIPPO and CBI in market linkage activities, and collaborated with the EU commission and Austrian Development Agency (ADA) and other activities. MCP collaborated with USAID Ag-Biz in areas of access to finance and EDA-generated opportunities in fruit exports, and USAID BEA to reform internship legislation. The Project is coordinating with a World Bank project to assist development of an export promotion strategy for Invest Macedonia. In FY 2010, donor collaboration leveraged over \$75,000 in project activities, in particular, market linkages. MCP team will maintain these efforts to improve coordination with donor projects operating within similar mandates. This will include collaboration with the anticipated USAID IDEAS project expected to enhance investment facilitation, export promotion at the government level and industry-government.

MCP seeks to further leverage USAID funds through intensive collaboration with local implementing partners (who often offer in-kind services) and cost-sharing activities with project beneficiaries. Cost-sharing is an essential element to not only stretch use of available funds, but increase the likelihood of success and sustainability, as beneficiaries have a greater stake and ownership in the process.

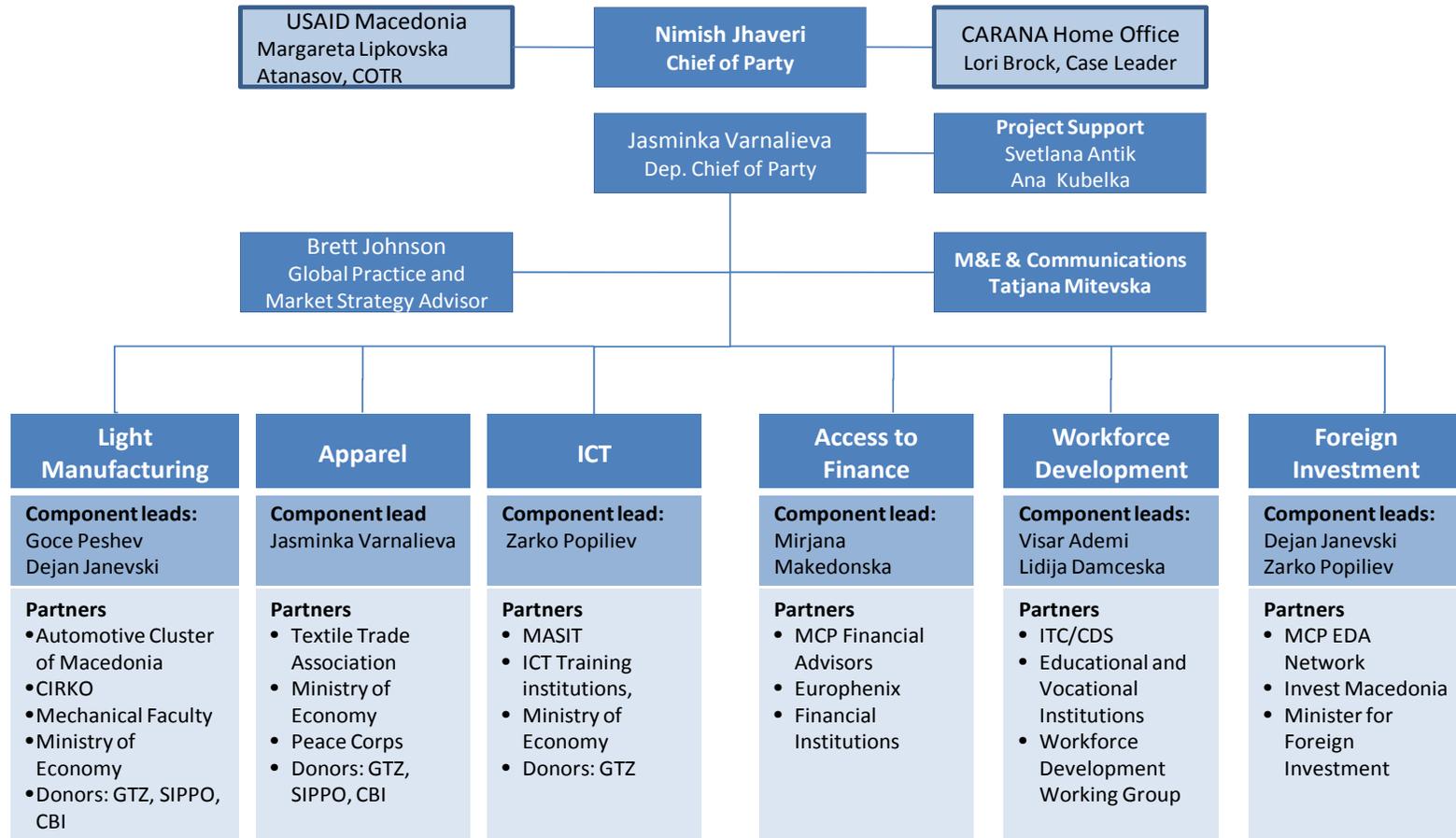
Project Structure

The Project's management structure facilitates effective planning and implementation across vertical and horizontal components. While activities are managed by specific component teams, significant cross-fertilization increases cost-effectiveness and overall impact through inter-component synergies, so one beneficiary can benefit from both vertical (e.g. participation in trade shows) and horizontal (e.g. finance, training, and certification) activities. The Global Practice and Market Strategy Advisor plays a pivotal role in supporting this cross-fertilization and ensuring all activities are market-led.

In the interest of **sustainability and leveraging resources to maximize impact**, MCP's activities involve significant partnerships with private-sector associations, government, financial, and academic partners, as well as project beneficiaries. When working in the target sectors, MCP prefers to engage business associations or a cluster of companies as implementing partners. In most verticals, and to some extent the horizontal components, MCP collaborates its donor partners to optimize the use and impact of resources. Whenever appropriate, activities involving local partners include a "sustainability plan" to ensure continuity after USAID support, or even a legacy with specific spin-off organizations that will operate after the Project ends.

MCP's organizational structure, including key staff and implementing partners is presented in Figure 3 below.

Figure 3: MCP Organizational Structure and Project Partners



II. STRATEGIC APPROACH FOR FY 2009

Recovery Context

Activities carried out by the Macedonia Competitiveness Project (MCP) this year took place in the context of a recovering (albeit gradually) global economy. Demand increased across multiple exports, including light manufacturing and apparel. For example, during the summer of 2010, many of Macedonia's leading apparel manufacturers were full and automotive component plants started hiring workers again. That said, prices remain depressed and many companies continue to struggle. Tight credit conditions remain, although many companies, especially those working with MCP's financial platform have been successful in raising capital for upgrades, expansion or financing increased exports. Foreign investors remain cautious, although a number of potential investors have recently made return trips to Macedonia to further consider the country as a location.

Although the economic crisis impacted MCP programming decisions, priorities and results in FY 2008 and FY 2009, the Project Team took a long-term perspective that started to bear fruit in FY 2010. This vision not only focused on targeting transactional results, but also on activities likely to have *transformational, or systemic, impacts that will outlast the recession*, if not help Macedonia and its companies surge as the economy recovers. Examples of this outlook include:

- engaging buyers, investors and strategic partners interested in finding lower cost locations as part of their long-term strategy;
- helping companies become more productive, develop new products, or build the capacity to reposition themselves within value chains;
- facilitating financing in upgrade or expansion projects; and
- addressing systemic workforce development issues.

The combination of improvements in the economic environment and the spectrum of MCP activities have resulted in an increase in export, investment and employment generation, with outcomes expected to accelerate into FY 2011. Key aspects of MCP's FY 2010 strategy are presented below.

Building on Platforms

In FY 2009, MCP emphasized developing effective platforms or service packages to support Macedonian companies and supply chains as they respond to opportunities and challenges in global markets. MCP took this approach, in part, as a response to the worldwide economic crisis and the expectation that once the global recession bottomed out, the platforms could be a launching pad for significant results. These platforms were designed to be sustainable and scalable, able to respond to increased demand for services as the economy recovers. All platforms are based on beneficiary cost share and intensive local partner input, serving clients within and outside MCP target verticals. Over 2010, MCP gained significant traction in these platforms, and extended them with 1) more clients served within each platform; 2) new services and capabilities developed within each; and 3) enhanced capabilities of platform implementing partners. Key platforms include:

- *Financial Platform*—Packaging bankable financing proposals for expansions, upgrades and strategic partnerships
- *Economic Development Agent (EDA) network*—International network of professionals identifying opportunities for export, strategic partnerships and investment
- *Certification Platform*—Standards implementation and certification to access new markets
- *Revolving Fund*—Mechanism to rapidly deliver training programs to support new employment through trainee, company, MCP cost-share arrangement
- *MyCareer.com*—Online internship and job placement portal

A few platforms brought remarkable results, in particular the financial platform which facilitated over \$26 million in investment and 491 jobs and MyCareer, which facilitated 1,023 internships. The certification

platform has resulted in at least three companies achieving accreditation. The EDA network is working on a multimillion dollar investment pipeline. The revolving fund has enabled the training of 45 new animators that will allow FX3X to realize an export pipeline of over \$1 million.

Increased Focus on Market Linkages

Earlier in the project, MCP's market linkage support program had a low profile, partly due to the global freeze on business, which would have limited possible outcomes for MCP market linkage investments. As MCP recognized changes in the economic climate and as buyers and potential investors/strategic partners showed signs of life and an interest rebuilding their production networks chains and supply networks, the Project engaged in an aggressive marketing program to raise the profile of Macedonia as a favorable business location and pursue market opportunities within MCP target sectors. MCP used a variety of market linkage tools (see next section) with a series of trade shows, B2Bs and direct networking activities in apparel and light manufacturing in collaboration with local exporters and industry associations. Although it generally takes 6-18 months from lead to transaction, MCP saw increased momentum in results for FY 2010, with requests for quotes (RFQs), sampling, trial orders and production, and a promising pipeline of exports for FY 2011.

Market linkage activities not only "sell" Macedonia and its companies, but also act as a feedback mechanism to identify market conditions, trends, requirements. This helps determine appropriate responses for Macedonian companies to target opportunities and/or compete globally within a product/service segment. Within this context, market engagement plays a large role in selecting and designing capacity building activities across the Project, and is used as a learning tool for MCP to identify methodologies and practices for export promotion and business facilitation that are more effective at supporting desired results.

Integrating Vertical and Horizontal Activities for Seamless Implementation

Over FY 2010, MCP placed an emphasis on orienting horizontal services and platforms to serve vertical component objectives. The Project Team engages with the market, buyers, investors and client firms to deliver horizontal services that respond to a specific market opportunity or "live lead." The financial platform supported a number of companies in the apparel and light manufacturing sectors, both for capital improvements and working capital needed to finance exports. The workforce development team developed a industry-led training program in collaboration with an automotive company and local vocational school. The revolving fund offered new employees the specialized skills needed for an animation company to pursue a more sophisticated export pipeline.

Design and initial Implementation of Innovation Center and Real Estate Activities

In line with discussions with USAID office in Skopje, MCP designed and designed and initiated implementation of two new activities for more intensive implementation through FY 2011 and 2012. These are:

- The establishment of an **Innovation Center** to assist the development and commercialization of Macedonian innovations and the support for an "innovation ecosystem." This activity will operate as a new horizontal component.
- Support for the adoption and implementation of international **real estate evaluation** practices needed for more accurate valuations of property used as collateral for accessing finance. This activity will be managed under the Access to Finance Component.

USAID funding for these activities was pending during FY 2010. Nevertheless, MCP established the Innovation Center and began initial planning for the real estate valuation activity in FY 2010 to ensure rapid roll-out once USAID approves funding in FY 2011.

III. MARKET LINKAGES AND CAPACITY BUILDING IN TARGETED SECTORS

Overview: Activities under MCP Vertical Program during 2009

During FY 2010, the Competitiveness Project continued implementation of its market linkage and capacity building support for companies within its target sectors, or “verticals”: light manufacturing, apparel, and information and communications technologies (ICT).

In FY 2008, and to some extent, FY 2009, MCP investments in vertical activities were limited to a series of capacity-building activities with minimal market linkage activities. With companies, buyers, investors and financial institutions everywhere in “freeze” mode, it was unlikely that market linkage efforts would result in sufficient outcomes to justify larger investments in vertical activities. In FY 2010, it became clear that the market was stabilizing and undergoing a gradual recovery. The Project took advantage of the improving economic environment by carrying out a series of B2B, trade show and direct networking activities that have resulted in a growing number of **new exports, investments, strategic partnerships, employment generation, and companies and supply chains better able to compete** in the global economy. Key outcomes within MCP target sectors include:

- More than \$19 million in new exports in light manufacturing, apparel and ICT, with at least \$5 million resulting from market linkage activities;
- Over \$12.3 million in new investment;
- 325 direct jobs created; and
- A pipeline of new business for FY 2011.

In addition to these realized outcomes, MCP is monitoring pending opportunities resulting from its activities.

Strategic approach

MCP’s market linkage and capacity building activities support during FY 2010 (and into FY 2011) achieved progress in two primary strategic result areas:

1. **Expanding existing business**—Enable companies to build the capacity and/or customer base to expand and/or better compete within their existing lines of business. Initiatives include market linkage support to identify and engage new clients within an existing product or service segment, taking steps to improve performance against important buyer criteria (e.g. improving productivity to reduce costs, or investing in expanded production capabilities)

Rationale for Vertical Program Activities

Development Context

It is widely agreed that achieving sustained economic growth in Macedonia will require a significant increase in both volumes and value of exports. To date, advances in expanding exports have been limited. While there are many reasons for this lack of progress, two issues play a large role.

First, there exists a **two-way information gap** between Macedonia and international markets. While there are potential opportunities to pursue, many Macedonian companies are 1) unaware of these opportunities 2) lack the exposure or contacts to establish relationships with partners, or 3) do not sufficiently understand the steps they must take to be considered reliable partners. From the other side, Macedonia is “off the map” in the eyes of many potential buyers and partners, keeping it off the list of potential sourcing and investment locations.

Unfortunately, narrowing the information gap is not enough. Even if a market opportunity is identified and an actual business relationship established, many Macedonian companies lack the **capacity to respond to market demands** at a time when buyers expect more in terms of short lead times, higher quality at the same prices, added value through innovation, design and application of modern technologies and practices. The gaps between what buyers want and what Macedonian companies can offer is a pressing impediment to converting opportunities into completed deals.

MCP Response

MCP’s Vertical Program addresses both of the problems mentioned above. First, by providing effective venues to directly engage buyers and investors to develop relationships and a better market understanding. Second, by using market-led capacity-building interventions that help Macedonian companies and supply chains meet market challenges and capture opportunities.

2. **Repositioning firms and clusters to penetrate higher value market segments**—Help companies capture new market opportunities and greater value with enhanced products, services and capabilities (e.g. design, supply chain management, offering a full package of services). The objective is to enable Macedonian companies and clusters to compete on the basis of differentiated services and responsiveness to market requirements. In most cases, activities in this result area are long-term in nature, and will often require larger investments by companies, MCP and other partners.

In some cases, MCP works with client companies in target sectors to achieve both objectives simultaneously. Expanding existing business is essential to ensure the survival of the company and provide the cash flow and capacity for longer-term investments in developing differentiated and higher-value products and services. Examples of sector-specific objectives and activities under each strategic result area are presented below.

Market linkage and capacity-building tools

While both strategic result areas may seek different outcomes, the activities supporting MCP vertical component objectives use a variety of market linkage and capacity-building tools. An overview of these approaches is provided below.

Market linkage support

MCP’s vertical components involve an ambitious market linkage support program to facilitate engagement with potential buyers: strategic partners and/or investors in target markets primarily, but not exclusively, in Europe. Market linkage activities aim to:

- *Raise Macedonia’s profile as a business location* in the eyes of international buyers and investors, by creating awareness of what Macedonia can offer, both as a country and within specific sectors.
- *Capture viable business opportunities* through effective market interactions, by increasing firms’ and clusters’ exposure in international markets, building credibility with potential partners, establishing new market channels, and facilitating new business relationships so that contacts become deals.
- *Guide implementation of effective capacity-building activities* by using market engagement to identify acute gaps between what the market requires and what Macedonian companies and sectors must do to capture specific market opportunities, then designing market-led interventions to target those gaps.

These outcomes will be achieved through a variety of market linkage tools:

1. **Sector-Specific Lead Generation**—Activities to capture opportunities within MCP target sectors. These activities not only identify and pursue leads in existing business lines, but also look for opportunities for firms to reposition themselves within a value chain or pursue a new market segment altogether.
2. **Cross-Sector Lead Generation**—Activities that cultivate export relationships across multiple sectors. These often cast a wide net (e.g. MCP’s EDA network, (see “Foreign Investment Promotion,” below) to explore a range of opportunities and concepts in a cost-effective manner, or market a range of Macedonian products and services (e.g. the marketing services platform or joint business center based in Kosovo).

Cost Sharing and Donor Coordination

In the interest of sustainability, vertical component activities are implemented on a cost-share basis with companies to ensure that beneficiaries take a specific intervention seriously and develop the practice of paying for services and assistance. Whenever possible, MCP engages a group or cluster of companies, even if the actual delivery of assistance is tailored to meet an individual company’s needs and objectives. In most cases, MCP collaborates with other international donors (e.g. GTZ, SIPPO) and local stakeholders (e.g. Ministry of Economy, cluster or industry associations). In FY 2010, MCP leveraged over \$75,000 through donor coordination alone.

3. **Transaction Support**—Getting a business lead is often just the start. MCP holds hands through the transaction process and offers both MCP clients and their potential business partners services to reduce the risk of pending deals or troubleshoot obstacles to successful completion. In some cases, transaction support will go further to involve technical assistance and pivotal capacity building assistance (see below).

Details on specific market linkage tools and their application can be found in Table 1: Market Linkage Tools Supporting MCP Vertical Components.

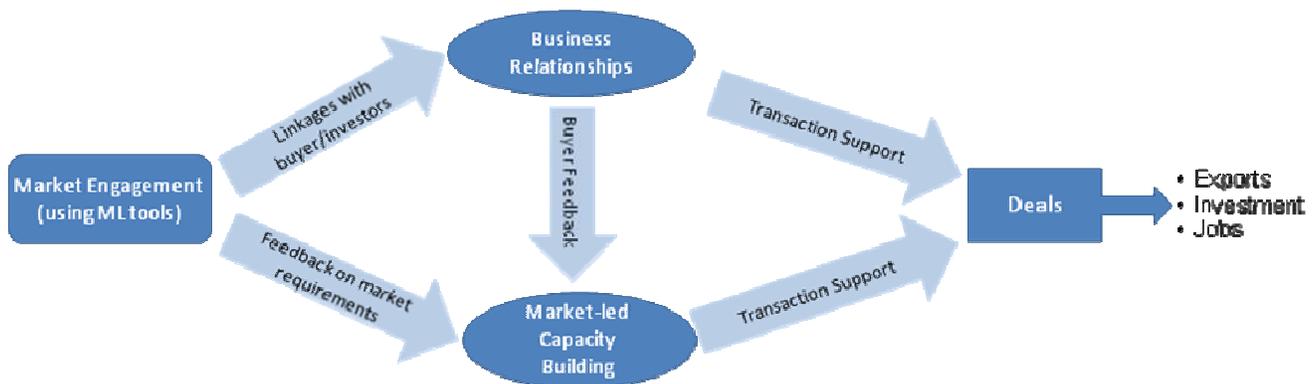
Capacity Building

In many cases, efforts to pursue market opportunities—whether a live lead or target market—will not be successful without some level of firm and supply chain assistance to address companies’ ability to access markets and respond to buyers’ demands. This includes work in:

- product design;
- operations and productivity improvements;
- quality assurance and standards compliance;
- skills development, and
- the use of modern technologies and management practices.

Whenever appropriate, MCP places a preference on capacity-building support linked to a “live” market opportunity (e.g. a deal “in the works”). The Project also prefers to deliver capacity-building assistance through the various platforms implemented by horizontal components as these are a cost-effective means to provide assistance to firms. MCP does consider high-impact, tailored technical assistance packages to groups of firms or individual companies willing to share a larger portion of the cost. Table 2: Key Capacity Building Tools for MCP Verticals gives more detail on specific types of capacity-building activities.

Figure 4: Translating Opportunities into Deals



While executed separately, MCP’s vertical market linkage and capacity-building activities are designed to be complementary and provide a comprehensive means to identify, pursue and capture specific leads. Figure 4: Translating Market Opportunities into Deals shows how deals are forged by combining these capacity-building activities with lead generation and transaction support facilitates new deals.

The sections below present details of specific approaches, activities and achievements under each of the MCP target sectors during FY 2010.

Table 1: Key MCP Vertical Component Market Linkage Tools

Lead Generation (Sector Specific)	
Trade shows	<ul style="list-style-type: none"> • Engaging market face-to-face to develop new contacts, while developing firsthand knowledge of market requirements and competition • Raise the profile of Macedonia as a sourcing and investment location, change perceptions, awareness of opportunities <p><i>Note: Trade shows not only result in direct orders, but also produce leads and relationships that can be further developed through B2Bs, buyer trips or virtual matchmaking.</i></p> <p><i>Effectiveness enhanced if 1) meetings with target buyers/investors arranged prior to the show; or if 2) companies repeatedly attend shows, which buyers see as a sign of credibility</i></p>
Industry-focused market specialists/agents	<ul style="list-style-type: none"> • Individuals hired based on their network within an industry, or ability to “open doors” • Consultants identify potential targets based on capabilities within Macedonian sectors or client companies and engage those targets directly • Consultants also assist transaction support in pre-tradeshow meetings, B2B events, buyer trips, follow-up and transaction troubleshooting
International industry associations	<ul style="list-style-type: none"> • Tapping networks found within international business associations to identify potential buyers, investors and strategic partners within a target industry, while obtaining better insights into industry and technology developments
Lead Generation (Cross-sector)	
Economic development agents (EDAs)	<ul style="list-style-type: none"> • Individuals/companies with a network of business contacts across multiple sectors • EDA’s paid on success-fee basis to conceptualize and pass leads to MCP <p><i>Note: EDAs provided with information on target industries, but may serve multiple sectors</i></p>
Marketing services platform	<ul style="list-style-type: none"> • Working with qualified marketing companies to develop export market strategy for individual companies, based on products and market objectives • Marketing company assists with initial implementation of strategy and provides training to enhance internal marketing capabilities • Client company can choose to “outsource” activities to the marketing company
Joint business centers	<ul style="list-style-type: none"> • MCP-supported offices based in regional markets to reduce the costs of market entry Companies pay fee for shared space and marketing staff to make initial business contacts • Joint business center in Kosovo opened September 30, 2009 and is nearly sustainable.
Transaction Support	
Virtual matchmaking	<ul style="list-style-type: none"> • Using contacts made through trade shows and networking activities to further engage market targets. Learn more about what they need and present viable partnership options within Macedonia. Can be push (MCP-driven) or pull (target asks MCP for info) • Offer support to buyers/investors and/or local partners to reduce transaction risk, troubleshoot
B2B events and buyer’s trips	<ul style="list-style-type: none"> • Once buyers’/investors’ interest is confirmed via post-trade show engagement, networking and/or matchmaking, organize trips for individual buyers/investors or groups of targets within a given industry/geographic market • Involve specific matchmaking based on buyers’/investors’ requirements and capabilities of local companies

Follow-up and troubleshoot transactions	<ul style="list-style-type: none"> • Use market info to proactively identify capacity gaps/potential obstacles, find solutions • Working with Macedonian companies and international partners to keep leads “warm” • For Macedonian partners: making sure responses are timely and professional; helping gather information related to buyer/investor request or prepare an offer; education and insight on international business norms • For international partners: acting as liaison (when appropriate) to address misunderstandings; providing information on Macedonian operating environment, assisting in due diligence, serving as neutral partner to reduce transactional risk
--	--

Table 2: Key Capacity Building Tools for MCP Verticals

MCP Horizontal Component Services (See “Overview: Activities under MCP Horizontal Program during 2010”, below for more information.)	
Financial Platform	<ul style="list-style-type: none"> • Packaging proposals to banks and other financial institutions aimed at financing investments in expansion, facility, equipment and technology upgrades, product development, etc • Facilitating strategic partnerships with company valuations and equity proposals
Revolving fund and industry-led training programs	<ul style="list-style-type: none"> • Design and support delivery of training programs that address skills gaps in target sectors • Rapid design and support delivery to address skills gaps impeding a potential deal <p><i>Note: Programs can be based in vocational or educational facilities, or in-house</i></p>
Certification Platform (via Workforce)	<ul style="list-style-type: none"> • Support for obtaining certification from accredited body necessary to access new markets and new customers
Foreign Investment Support	<ul style="list-style-type: none"> • Identifying and engaging potential investors or strategic partners interested in partnering with Macedonian companies through joint ventures or establishing their own operations • Attracting infrastructure investment likely to catalyze further investment and export growth • Hand-holding both Macedonian and international partners through the investment process
Sector-specific Technical Assistance	
Tailored technical assistance	<ul style="list-style-type: none"> • Tailored technical assistance designed around a specific market opportunity or live deal • Delivered on a cost-shared basis • Delivered to individual companies (higher cost share) or groups of companies

Light Manufacturing

Light manufacturing has always been an important source of GDP, exports and employment in Macedonia, with activities including automotive components, furniture, metal-processing, rubber and plastics production, tool and mold making, and product assembly for domestic and international customers. In many cases, companies were part of larger supply chains within the former Yugoslavia. Since the break-up of that country, the sector has struggled to establish linkages with European customers. A number of companies are taking steps to modernize and develop capacities to better match market demands and an ongoing need to invest in upgraded technologies, product development, productivity and supply chain management practices to be competitive in a sector where cost, quality and lead time are critical to landing a new customer.

The economic crisis has hurt Macedonia's manufacturers. Sales for many companies are flat or negative, with some work stoppages and layoffs.

MCP views the subsequent shake-up of global supply chains as an opportunity to position Macedonia as a low-cost, competitive sourcing and investment location in close proximity to Europe's major markets. If this opportunity is missed, Macedonia will require much more time to reach its aspirations to become a serious manufacturing location.

In FY 2010, The Competitiveness Project continued to work with the Automotive Cluster of Macedonia (ACM), Invest Macedonia, SIPPO, GTZ and other partners to support market linkage and capacity-building activities for companies in the light manufacturing sector. Efforts targeted both end-products and sourcing (or subcontracting) exports in Balkan, Western European (primarily Germany) and Eastern European markets. Most activities focused on the automotive/tool and die segments, although services were provided to companies involved in metal processing, and hardware/construction materials.

Strategic approach and FY 2010 summary

Most FY 2010 activities under light manufacturing focused on the strategic area *expanding existing business*. Although many companies could (and should) make improvements in quality management, productivity and management practices to compete within their existing business lines, there are a vast array of opportunities without making the additional investments to move further up the value chain.

Most activities in this strategic area involved market linkage activities that 1) raised the profile of Macedonia as a location outsourcing/subcontracting production; and 2) helped companies develop relationships with both end-user customers and medium and large European manufacturers looking for lower-cost partners. Examples include the first-ever Macedonia Pavilion at Hannover Messe in Germany, an upgraded Macedonia Automotive Pavilion at the European Automotive Components (EAC) Expo in Stuttgart, Germany, tool and die representation at EuroMold and support for Macedonian participation in B2Bs in Serbia and Turkey.

Key Activities	Key Outcomes
<ul style="list-style-type: none"> • Support for ACM joint marketing efforts • Co-organized 5 fairs and 4 B2B events • Participation at Euromold 2009 Tool and Die Show • Macedonian Pavilion at Hannover Messe 2010 • Macedonian Pavilion at EAC Expo 2010 • Participation in automotive B2B events in Serbia and Turkey • Cost-shared support for individual booths at automotive and toy fairs. • Support for industry certifications 	<ul style="list-style-type: none"> • Total \$10.6 million in investment, \$6.06 million in exports and 97 jobs created through project interventions. • \$2.3 million of new exports resulting from market linkage activities • Two additional companies identified as potential suppliers to Volkswagen • \$990,000 in orders stemming from Toy Fair. • Planned visits by BMW, Mercedes, Opel, Magna and Webast. • Two companies obtained ISO certification and one trains internal auditors TS to obtain TS 16949 certification, resulting in export orders of \$280,000 during reporting period.

In addition to market linkage activities, MCP supported a variety of capacity-building activities, including support for companies to obtain essential industry certifications to penetrate high-potential markets, improve workforce skills (via WFD component), and make investments in expansions and new equipment (via the Financial Platform).

As the year progressed, the Project observed a growing number of outcomes related to its activities. This includes leads generated from shows in 2008, 2009 and 2010, and market opportunities opened as a result of certification efforts or recent investments facilitated by the Financial Platform. Examples include:

1. Vesna SAP- \$700,000 deal (Hannover 2008)
2. TeTe Plast- \$670,000 (EAC 2009)
3. MZT EKA- \$280,000 of new exports
4. Demastil- \$980,000 exports resulting from Nurnberg Toy Show

Details on the FY 2010 light manufacturing activities, achievements and expected outcomes by product segment can be found below.

Automotive/Tool and Die

Capacity building for ACM

The Competitiveness Project continued advising the ACM as it takes steps to build its capacity to serve the automotive industry, with a focus on joint market linkage efforts. This year MCP worked with ACM and GTZ to develop content for new promotional materials and the association website.

As a result of the increased efforts to link Macedonian producers with foreign buyers, MCP worked with ACM to organize and support participation at B2B events in Turkey and Serbia and two large trade fairs to connect Macedonian producers with new partners (more details below).

B2B in Istanbul, Turkey

MCP together with ACM, Invest Macedonia and GTZ organized a B2B event with the Turkish Automotive Association, TAYSAD. ACM presented information on the Macedonian automotive production capacity, while Invest Macedonia promoted the advantages of investing in the country. A subsequent B2B event led to a total of 20 B2B meetings between four Macedonian companies and their Turkish counterparts. Two of the companies (**Ruen IT** and **STD Dojran**) were directly present, while the other two (**TCG Learnica** and **EIN SOF**) were represented by the MCP and ACM. Additionally, MCP had meetings with two potential investors to present Project's range of services: a Japanese company interested in gathering data for a potential greenfield investment, and a Turkish company that had an MOU with Invest Macedonia but had yet to make the investment decision.

Participation at Euromold in Frankfurt Germany

As part of a longer-term initiative to raise the profile of Macedonia as a global sourcing and investment location, MCP organized a Macedonian booth at the Euromold Show in Frankfurt, Germany. Euromold, held every year in early December, is the largest tool & die exhibition in Europe and annually attracts over 1,300 exhibitors from 37 countries and approximately 50,000 visitors.

Three Macedonian companies—Te Te Plast, MK Mold and AMAK SP—exhibited in the “Macedonia Tool & Die” booth. MCP and the participating companies pursued a range of target customers, including: (1) larger Western European tool & die producers for outsourcing opportunities; (2) European manufacturers in need of mold production services; and (3) final product (plastic parts and non-ferrous metals injection) production. The participating companies also observed new technologies being adopted in the sector and learned about modern business practices to adopt to remain competitive in future.

Case Study: ACM Marketing Efforts

The Competitiveness Project helped establish the Automotive Cluster of Macedonia in 2008 and played a role in developing its capacity to be an effective voice for manufacturers operating in Macedonia. Although the Project and ACM (with GTZ) continue to collaborate on a regular basis for trade shows like the European Automotive Component (EAC) Expo in Stuttgart, Germany or various B2Bs, the Cluster stands out amongst its counterparts in Macedonia as an industry association that is implementing its own market linkages plan. The Cluster has been the point of contact with key business to business events in Turkey, Serbia, Slovenia and Germany, organized meetings with major EU part companies and OEMs, and coordinated buyers visits. In September ACM organized a buyers' trip for the European purchasing manager of one of the world's largest automotive parts companies, a visit that could result in orders for at least two Macedonian automotive companies. The Cluster is also in the process of organizing visits for BMW, Mercedes and WEBASTO (Tier One automotive company) for November.



Automotive Cluster of Macedonia

Your resource for information related to sourcing automotive components, investment opportunities, and strategic partnerships with suppliers in Macedonia. Members of the Automotive Cluster build or contribute to components found in multiple OEM platforms in Europe. Companies within the cluster offer competitive pricing, proximity to OEM manufacturing facilities and responsive lead times.

Member logos displayed include: RUEN INTERNATIONAL TECHNOLOGIES, AMAC SP, Miriplast, Johnson Controls, YESNA: SAP, EXCELLENCE, SANGS, MARINA, Eurotehnika, Soemek, EIN-SOF, TE-TE Plast, TCG Learnica dooel, IEV, and BRAKO.

This was the first time Macedonia has been represented at the show, and the booth and participating companies enjoyed good traffic. It was clear that proximity to market, coupled with good quality and lower cost base, makes sourcing from Macedonia an attractive option. The three companies had a total of 30 meetings and enquiries answered. One company, Te Te Plast, had organized well for the show, and had a number of pre-arranged meetings. This was the first show ever for MK Mold, who used their participation to define potential prospects and meet suppliers of interest. AMAK also arranged a number of meetings, including one with a large potential client with whom they had been exchanging samples.

Many of the Macedonian participants' raw material suppliers were also at the show, so they took the opportunity to have meetings to obtain to more favorable prices and terms.

Participation at the Hannover Messe 2010

In collaboration with the Swiss donor SIPPO, MCP organized the Macedonian Pavillion at the Hannover Messe 2010, April 19-24. This show (www.hannovermesse.de) is the world's leading event for industrial technology, with more than 4,800 exhibitors from 64 countries and around 150,000 visitors (one in four from abroad). Hannover Messe is also an ideal place to obtain the latest industrial know-how as the leading international showplace for industrial technologies, materials and product ideas. This year, unfortunately, the show took

place during the closing of European airports after the volcanic eruptions in Iceland, which dramatically decreased the number of visitors.

Prior to the show, MCP offered companies market research support. With the Hoovers online database, MCP prepared marketing reports for all the companies and helped them contact potential clients. MCP also helped companies use the show's B2B matchmaking portal, which led to a number of meetings at the show.

Despite the show's lower attendance, the Macedonian Pavilion and companies presenting the industry had over 50 meetings with potential clients and partners. Initial follow up is promising, as some companies already have received RFQs and sent sample of their products. MCP will continue to support the companies to further develop these business linkages and will fit in where the companies need help the most.

The four companies that presented their capabilities in tool and die, INOX/stainless steel production, machine parts by design, and cast steel products, were satisfied with their participation in the fair. **TE-TE Plast**, **Zavar**, **Svemek** and **Zeleznik (DIPO)** have shown interest in participating in next year's fair

Participation at the EAC Expo 2010 in Stuttgart

For the second year in a row, the Macedonian Automotive Industry presented its capacities and latest development at the European Automotive Component Expo (EAC Expo, www.eac-expo.com) 2010 in Stuttgart. Following last year's successful exhibition, four automotive component and software producers, accompanied by the Macedonian Automotive Cluster, met with current and potential clients and partners. **Ein Sof**, **TCG Learnica**, **Ruen IT** and **TE-TE Plast** had more than 40 business meetings with companies from Europe. Additionally, the show produced very important initial meetings with BMW and Opel that were later followed up with visits that further provoked interest in these big automotive producers and the ACM director. These visits in turn led to planned company exec visits to select Macedonian producers scheduled for Q1 2011.



The show is not open to the general public, only to the automotive industry.

"TE-TE has started a large promotion targeting the EU market. We have successfully started cooperation with very good companies (leaders) in their field in the automotive industry and in are communications for starting new projects with other companies.

"I'll have to stress that most of this established cooperation happens thanks to the USAID team of MCP that is always helpful when we need them. There are a lot of events that are supported by USAID which are a very big benefit for us."

Tomislav Zdravkoski
Sales Manager, TE-TE Plast

The Macedonian Pavilion was centrally positioned among other producers and national pavilions, further helping put Macedonia on the map of Europe's automotive industry. Several big European original equipment manufacturers (OEMs) met with Macedonian producers and expressed interest in using their production capacity. Buyer visits and possible orders are expected from this show. Results will be monitored by MCP in collaboration with ACM.

This was also the second year that MCP collaborated with German donor GTZ to cost-share a Macedonian Pavilion. In general, the show had more than 600 exhibitors from 35 countries and many visitors from different

Participation of Demastil at Toy Fair

Demastil, located in Kriva Palanka, is the only producer of children's toy balls and professional balls in the region. Their main production is children's balls made of PVC, which they export globally. In February, MCP cost-shared Demastil's participation at the Spielwarenmesse International Toy Fair in Nurnberg, Germany. The show is one of the world's largest of its kind, with 2,625 exhibitors from 63 countries (68% international) and 76,637 visitors from 104 countries (53% international). MCP shared the cost of the booth, and carried out market research for the company to identify potential clients, with a special focus on EU, Russia and the U.S as target markets. During the show, Demastil met with 200 companies and returned to Macedonia with a pipeline of US\$690,000 in new orders and a pipeline of US\$300,000 in potential export orders.



“MCP’s financial contribution helped us better present our products at the fair. The new excellent look contributed to the brand of our company and we received positive reviews from our buyers....It is important to note that USAID also helped us with market research. In some cases they assisted with direct linkages with certain companies.

We think USAID’s interest in supporting export-oriented companies should be an example and accepted as key point of interest for the economic strategy of Macedonia.”

*Dejan Simonov,
Manager, Dema-stil*

Participation of Vesna SAP and Ruen IT at Automechanika 2010 Fair

The two biggest Macedonian automotive parts producers for the aftermarket, car battery producer Vesna SAP from Probistip and clutch producer Ruen from Kocani exhibited at this year's Automechanika Trade Fair, held in Frankfurt September 14-19, 2010. The Automechanika, a leading fair for the automotive industry with 4,000 exhibitors, is considered unmatched in terms of scope and internationality. MCP cost-shared participation of Macedonian companies, who covered at least 50 percent.

BAIKA B2B in Lindau, Germany

Immediately after the Automechanika, four Macedonian automotive part producers (TE-TE Plast, Ein Sof, STD, Eurotechnika) together with a representative from the Automotive Cluster of Macedonia (ACM) took part in the International One-on-One Automotive Suppliers event. The two-day event was organized by BAIKA (*Bavarian Innovation and Cooperation Initiative for the Automotive Suppliers Industry*), a partner of the Automotive Cluster of Macedonia. Over 100 companies from 25 countries took part, including well-known system suppliers such as Bosch, Continental, Leoni and Webasto.

During the B2B, ACM signed a cooperation agreement with Webasto for distribution and facilitation of RFQs to Macedonian producers and has arranged for visits with Bosch and Continental in order to finalize the same.

Certification Platform

As part of an initiative to help light manufacturing companies respond to the demands of the market, MCP is offering limited support to companies interested in obtaining critical certifications. This year, MCP supported

three companies as they worked towards final accreditation. TE-TE Plast obtained an integrated management system (ISO 9001/14001) certification to follow through on a strategy to access new markets and customers; **MZT EKA** and **RUEN IT** obtained QMS (Quality Management Systems) ISO 9001:2008 certification. Ruen IT also trained internal auditors for ISO TS 16949 (management system standard required for the automotive industry) as a step toward TS certification. In all cases, certifications were crucial for engaging new exports.

Working with the ACM, MCP has identified three additional companies in need of assistance in implementation of the automotive-specific TS 16949 certificate. The implementation of this standard is critical for the companies looking to produce parts for Tier 1 and Tier 2 suppliers (who serve the original equipment manufacturers (OEMs)).

Marketing services platform

MCP continued implementation of the Marketing Services Platform, a pilot initiative to help light manufacturers increase their export promotion capacity and achieve new sales. Working through its first marketing facilitator, Macedonia Export, MCP is providing companies with short-term assistance in marketing their projects (directly or indirectly), while building an internal marketing capacity. Marketing costs are shared by MCP, the client company and the market facilitator (who is expected to recoup their costs through commissions from successful sales). Activities include development of an export promotion marketing plan, support implementation of that plan, and technical assistance to improve the profitability and marketing capabilities within the company. To date Macedonia Export has worked with three companies, including

- **Hemija-Komerc** (Veles)—production of decorative tiles and porcelain / ceramic products
- **Metal Promet** (Radovis)—production of steel/metal sheet furniture and cabins
- **Istra** (Kocani)—production of beech wood chairs and tables

Export promotion plans for the companies have been completed as well as the early stages of implementation. Macedonia export is working with the companies to develop business networks throughout Europe and to start reaching out to potential customers. Each company has a target pipeline of 45-90 customers to be pursued in the coming year. As a result of marketing activities in the last months, companies received a number of RFQs and responded in time, which included sampling for potential buyers in Sweden, Greece, USA, Serbia and Kosovo. Results are pending.

Curricula Change and Internships Initiative with Ruen IT

Through the workforce development component, MCP promotes partnerships between businesses and educational institutions to address workforce needs in target sectors. As part of one such initiative, the Project collaborated with **Ruen IT** to improve the local vocational school's training to better meet the factory's needs and develop an internship program. Additionally, MCP is helped Ruen to recruit employees with specialized skills through the My Career portal, MCP initiative discussed later in this report. As a result of this activity, 10 interns received on the job training, of which two were offered full-time employment.

Fashion and Design—Apparel and Footwear

Macedonia has a long tradition in apparel manufacture, having supplied the former Yugoslavia as well as many major brands and retailers throughout Europe. The industry is an important source of jobs for Macedonia, with more than 40,000 employed in this sector. Its average annual exports exceed \$500 million. Over the last decade, the industry has suffered a slow decline in both exports and employment, exacerbated recently by the economic recession in key export markets. Macedonia struggles to compete in its main type of production—cut make trim (CMT)—when compared to other production locations (e.g. Asia), except in market segments where quality and lead time are as essential as price. Many companies in the Macedonian apparel industry are looking to move upstream, into full package, private label or own design/brand manufacturing where companies can add more value to customers and/or capture higher margins by taking on new roles in the design and production process.

During FY 2010, MCP continued collaboration with the Textile Trade Association (TTA), CBI, SIPPO and GTZ, to support leading apparel manufacturers in efforts to expand and diversify manufacturers' export customer base—vital for the survival of the industry—within Europe through market linkage and capacity-building activities. Efforts focused on the own design, CMT and full package markets. The Project also facilitated a number of relationships in footwear.

Key Activities	Key Outcomes
<ul style="list-style-type: none"> Continued support of “Own Design” initiative Organized first B2B event with EU buyers Support follow-up sampling from Apparel B2B event Recruiting new potential buyers Supporting sampling and initial orders Planning second buyers event for October 2010. Supporting companies at February and July 2010 CPD shows. Assistance in financing for apparel Supporting market capacity of Textile Trade Association (TTA) 	<ul style="list-style-type: none"> \$7.9 million in exports, \$1.7 million in new investment and 152 new jobs created via project interventions (including outcomes from MGI investment) \$2.8 million shoe deal facilitated by Dutch EDA 130 B2B meetings and 50 factory visits. 10 buyers carrying out sampling and supplier screening activities. First successful order from B2B valued at least \$40,000 delivered with repeat orders in process. 8 articles published by just-style.com and WGSN.com, reaching global audience 3 Macedonian receiving orders from CPD valued at over \$35,000.

Strategic focus

MCP apparel initiatives in FY 2010 focused on helping Macedonian companies *reposition to penetrate higher value market segments*. Like many, MCP believes that companies need to limit reliance on CMT production. Although improvements in areas such as productivity and quality would help boost CMT business, it is important to respond to market changes and take the steps necessary to offer customers full package services (where the buyer sends a design and the manufacturer does the rest), private label (where buyer purchases clothes designed by the manufacturer but uses the buyer's brand), and own brand.

MCP continued working with the TTA and GTZ on the “Own Design” initiative. The initiative involves a small group of manufacturers in the process of developing their own designs to market their own brands or sell their designs to private label customers. Activities included support for developing spring/summer catalogues for the CPD Fashion apparel show in Dusseldorf, Germany, and identifying fashion fabric sources (primarily in Turkey), both pivotal in developing and marketing designs.

Since it will realistically take a number of years before apparel manufacturers will be able to replace CMT as their core business with other production models, it is also important to help companies *expand existing*

business. Within this context, MCP worked with the TTA, CBI, SIPPO and GTZ to organize a successful B2B event focusing on the UK and other EU markets targeting potential CMT, full package and private label customers. Based on the success of the event, a follow-up buyer's week is planned for October 4 -8, 2010.

Details on the FY 2010 apparel activities, achievements and expected outcomes can be found below.

Collection presentations at CPD, Dusseldorf:

For the second year in a row, MCP worked with the TTA and GTZ to support Macedonian apparel manufacturers as they presented their own collections at the CPD, a leading fashion fair in Dusseldorf, Germany. Milano, AF, INT and Linea presented their Fall/Winter 2011 collections from February 7-9. MCP supported the development of professional promotional materials, catalogues, posters, etc. A German consultant and a fashion designer funded by GTZ supported the companies on-site. Traffic at the fair was much better compared to the July 2009 CPD show, a sign of the waning effect of the economic crisis on the apparel market. The Macedonian booth attracted a lot of visitors, with more than 30 meetings with interested buyers. Three of the four companies sold parts of their collections to buyers from Germany, France, Ireland, and Netherlands. Milano also identified and contracted a sales agent interested in selling Milano's own collections in Germany, Austria, and Switzerland. Similarly, AFG met with an engaged sales agents for their fashion brand.

Milano and AFG also presented their spring/summer 2012 collections at the July CPD fashion fair. Once again, this involved a collaborative effort by the TTA, GTZ, MCP and the companies. Both companies were successful in selling the most appealing styles of their collections to new buyers from Germany.

Based on reports from the companies, they have sold over \$35,000 in exports of their own collections. While this may seem like a small amount, it is a large step for companies introducing designs and collections to the EU market for the first time.

Collaboration with Macedonian Own Design Companies and US Design Students

Starting in November 2010, MCP coordinated collaboration between three U.S. design students from Marymount University and two Macedonian companies involved in the own design initiative: INT and Astibo Fashion Group. The students were interested in developing a linkage with a company who could manufacture and even sell their products, while the Macedonian manufacturers were interested in new designs and inspirations.

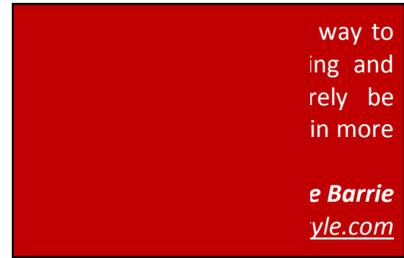
The students submitted their designs in March 2010. Both INT and AFG selected the designed best and developed prototypes. These samples were sent to the U.S. and presented at a wider fashion show in Virginia with other designers and press present. The Macedonian Ambassador to the U.S. provided certificates of appreciation to the designers.

AFG has used a number of the designs in this season's collection and has shown an interest in further collaboration. Additional companies have shown an interest in collaboration with student designers from Macedonia, the US and EU.

First Annual Macedonia – EU Apparel Business to Business Event and Follow-up

During the first week of March 2010, MCP, CBI, GTZ, SIPPO and the TTA collaborated to hold the 1st Macedonia-EU Apparel Business-to-Business Event and Buyers Week. More than 29 of Macedonia's leading apparel manufacturers presented a cross-section of Macedonia's capabilities to a group of apparel buyers, suppliers/agents and journalists from the UK and Austria. The B2B and Buyers Week involved a day of one-on-one pre-matched meetings, followed by one to three days of factory visits based on the outcomes of B2B meetings. Over 130 meetings were held during the March 2nd B2B event, with over 50 factory visits thereafter.

While the event was open to participants from all over the EU, it targeted buyers from the UK. Although the United Kingdom is the second largest apparel market in the EU, the UK market only represents 5% of Macedonian apparel exports, making it a market with growth potential. The UK is also known as a dynamic and demanding market requiring fast fashion cycles with a focus on fully factored or full package business. As most Macedonian manufacturers focus on cut make (CM) or cut, make, trim (CMT), targeting the UK presents an opportunity to move up the value chain and tap higher value markets. The UK market also places a priority on ethical and sustainable business, which complements MCP's interest to "do good" in its business promotion efforts.



Buyer participants attending the event included Whistles (www.whistles.co.uk), Top Shop (www.topshop.com), Monsoon (www.monsoon.co.uk), BMB (www.bmb-clothing.co.uk), Archive Design (supplier of ready-made garments to River Island, Asos and Jane Norman. www.riverisland.com, www.asos.com, www.janenorman.co.uk), Albiro (www.albiro.com), Triumph (www.triumph.at). Representatives from fabric and lining companies working with major international suppliers were available for Macedonian companies interested in full package and own design business. On-line apparel magazines **Just Style** (www.just-style.com) and **WGSN** (www.wgsn) were invited as "buyers" to offer them the opportunity to write about Macedonia and its potential for their readers, including key markets for MCP's market linkage efforts in apparel.

Both visiting participants and Macedonian manufacturers considered the event a success. The event, coupled with targeted factory visits, was a cost-effective approach to build relationships with specific EU buyers while raising the overall profile of Macedonia as an apparel sourcing location. Both just-style.com and WGSN.com published multiple articles on Macedonia apparel and the B2B event, presenting a balanced and mostly favorable perspective on opportunities for sourcing here.

"I don't know why I haven't considered Macedonia before...It just hasn't been on my radar."

UK participant at B2B

After the event, Top Shop, Monsoon, BMB, Whistles, and ASOS carried out sampling exercises. Whistles has placed quick response orders for 1,500 units (with a FOB value of approximately \$40,000) that were successfully delivered and followed by repeat orders (see below). ASOS is considering an order for a eco-friendly collection in Macedonia for March delivery. Most likely Top Shop is not appropriate for Macedonian apparel for pricing reasons, although the buyer has shown an interest in shoes manufactured in Macedonia. Two brands from BMB Clothing are considering recently delivered samples from shirt companies. MCP has played a key role working with the TTA and manufacturers to facilitate sampling in follow-up discussions.

The factory visits also revealed a number of areas requiring work by Macedonian manufacturers to capture

Case Study: Milano takes on Quick Response Orders for B2B Client

UK Women's retailer Whistles learned about Macedonia through the Competitiveness Project's apparel specialist based in London. The buyer was interested in the potential for high quality tailored productions at prices comparable to, or better than alternative factories in Romania. Of particular interest, was the ability and flexibility of factories to take on small orders of less than 500 units.

The Whistles representative visited Macedonia during the March 2010 Business to Business Event, meeting with nearly 20 companies. While she was impressed with what she saw and sampled with a number of companies, it took some time to find the right order to "try on" in Macedonia.

In June, Whistles had a series of small "quick response" orders for a blazer (see photo), trousers shorts and silk shirt. After discussions with MCP and manufacturers, the Whistles buyer decided to place the orders with MK Milano.

The start of an apparel relationship is always trying and usually develops over a period of months. This is not the case for the quick response order. MK Milano had to rapidly understand the requirements of a new customer and organize the sourcing of trims and production for a speedy delivery.

As expected, the process of producing and delivering these quick response orders was not smooth. A variety of challenges, miscommunications and even small delays dogged both the buyer and manufacturer. In the end, however, the customer was pleased, saying:

"Milano have been absolutely brilliant—calm, down-to-earth and professional... Production is of a high standard."

Since the initial quick response deliveries, Whistles has placed additional quick response orders, a regular order and is considering developing a regular production program with MK Milano



new business in the UK and elsewhere. In particular, manufacturers need to improve communications, safety and health systems, and develop the capacity to provide full package production capacity. MCP is working with its donor partners in apparel and the TTA to develop appropriate interventions.

New buyer recruiting

While supporting follow-up of the B2B buyers, MCP and its UK-based apparel consultant continued recruiting new companies that may be a good match with Macedonia, offering information and support for pricing and sampling as requested. As of September, MCP had facilitated samples for Michel Ambers, ASOS Mens, River Island and Outsider Fashion. Both Outsider and Michel Ambers have shown an interest in future business. Outsider is expected to attend the Buyers Week in early October (see below).

MCP also started exploring Scandinavian markets, based on the interest of Macedonian manufacturers and market knowledge suggesting a number of buyers likely to be appropriate partners for Macedonian companies.

Planning for October 2010 Buyer's Week

Given the success of the first apparel B2B event, MCP is organizing buyers' visits during October 2010. As of September 30, five companies from the UK, and two companies from Germany had confirmed trips. One other large buyer has stated an intention to visit in late October or early November. At least 25 companies from all parts of Macedonia are expected to benefit from pre-matched factory visits from buyers interested in a full range of women's products, men's shirts and corporate wear. Based on the profile of visiting companies, orders are expected as a result of the visits.

Planning SMETA Safety and Health Audits

Buyers in the EU (particularly the UK) are increasingly concerned about corporate social responsibility (CSR) and compliance with international labor, safety and health standards. As such, many of the companies MCP interacts with are asking whether the represented companies have had "social audits." Many buyers understand that Macedonian laws and norms comply with international standards, but their sourcing policies require verification and documentation and compliance. While many Macedonian manufacturers are audited by their customers (e.g. C&A, MEXX, Next, etc), the customer "owns" the auditing documentation, so the manufacturer is not able to provide information to a potential customer from the UK on request. As a result, it is harder for MCP to attract buyers who could be a good fit for the Macedonian industry, yet are asking for social audits.

MCP identified a cost-effective way to address this issue. It has contracted SGS, a global certification company, to do a series of SMETA social compliance audits in October 2010. (See <http://www.sedex.org.uk/sedex/go.asp?u=/WebSite/Home&pm=6&location=Smeta>). SMETA is linked to SEDEX, an online platform that allows manufacturers to upload information on social compliance to be viewed by buyers. SMETA is not a pass or fail standard but a grading system to show compliance with social standards and highlight areas for improvement. At this initial stage, two companies, Milano and Maxima, will take part in the audit, with others expected to follow in months to come as they engage a growing number of buyers with interest in social compliance.

Finance for Apparel

MCP has identified working capital finance as a critical impediment for clients wishing to work on a fully factored or full package basis. Often, sourcing fabric can be expensive and involves a long time lag between purchasing the fabric and getting paid by the customer. The perceived lack of financing options prevents companies from considering fully factored or full package orders. In response to this, the apparel and access to

finance components teamed up to better understand the financing needs of the apparel sector, work with financial institutions to identify a variety of instruments designed to facilitate trade, and held individual meetings and a seminar with both apparel and bank representatives to increase awareness of financing options.

Footwear Linkages with EU markets

Although the Project does not have a specific focus on footwear exports, a number of the apparel companies with whom it engages sell footwear alongside clothes at their brick-and-mortar and online shops. As such, MCP is open to facilitate relationships with qualified footwear manufacturers in Macedonia.

In FY late 2010, MCP's Netherlands-based EDA closed a deal for full package production of 100,000 pairs of shoes amounting to **€2 million in exports**, a 9-month process. MCP expects to continue supporting the manufacturer in the implementation of the deal, as financing may be an issue.

In the summer of 2010, Top Shop, which had taken part in the B2B event, asked MCP to provide information on possible footwear manufacturing partners. MCP has met with a number of companies and is preparing a shipment of prototypes for the Top Shop footwear buyers to review.

Information and Communications Technologies (ICT)

Macedonia's ICT industry plays an increasingly important role in the economy. It is Macedonia's fastest growing sector, with some segments—software and IT services—achieving growth rates as high as 35% a year. Employment in the sector continues to expand at an average annual rate of 13%. ICT's contribution to Macedonia's GDP is expected to reach 3% by 2010.

Key Activities	Key Outcomes
<ul style="list-style-type: none">Advanced training for 45 programmers in digital animation and visual effects using Revolving fund.	<ul style="list-style-type: none">\$1.2million in exports45 people employed using Revolving FundIT workforce capacity increased via 75 internships

That said, much of the sector's growth is focused on the domestic market, and the sophistication of domestic services is generally low. While a few companies stand out as export-ready—targeting opportunities in areas like business process outsourcing (BPO), software development and animation/entertainment content—many do not offer globally competitive services, or operate in segments that are well-developed and saturated with competitors. Further growth of Macedonia's export-oriented ICT market will require a significant increase in the availability of skilled ICT professionals, the development of new competencies, services and products, and in many cases a change in mindset amongst the sector to welcome strategic partnerships, new investment and new management practices.

MCP's ICT component primarily focuses assistance to forward thinking Macedonian ICT firms interested in investing in the professional and skills development of their workforce, with the hope of establishing a sector better prepared to compete in tight global competition. MCP also works to facilitate new strategic partnerships and investment likely to result in new jobs and capabilities within the sector.

Strategic focus and FY 2010 summary

MCP activities in the ICT sector focus on the strategic result area *repositioning to penetrate higher value market segments*, as the Project believes that there are limited opportunities to expand exports within existing capacities and business lines (which are primarily focused on domestic market).

As skills gaps are considered a major impediment to moving into more export-oriented business lines, MCP is supporting workforce development initiatives in ICT. During FY 2010, this included support for use of the revolving fund to carry out a specialized training curriculum for animators and visual effects developers to fill a pipeline of skilled workers needed at FX3X. This was part of a long-term initiative to support the development of a digital animation sub-sector within Macedonia. Similar revolving fund training programs and industry-led training programs are planned for FY 2011.

Details on FY 2010 ICT activities, achievements and expected outcomes can be found below.

Digital Animation Developer Training using Revolving Fund

For years, USAID has supported the development of Macedonia's emerging digital animation industry. Much of this support is oriented towards FX3X, a pioneer noted for its involvement in Hollywood blockbusters such as the "The Aviator," "The Golden Compass," and most recently, "Terminator Salvation." FX3X is also the primary motivator of the Digital Media Park: a production/animation/visual effects hub for 15 co-located companies, as well as tens of others using its services. Presently, FX3X is in ongoing negotiations with a major Hollywood digital animation studio—with MCP assistance—with a multi-million dollar pipeline potential.

As FX3X develops new capabilities and targets new market segments, it needs to hire new digital animators with technical skills in specific animation development skills. This year, FX3X and MCP carried out a two-phase animator and visual effect training program using the Project's Revolving Fund. Forty-five candidates were

trained through the program designed with MCP assistance. As part of the revolving fund scheme, FX3X initially paid 20 percent of the training costs, with students paying 10 percent. MCP then covered the remaining 70 percent upfront to support the training, using the revolving fund.

Since the completion of course, most of those trained were employed and FX3X has repaid nearly all of the 70 percent of the training costs “loaned” by MCP.

As it continues discussions with the Hollywood studio and trains new animators for employment, FX3X continues to make its mark on the animation and visual effect industry, with an additional \$1.2M in exports

Support for Ein Sof participation at European Automotive Component (EAC) Expo in Stuttgart, Germany

As part of its efforts to create market linkages with Macedonian software development companies, MCP included Ein Sof in the delegation of automotive companies taking part in the EAC Expo (see Light Manufacturing Section). Ein Sof has developed a series of automotive diagnostic tools and aims to expand its market within the automotive industry, where software plays an important (and changing) role.

This is the second time that Ein Sof has participated at the EAC Expo. As a result of the most recent visit to the show, Ein Sof has recently been included in BMW’s supplier list.

Multi-sector Market Linkage Activities

While most MCP vertical market linkage activities focus on one particular sector or market opportunity, it does support initiatives that can cost-effectively generate leads across multiple product and service segments at once. Details of such multi-sector market linkage activities, achievements and expected outcomes can be found here:

Kosovo Integrated Market Entry System (KIMES) Project

Many consider Kosovo a promising (though relatively small) export opportunity for Macedonian companies (particularly those in construction, ICT and light manufacturing), although many are held back by the costs and uncertainty of setting up an office. In March 2010, MCP finalized its financial support of the KIMES Project as planned. Fully operational since October 2009, KIMES offers Macedonian companies—on a cost-share basis—common office space, equipment and core business services, as well as use of a business development advisor and office assistant, to reduce the cost of setting up sales operations in Kosovo, while accelerating the process of developing linkages with potential customers there. So far, the center has facilitated over \$400,000 in business.

Mobilization of FDI Agents for Market Linkage Activities

As part of MCP’s foreign investment program, the Project has mobilized a number of economic development agents (EDAs) to identify and pursue investment leads in a variety of markets (e.g. UK, Netherlands, India, Israel and Slovenia). These EDAs also are mandated to pursue viable export leads.

IV. CROSS-CUTTING ACTIVITIES

Overview: Activities under MCP Horizontal Program during 2009

During FY 2010, MCP continued implementing a series of horizontal initiatives—often in the form of platforms and service packages—geared towards addressing issues affecting multiple MCP target sectors or the growth potential of Macedonia’s wider economy. These activities were carried out under horizontal components covering:

- *Access to finance*—Helping companies obtain the financing needed to expand or upgrade, while improving internal financial management and business planning. Investments result in *new exports, jobs, and more competitive companies* able to weather difficult economic periods and thrive in a recovery market.
- *Workforce Development*—Building a wider workforce to meet the needs of the Macedonian economy, and addressing specific skills needs that impact employers’ ability to capture new market opportunities and compete globally. Activities support job creation and enhancement, new exports and investment, and more competitive companies.
- *Foreign Investment Promotion*—Attracting and supporting international investors with the potential to *catalyze transformation within sectors and accelerate job and export growth*.

The Project also designed and initiated implementation of an Innovation component that is introduced as a new horizontal component. The initiative includes establishing an innovation center that will support Macedonian innovators through the steps from concept to commercialization, while building links to create a wider innovation ecosystem within Macedonia.

The horizontal components—the access to finance and workforce in particular—continued to produce significant results. Key outcomes of horizontal program activities include:

- \$35.6 million in new investments, mostly supported by the financial platform, resulting in over \$12.3 million in new exports and the creation of 336 jobs.
- 1,023 (1341 total to date) internships and 176 job placements resulting from the launch of the MyCareer portal since March.
- Key progress under the pending \$10 million logistics park investment.
- Investor interest in multiple Macedonian innovations

The sections below present details of specific approaches, activities and achievements under each of the MCP Horizontal Components during FY 2010.

Rationale for Horizontal Program Activities

Development Context

Macedonia enjoys a number of ingredients favorable to achieving the objective of sustained export growth: close geographic proximity to EU markets; relatively low labor costs, an improving business environment, and a tradition in sectors such as light manufacturing, apparel and agro-processing. Unfortunately, a number of cross-cutting constraints undermine major progress. including 1) challenges in accessing finance for investments in upgrades, expansions or new technologies; 2) a workforce that while inexpensive, is not trained or sufficiently flexible to meet industry needs; 3) limited foreign investment—compared to its neighbors—in new capacity, products, technologies, knowledge innovation and other factors that help bring the country to a whole new playing field within international markets.

MCP Response

The Project’s horizontal program provides systematic solutions to these constraints with activities to help companies get the finance to succeed, build a more competitive workforce and attract the investment to transform Macedonian industries and companies and drive job creation and export growth.

Access to Finance

Finance is a critical element for the growth and development for any company. Export-oriented companies often require finance for investments in upgraded machinery or facilities or product development, as well as working capital to source inputs and engage export customers where a 90-day gap between delivery and payment is standard. Nevertheless, a World Bank study found that only 9% of companies in Macedonia approach banks to finance investments (compared with 16.75% within the Balkan region) and only 13% requested working capital (compared with 26% in the region). This is largely due to perceived unfavorable conditions (e.g. loan terms, appraisal procedures, collateral requirements, etc). Banks, on the other hand, note the dearth of bankable financial proposals for consideration. At the same time, non-banking finance, such as equity or quasi-equity finance is relatively unknown, or rejected as a possible avenue of accessing finance. As a result, local businesses often finance upgrading and expansion projects from their internally generated cash or from FFF (friends, family and fools), rather than approaching a bank or considering equity financing. Ultimately, these companies miss opportunities to grow, penetrate markets or improve profitability.

Key Activities	Key Outcomes
<ul style="list-style-type: none">Assisting over 80 companies through process of packaging and submitting investment proposals.Ongoing awareness-building of financial services available to meet different financing needs.	<ul style="list-style-type: none">65 companies receiving \$16.3 million in new financing, resulting in \$29.6 million in total investment, 491 jobs, \$12 million in exportsFirst equity deal facilitated by financial platform.

This is largely due to perceived unfavorable conditions (e.g. loan terms, appraisal procedures, collateral requirements, etc). Banks, on the other hand, note the dearth of bankable financial proposals for consideration. At the same time, non-banking finance, such as equity or quasi-equity finance is relatively unknown, or rejected as a possible avenue of accessing finance. As a result, local businesses often finance upgrading and expansion projects from their internally generated cash or from FFF (friends, family and fools), rather than approaching a bank or considering equity financing. Ultimately, these companies miss opportunities to grow, penetrate markets or improve profitability.

The Competitiveness Project believes that accessing finance is often a matter of companies:

- being aware of various financing options i.e. the different financial products available on the financial market;
- improving financial management and planning (e.g. corporate finance); and
- developing sound business expansion plans and bankable financial proposals.

In many cases, it entails carefully thought out financial engineering and finding the financial institution or equity partner that best fits a company's needs. MCP's access to finance program works with companies through this process so they can reach their goals.

Strategic focus and FY 2010 summary

MCP's FY 2010 Access to Finance Component focused on the strategic result area of *capturing new investment opportunities*. This was achieved through the expansion of the Project's Financial Platform, expanding the number of active financial facilitators, who help companies develop and present investment proposals to financial institutions. While conventional wisdom might suggest that a Financial Platform may struggle to achieve results during the present financial crisis, MCP has proven the opposite is true. With a tight credit environment, the quality and thoroughness of a financial proposal is even more crucial. Thus, financial institutions are showing a preference for proposals developed in conjunction with MCP financial advisors. Those companies that receive financing are then able to make the investments necessary to survive a prolonged recession or thrive during a recovery period.

As an ongoing effort, MCP also implemented activities that *expand capacity to meet investment needs*. This entailed engagement with financial institutions, either to strengthen relationships with MCP clients and financial advisors, or to encourage them to introduce new financial services and offer a wider array of options to ensure that clients get the right financing solution.

An overview of activities and accomplishments during FY 2010 is presented below.

Financial platform

The Financial Platform is the core of MCP's access to finance component, mitigating a challenge that so often impedes companies' growth. Conceptualized and piloted in FY 2008 in response to a clear need to address the asymmetric information regarding the awareness of available financial products and the quality of financing proposals submitted to banks, the Platform was scaled out in FY 2009 and in FY 2010, it reached its full maturity. The Platform involves a variety of activities:

Support for investment proposals

The Financial Platform uses a pool of 20 pre-qualified professional local financial advisors who collaborate with companies to clearly formulate business growth strategies, finding the financial solution that best fits those strategies, developing investment plans and producing bankable financial proposals that are submitted to banks or other sources of funding. In nearly all cases, local or regional financial advisors are used on a cost-sharing and success-fee basis, making the program sustainable and scalable. The Platform has proven itself an effective means to support new investments, leveraging between \$100 and \$250 in new investment for every USAID dollar spent in 2010.

Through September 2010, MCP facilitators have worked with over 120 companies, of which 83 companies have "graduated" from the platform and had their investment proposals approved by a bank or financier. The resulting \$23.6 million in financing enabled these companies to invest a total on \$41.1 million in new products, facilities, equipment and technologies. These investments have subsequently facilitated the creation of 748 jobs and new annual exports of over \$20.1 million. Information on the approved financing during FY 2010, by sector is provided in *Annex 1: Results of approved financing from Financial Platform*.

There are new companies entering the pipeline constantly. In September 2010, an additional US\$12.6 million was expected to be approved and result in investments of over \$18 million

While the overall figures resulting from the financial platform are impressive, the impact of the process goes beyond just the investment. In many cases, MCP advisors do more than just prepare and submit a proposal. Rather, they use companies' desire to obtain financing to drive internal restructuring, management improvements and process re-engineering required to make a company "bankable" in the eyes of a financial institution. Often they assist the companies to optimize their internal procedures, identify where cash "leaks out" of the company, suggest remedies and reconfirm the actual need for external financing. Facilitators evaluate performance of product lines to re-orient companies towards a more profitable market strategy, and look for opportunities to cut costs. They streamline expansion plans and establish implementation timetables to enhance the likelihood of success and optimize return on investment. The outcome is not only a new facility or piece of machinery, but a healthier, competitive company better able to weather the tough times while growing rapidly in the good times.

"We needed a consultant to better understand the business we'd just gotten into. We needed an honest assessment of the market and what we could do, not just some fanciful ideas... We wouldn't have tried to make these changes without the guidance our advisor gave us. And he has been helping us to ensure we fully comply with EU energy legislation, in anticipation of Macedonia's accession to the EU. We are working to position ourselves as leaders in this industry."

Alexandar Markovic
Owner, Hartija Ko

Developing market for fee-based consulting services

As its facilitators help companies, the Platform is supporting the evolution of a market for professional consulting services. Initially, many companies balked at paying up to 60% of facilitators' fees. That is changing as companies see the value of engaging professionals. Companies' growing willingness to pay for financial and management services will encourage the growth of a consulting industry not reliant on donor subsidies. At the same time, the experience gained from the MCP Platform will support the emergence of more professional and capable service providers able to support business expansion for years to come.

“We receive financial proposals every day with varying qualities...But when I see a financial proposal developed by a USAID Competitiveness Project-supported financial facilitator, I’m more confident that the investment plan has been well thought-out and the proposal sound. Thus, it is easier for us to evaluate and approve the business proposal.”

Aleksandar Stanojkovski
*Credit and Guarantee Department Manager
Macedonian Bank for Development Promotion*

The Financial Platform has played an important role in helping unlock capital at a time when access to finance is as important as ever. Today’s economic crisis has prompted many companies to “freeze” and “wait and see” before taking action. Forward-looking companies, however, recognize the need to invest: to reduce costs without sacrificing quality, improve productivity, develop new products or position themselves for more stable markets. The Financial Platform helps companies think through their plans and obtain financing in an otherwise unfavorable environment.

At the same time, banks—which face higher reserve requirements, tight credit conditions and more non-performing portfolios—are eager to be presented with well-considered, bankable proposals. They take comfort in the knowledge that companies going through the MCP Financial Platform process are more likely to survive the downturn and thrive in the long term—and thus prove to be profitable borrowers.

Case Study: Recycled Paper investment results in jobs, export and agriculture impacts

In 2005, Alexandar Markovic founded Hartija Ko when he bought an old paper mill and converted it to use scrap paper instead of virgin pulp. It is now one of only two paper mills in Macedonia that use recycled paper. In 2009, three partners joined with him to expand the business into production of cardboard boxes and identified a need for locally made boxes to transport produce grown in Macedonia.

But there were concerns: Hartija Ko managers were weary of pursuing the venture. Production had already been halted at the factory for almost a year to install new machinery for corrugated cardboard production, and Markovic and the others were not sure they wanted to enter the market for specialized shipping cartons.

They turned to an MCP Financial Platform consultant to explore developing the new business lines, reviewing a range of pessimistic and positive scenarios to see if the venture could be economically feasible. The outcome of the assessment was indeed positive, and the resulting business plan helped the company attract a new partner interested in making an equity investment in the venture. This Croatian company is one of the biggest fresh fruit and vegetable suppliers in the Balkans, and is investing \$1 million in Hartija Ko to buy new machinery for the specialized produce boxes.

This financing is expected to create 158 new jobs and result in exports of over \$1.6 million within the company. The investment will also have an effect on the wider agribusiness sector in Macedonia. Good quality, locally produced shipping cartons will be more affordable for Macedonian farmers. Using these cartons will increase farmers’ sale prices because they improve the quality of produce.

Hartija Ko is not only expanding its business lines. The owners previously converted the factory to run on natural gas instead of crude oil, but are now finalizing a deal with an Italian company to further convert it to use biomass for generating thermal and electric energy.

“The guidance from our adviser gave us a better understanding of the complexity of the investment project we were initiating. We are working to position ourselves as leaders in this industry,” said Markovic.

Training of financial facilitators

As MCP recruits and screens professional local financial advisors, it provides regular training to further develop their skills and ensure that companies receive a standard quality of service.

M&A Training

To enhance the effectiveness of the financial platform, MCP provides facilitators with training to further develop their skills and ensure that companies receive a standard quality of service. In November, MCP collaborated with **Europhoenix** and **Grenoble Business School** (France) to hold the first set of trainings in merger and acquisition facilitation. Sixteen individuals took part, including financial facilitators, business consultants and staff from the MCP and Ag-biz projects. The course covered topics such as company valuation, developing pitches for equity deals, negotiating equity deals, and structuring deals. The M&A course was completed in March with a three-day training focused on case studies and company valuations, after which trainees were assigned to work on their own case study and pass a test to receive M&A certifications. On May 27, the 16 consultants received their M&A certificates; one of them already successfully closed an equity investment deal between a Croatian company and a Macedonian paper recycling firm.

Financial platform matchmaking events

As part of the promotional efforts of the Financial Platform, MCP organized a series of matchmaking and educational events. Such events bridge the asymmetric flow of information between financial service providers and companies, and enable companies to engage financial facilitators and financial institutions. Representatives from companies, financial institutions and consulting firms attend the events, which include presentations by participating financial institutions, MCP financial facilitators and companies that have gone through the financial platform process, and discuss how working with their advisor helped them. Often the events end with interactions between companies and the advisors, and thus, new clients.

In December 2009, MCP held a matchmaking event in Vinica, entitled *Access to Finance in Times of Recession*. This activity involved two additional banks yet to take part in Financial Platform-facilitated financing, including the largest bank in Macedonia, Stopanska Banka, and the saving house Moznosti offering a special guarantee facility through USAID for all borrowers unable to meet the collateral requirement.

To leverage funds and increase efficiency, the next four events in Cair, Strumica, Ohrid and Negotino MCP collaborated with the Austrian Development Agency (ADA) and the USAID AgBiz Program to cost-share events. At these subsequent four events, companies from the four different regions had the opportunity to hear from over additional eight different financial institutions. Each event was attended by over 40 companies thus covering over 200 companies in the course of FY2010.

Building relations with financial institutions

MCP and its financial advisors work to initiate and strengthen relationships with both domestic and international financing institutions interested in receiving bankable proposals from MCP-assisted companies. This includes local banks and regional capital market players. Out of the 18 banks in the country and eight registered leasing companies, MCP has established excellent communication with most and developed special relationships with Invest Banka, Komercijalna banka, MBDP, Tutunska banka, Stater banka, TTK banka, UNI banka, NLB Lizing, Hypo Alpe Adria, Ohridska Banka, Pro kredit banka, ACDF, and Crimson Capital. Cooperation with EBRD is also very close.

Equity finance initiative

To date, most approved financing has come through loans or leasing. While debt financing will remain a core source of the Financial Platform's investment outcomes, MCP has started promoting various equity financing options within, and outside of Macedonia, with a specific focus on helping companies engage potential equity investors. Equity investments can be an effective way to help companies grow faster with less debt burden, while benefitting from the transfer of management know-how. While the concept of equity finance is not widely understood in Macedonia, MCPs expects to see opportunities to package and support equity, joint ventures, strategic partnerships, merger and acquisition and venture capital deals generated by specially

trained advisors, local counterparts, vertical component clients, and the Foreign Investment Component's EDA network. One equity deal was successfully completed and one of the consultants is actively working on wrapping up a joint venture deal with immediate results expected later this fall.

To raise awareness of the equity option to companies and how to take advantage of that option to reach growth objectives, MCP held an Equity Breakfast in October 2009 with Macedonian companies, financial advisors, consulting companies and equity financiers. The breakfast presented options to access equity financing and provided opportunities for advisors and companies to interact with equity finance companies. A regional venture fund RSG (Slovenia) and an equity fund FIMA (Croatia), took part in the event, both of whom identified potential equity targets within Macedonia. Also among the presenters were SEAF Macedonia, the country representative of a German consulting company specialized in strategic partnership, and M&A-Fisher.

Europhoenix

As part of an ongoing initiative, MCP organized multiple trips in for consultants from Europhenix, a regional equity financing consulting company. Europhoenix met with 40 companies throughout the year and to increase presence as opportunities grew, hired a local representative. Companies approached by EuroPhoenix were presented with information on equity financing. As the financial crisis slows down, many Macedonian managers are seriously considering equity finance and opting for Europhoenix. MCP expects to see more opportunities open up for this type of financing..

Real Estate Valuation

In line with discussions with USAID office in Skopje, MCP designed an initiative to support the adoption and implementation of international **real estate evaluation** practices. Valuation of assets is key to the functioning of a market economy, and essential to accessing finance (by valuing collateral), accurate accounting, equity transactions, taxes, and a vibrant real estate market.

During FY 2010, MCP worked with government and private counterparts to develop a work program expected to include support for policy development related to a new appraisal law, support for creation of an internationally accredited appraiser association, and means to improve public distribution of information generated from appraisals. These activities will be rolled out in FY 2011.

Workforce Development

Although Macedonia suffers from an unemployment rate as high as 36%, companies (and investors) often complain about a permanent shortage of talented employees and candidates. This disconnect between supply and demand of workers is a serious impediment to companies' ability to compete in a global economy, to the point that skills shortages are widely acknowledged as the most critical issue facing the growth of Macedonia's economy. The shortages are particularly acute in highly skilled, knowledge-based, innovative and technological areas crucial to growth-oriented industries such as ICT, but also hinder competitiveness in traditional sectors like light manufacturing and apparel.

Key Activities	Key Outcomes
<ul style="list-style-type: none">• Expansion of NIJP and MyCareer online internship and job placement portal.• Sustainability plan for MyCareer initiated• Introduction of certified career development facilitator program• Certified Management Consulting Training (CMC)• Introduction of 2 partnership programs between academia and business sector	<ul style="list-style-type: none">• Total of 8,390 students, 384 companies registered on www.MyCareer.com.mk• Total of 1,341 internship placements and 176 permanent jobs facilitated through MyCareer• MyCareer established as NGO• 27 GCDF Master Trainers trained• 30 consultants expanded received CMC certification,• Curricula changed for 40 students in two high school

Skills shortages also undermine efforts to attract investment. While tax incentives and low production costs can help attract international companies to Macedonia, the availability and trainability of its workforce often play a large role in the final decision process. If a company considering Macedonia as an investment location feels it must use significant resources to train employees to meet its skills requirements, it may choose to locate where a workforce with the required skills already exists.

MCP's Workforce Development Component uses systematic and market-led solutions to "fix the broken links" between what businesses need and the workforce can offer. It uses engagement with the market, employers, and training/education institutions to identify skills gaps and design programs that either provide individuals with the training and experience needed to be more productive members of the workforce, or help improve the quality, availability, delivery and market orientation of training and education services. These activities can be geared towards improving the overall competitiveness of Macedonia's labor pool, or address issues related to an area of market growth or a specific investment opportunity.

Strategic focus and FY 2010 summary

MCP FY 2010 activities in this horizontal component continued its focus on the strategic result area *addressing national workforce requirements* to meet the needs of Macedonian employers. This included:

- Expansion of the MyCareer.co.mk national internship and job placement initiative and online portal;
- Continued training and mobilizing certified career development professionals—a first for Macedonia—to mentor both students and job seekers in making informed decisions to reach their professional goals; and
- involvement in the national Workforce Development Task Force to support initiatives tackling pressing labor market issues through collaboration between businesses, training and educational institutions, and Government.

In particular, MyCareer stood out as a platform able to cost-effectively facilitate internship and job placements throughout Macedonia across multiple sectors. After an aggressive national promotional campaign in FY 2009, use of the MyCareer portal has resulted in over 1,300 internship placements and hundreds of full-time job placements. The success of the program is such that MCP is initiating a sustainability plan for MyCareer.

MCP's workforce development also worked with the Vertical Component teams to develop activities under the strategic result area *address sector-specific workforce requirements*. These activities, included 1) use of the revolving fund to train new recruits, 2) short-term, cost-shared training programs tailored to meet a specific skills gap; and 3) partnering with industry and training/educations institutions to develop curricula that will produce a pool of candidates for specific industry needs.

An overview of activities and accomplishments during FY 2010 is presented below.

Workforce development working group

Many of gaps impacting the quality of Macedonia's workforce are systematic. In some cases they are a result of policy weakness, whereas in other cases, outdated curricula, educational practices, career development practices and even employer practices play a role. MCP helped establish the National Workforce Development working group as a forum to connect government, education and business stakeholders for a unified effort to address these gaps and build a more qualified and globally competitive labor pool. Activities include lobbying for issues of common interest, providing policy recommendations, and developing initiatives focusing on workforce development.

During FY 2010, MCP continued to organize WFD working group meetings. On November 5, 2009, the meeting focused on global demands for the ICT sector. The meeting, which involved more than 50 participants, covered topics such as the skills needs for Macedonian companies to compete globally, how academia could introduce courses to bridge the skills gap in the future, and potential development of a certification program for ICT students and employees.

The project team engaged the newly established HR association and AmCham Macedonia to plan a joint working group meeting and avoid separate HR-focused activities. It is expected that in the future, the HR Association will have a leading role in organizing working group meetings, whereas MCP and AmCham would take care of the logistics and overall support of the events.

In response to the request of the Ministry of Labor and Social Policy, MCP is working with AmCham and HR Association to assist the Ministry in drafting a new Macedonian law on internships. MCP engaged a consultant carry out a comparative analysis on the legal and institutional framework of internships. The analysis explores internship-related issues and compares Macedonia with countries from other eight countries: Bulgaria, Slovenia, Germany, Croatia, Germany, Ireland, U.K. and U.S. The information and analysis will serve as starting point for authorities and stakeholders involved in revising the legal framework and creating a better institutional framework and support for internships in Macedonia.

MyCareer National Internship and Job Placement Program (NIJPP)

Macedonian employers often complain that applicants (most often recent graduates) lack the skills to work effectively in the modern workplace. Internships can help mitigate this issue by allowing a student to gain professional experience in an occupational area. Typically, internship experiences provide a level of responsibility where students can develop new skills, capabilities that will make them more credible job applicants in the future, and help them add value to future full-time employers.

This year MCP continued to implement and scale up the National Internship and Job Placement (NIJP) program, which includes:

- the www.mycareer.com.mk online matchmaking tool, which

"We send in the specifications for the positions we need and MyCareer sends of candidates with qualifications that are above average in the country."

Nenad Dimitrieviv

HR Manager at mobile phone company VIP

serves as a communication tool that brings companies, job seekers, students and career counselors together in one location.

- Training for applicants in writing skills and soft skills (verbal communication, how to handle an interview, dress code, negotiations, etc)
- Training for career mentors or staff responsible for human resource functions and the integration of new employees or interns in a company.
- Post-placement services that follow the career development of students and jobs seekers and provide students, employers and educational institutions feedback on areas for improvement.

NIJPP Results

NIJPP program continued to build momentum in both its national visibility and facilitation of new internships and job placements. As of September 30, 8,390 students and 384 companies had registered on the portal, and over 1,340 internships and 175 full time job positions had been filled.

The NIJPP also continued training students and HR managers to enhance the overall experience of an internship placement for all parties involved. As of September 2010, 3,777 students had received training in writing a CV, 2,345 received training in negotiation skills and 276 HR managers working with interns have received mentorship training.

More information and statistics on the MyCareer outcomes are found in Annex 2.

Promoting NIJPP

MCP continues to raise the visibility and awareness of the NIJPP and its benefits amongst the public. This includes:

- Signing a MoU with the top 20 companies in Macedonia officially supporting the program.
- An event acknowledging companies with the largest internship placements. Both students and employers shared their experiences about the benefits of internships.
- Ongoing media coverage, including four different TV shows, articles in KAPITAL, and HR Global.
- Signing a MoU with Ministry of Education and Labor and Social Policy that recognizes the National Internship and Job placement program “My Career” as an instrument that supports the national program of active measures to increase employment among youth.
- Recognition and adoption of NIJPP services by 12 (twelve) major universities and vocational schools in Macedonia.
- Signing MoU with ZELS, the association of local municipalities in Macedonia, and partnership agreements with more than 50 municipalities in Macedonia to help them develop career management services and integrate them in the portfolio of Local Economic Development offices.

E-Career Fairs

My Career Program follows the newest trends in employment by organizing e-Career fairs, a first in the region. These bring students, educational institutions, and companies to one virtual place, the portal www.mycareer.com.mk, where they can exchange information in real time. The e-Career fairs are virtual and fully interactive, providing an opportunity to participate from home, office or favorite coffee shop— any place with an internet connection. Students can speak to company managers, and companies can promote their recruitment policies as well as their services and products.

“Participating in the e-Career fair allowed us to communicate with student all over the country, thus allowing us to be even closer to future employees and the talented workforce that our company has a need for.”

Iskra Trajkovska

HR Manager at software developer Nextsense



Националниот портал за практикантска работа и вработување е развиен во рамките на Проектот за конкуретност во Македонија, финансиран од Американската агенција за меѓународен развој (УСАИД) и спроведуван од Корпорацијата КАРАНА.

Информациите кои се дадени на овој портал не ги претставуваат гледиштата или ставовите на Американската агенција за меѓународен развој или на Владата на САД.

MCP team organized three e-Career fairs in FY 2010. The first one was organized from October 26-30, 2009, the second one from March 15-19, 2010 and the third September 27-October 1, 2010. More than 100 companies participated in each of the fairs with virtual stands populated with presentations, videos and pictures and around 20 companies with live chats and forums.

The second e-Career Fair opened with a welcome video featuring the U.S. Ambassador, H.E. Philip Riker, and the Macedonian Minister of Economy, Fatmir Besimi. Both encouraged both students and companies to use electronic fairs as information and jobs placements tools. During the second e-Career fair, educational institutions also participated with on-line stands.

Each e-Career Fair included a 30-hour live program, 29 chat sessions and four job interview simulations. MCP also provided visitors access to educational video presentations of the: National Internship and Job Placement Program, Career Counseling Development in Macedonia, Macedonian Human Resources Association and MASIT. During the fair, the site saw a large increase in traffic: Over 5,000 people visited the site and performed over 81,000 page views, and over 170 students applied to over 30 active job/internship postings active.

Support to Universities and Development of Career Centers

Taking part in an internship is a tool for strengthening students' career development. Career development centers within secondary schools and universities play an important role supporting students as they make career decisions and prepare themselves accordingly. As part of the wider NIJPP program, MCP is working to raise the capacity of career development centers of interested schools and universities.

In December 2009, MCP engaged Randy Powell, a recognized career development expert, to visit Macedonia and meet with university officials, HR Associations and large companies to discuss the "blueprint" of a career development center, how to establish a functional career centers and how to incorporate career management into academic curricula. Mr. Powell's main recommendation is that a centralized career center be established in Skopje, primarily as a web portal with central technical support. This could be economical for universities, as career center would not have to establish their own website and databases.

Due in part to MCP efforts, the concept of career development within universities is gaining traction within Macedonia. For example, Bitola University recently established a career center to serve its students, and American University of Skopje has agreed to embed CV training into the curriculum and provide credits accordingly.

Collaboration with ZELS Macedonia (Association of units of local self government)

On December 17, 2009, the Governing Board of the Association of the units of local self-government of the Republic of Macedonia, ZELS, approved the MoU between MCP and municipalities on joint efforts to support, develop, promote and implement the WFD component on the local level, an initiative stemming from MCP efforts to promote the NJIP locally and develop similar relationships with other municipal governments. So far, 50 municipalities have signed the MOU with MCP and shown interest in collaborating with the Project. On April 12, 2010, MCP and ZELS organized a conference on building partnerships between the Project and municipalities in Macedonia. Forty coordinators of Local Economic Development units from 29 municipalities participated as partners in the program. The event represents a continuation of the cooperation between the USAID, local authorities, the industry and the educational institutions as an outcome of an MOU signed between MCP and 50 municipalities that have shown interest in getting support from the Project.

"With the decentralization process, local governments gained increased authority in planning and facilitating local economic development, making this one of their highest priorities. ... With this new partnership, local governments will have the opportunity to help local businesses hire the best skilled workforce available in their municipalities."

Dusica Perisic
*Executive Director of Association of the
Units of Local Self-government of the
Republic of Macedonia ZELS.*

One of the first municipalities that has signed an MOU (December 2009) with MCP was the municipality of Gazi Baba, at an event that involved officials from the municipality, as well as resident companies. At the beginning, the municipality engaged 15 interns and promoted the NIJPP to companies and organizations. In the second round in June 2010, the municipality engaged 16 additional interns. Starting in September 2010, the municipality will have its third cycle of engaging interns.

Representatives from the municipalities of Gazi Baba and Shtip shared their success stories since they have already engaged interns. There was discussion about how to further advance cooperation between MCP and municipalities. All activities support the efforts of local authorities to supply the industry with a highly qualified workforce.

Collaboration with the municipalities continues. The newly established Inter-municipal Informative Center for support of rural development and SMEs, financed by OBSE and established by the municipalities of Kisela Voda, Aerodrom, Sopiste, Studenicani and Zelenikovo, invited MCP to present its activities in front of the companies coming from the above-mentioned five municipalities. The event was organized by the Center in

the municipality of Kisela Voda at the end of September 2010. USAID AgBiz Program has joined the initiative to present its activities as well.

Launching MyCareer Sustainability Model

Throughout FY 2010, the MCP Workforce Development team worked to develop a sustainable business model for MyCareer. After conducting interviews with key stakeholders such as companies, universities, chambers of commerce, associations and government ministries, MCP decided to spin-off MyCareer into an NGO that would charge companies, Universities and possibly intern/job applicants for its services. The MyCareer team developed a variety of service packages to be offered to employers and started sales efforts to gain initial customers and created a variety of other revenue sources. As of September 30, 2010, the MyCareer NGO had been established and registered, with 27 packages, worth \$5,282 sold to employers. In early FY 2011, MCP plans to expand its sales force and build a pipeline of MyCareer clients.

Career Management Project in partnership with Microsoft

MCP started a Career Management project in collaboration with Microsoft in Skopje which aims to support, augment and connect key education stakeholders and students with career skills development and be a bridge between education and local industry. The project consists of four phases:

- a. Development of Career-Based Curriculum** - The existing MS Partners in Learning Program “Using XP for learning projects” was localized and adopted to project needs and target audience. Its activities focused mainly on two project-based units:
 - *Creating a Career Portfolio*—Students develop a database of careers, research various jobs, and develop job-search skills using Microsoft Word, PowerPoint, and Access.
 - *Creating Newsletters*—Students develop and create a university/school career-based newsletter using Microsoft Word.
- b. Training** - In this pilot phase, MCP and Microsoft organized a two-day training for 50 school and university career counselors, teachers from 27 VET schools and eight universities throughout Macedonia. Career counselors were trained to become coaches skilled to help and guide students to fulfill their career objectives and facilitate job/internship placements.
- c. Career based MS Live Space** - MCP and Microsoft developed an additional tool to the existing web data base called My Career Live Space, linked to the MyCareer portal. Windows Live Services provides easy access to online content to guide the target group in learning and developing important career skills.
- d. Career-based school/university newsletter** - Trained counselors are responsible for transfer of newsletter creation skills to students to publish their own school or university career-based newsletter. Each educational institution will use its own creativity and innovation to publish monthly newsletters.

Training and certification programs

Through its work in the marketplace and interactions with business and educational counterparts, MCP often finds specific skills and qualifications missing, or insufficient in Macedonia. MCP responds by developing a training program to fill these gaps. Whenever possible, these training programs are expected to lead to certifications for the new skill or qualification to be globally recognized. In FY 2010, efforts focused on the certification for those delivering career development counseling (linked to WFD efforts) and consulting services.

Training and certification of Global Career Development Facilitators (GCDFs)

Career Development Facilitators (e.g. university career counselors, career coaches, job search facilitators, employment/placement specialists, human resource career development coordinators) play an important role in helping students and workers take steps to enhance their employability and fulfill their potential. Certified GCDFs are trained and accredited according to the Center for Credentialing and Education (CCE) guidelines to assist in designing, delivering and evaluating career guidance services individuals need to make informed

educational and occupational choices, coordinate career development centers, conduct interviews, develop and coordinate human resources strategies and deliver quality career guidance services in educational and employment settings. GCDFs also facilitate access to information resources about the labor market and are specialists in job placement.

The GCDF Program is currently offered in Bulgaria, Canada, China, Germany, Japan, New Zealand, Romania, Turkey, Greece and the United States. The MCP is collaborating with the Business Foundation for Education (BFE), a legacy organization of the USAID-funded Labor Market Project in Bulgaria, to introduce and mobilize the GCDF concept in Macedonia as a means to support crucial career development efforts.

In FY 2009, MCP selected and trained a group of master trainers from Macedonia that went through a lengthy process of training methodology and content. In October 2009, these master trainers started the first session of trainings to 30 additional potential GCDF counselors. These additional trainers will then conduct trainings for career counselors, supervise them as they deliver career development advice, and support the successful functioning of office/career center in their institutions.

“....I see GCDF as an organized, structured and professional program that enables students, unemployed and all other individuals to make right decision about their career paths”

*Dushan Milanov
Career Center Administrator
and GCDF career counselor
Goce Delcev University, Stip*

To add value to the program and disseminate the concept widely in the community, selected participants are experienced in delivering trainings to various sectors, such as education (universities and vocational schools), municipalities, private sector and training providers.

The second GCDF training was held on April 27-29, 2010 in Skopje with an interactive session approach, including demonstration of the presentation skills of the participants, role-playing of the career counseling process (career counselor-client) and practice peer supervision of individual case studies.

This final phase of the GCDF training resulted in 27 GCDFs successfully graduating. The certificate ceremony is planned for October 14, 2010.

Plans to establish Career Development Association in Macedonia

As a result of GCDF initiative and recognition of career counselors as a standardized profession in Macedonia, the participants of the GCDF training decided to establish a National Association of Certified Career Counselors in Macedonia, with MCP support. The Association will be established and promoted in October, at the GCDFs certificate awarding ceremony.

Visit to NBCCI National Board of Certified Counselors Event – Europe Conference, Lisbon, Portugal

From February 5-7, 2010 the MCP WFD team attended the board meeting organized by the International Board of Certified Counselors in Lisbon, Portugal. MCP had been invited to present at the board meeting, in recognition of the Project’s successful work in implementing the GCDF (Global Career Development Facilitator) certification program in Macedonia. Representatives from Bulgaria, Romania, Germany, Greece, Italy, Turkey, Portugal, Taiwan, USA, Botswana and Mexico were present at the event.

The objective of the EBCC meeting (European Board of Certified Counselors) was to reunite the NBCC (National Board of Certified Counselors) national offices and share experiences with countries that have already implemented GCDF programs in their respective countries. The meeting followed other events, such as the NBCC Board Meeting and NBCCI Advisory Council meeting where the WFD team met the NBCC directors and

the NBCCI council members to discuss the progress in our countries and future developments as well as to learn from each other's experiences.

Annual Conference of the National Career Development Association (NCDA)

A MCP representative attended the 2010 Annual Conference of NCDA (National Career Development Association) Global Conference in San Francisco, California, from June 30-July 2. The MCP representative took part in presentations and roundtables, and networked with other career development professionals to learn more about career development models, techniques and tools.

Certified Management Consulting (CMC) Certification Program

Through programs such as the financial platform, MCP and its client companies depend on local consultants to offer professional financial and management advice. To strengthen the skills of its financial facilitators and the quality of Macedonia's wider consulting industry, MCP collaborated with the EBRD-financed TAM/BAS program to provide training on Certified Management Consulting. On May 11, 30 Macedonian consultants were awarded the Certified Management Consultant (CMC) certificates. The chairperson of ICMCI addressed the public and awarded the certificates.

CMC certification not only denotes the highest quality consulting standards, but also adherence to the ethical canons of the profession. Less than 2% of management consultants worldwide have achieved this level of performance and attained the CMC title. Together with nine consultants already practicing in Macedonia, who were certified outside the country, Macedonia now has 39 CMCs. Their efforts will not only improve the domestic business climate, but will give Macedonia a competitive advantage in the Balkans. With this group certification, Macedonia now ranks third in the region for CMC capacity after Romania (50 CMCs) and Bulgaria (45), and followed by Croatia (30) and Slovenia (10). There are none in Serbia, Albania and Montenegro. As a result of the support by the project, the MCA 2000 is now eligible to assume full membership in the ICMC Institutes (the global association of national management consulting institutes from around the world) and will it be authorized to organize trainings and award certificates.

Industry-led Training and Education Programs program

While MCP workforce activities presently focus on national issues, the Project looks for opportunities to design and implement training programs supporting Macedonian exporters that need to enhance the productivity and effectiveness of new or existing employees, or potential investors who need to have access to specific skills sets to smooth out the investment roll-out process. These training programs involve significant cost-share and collaboration with the client and local training institutions to design and deliver curricula. This year, MCP was involved in four industry-led training initiatives:

LOTUS training

In the beginning of October 2009 the project supported LOTUS, a taxi company, to establish a School for Professional Taxi Drivers. The objective of the school was to train future employees (taxi drivers) to improve their soft skills, which are considered lacking for this profession in Macedonia. Some topics covered in the trainings were: basic communications, communications for specific situations for taxi drivers, regulations in navigation, knowledge of streets and landmarks and use of radio stations and the meter. Close to 100 applicants took part in the training, of which over 30 received offers of employment.

Training of Animation and Visual Effects Developers using Revolving Fund

MCP finished its pilot of the revolving fund, an innovative program that facilitates employment of new employees by sharing the cost of training and financing applicants with some of the upfront costs of training needed to secure employment (see text box). The first use of the revolving fund went to training for 45 animators at FX3X, a leading digital and visual effects company, in the use of new software and animation technologies. The training has been completed and 40 animators hired. FX3X has already paid MCP back for half of the training cost. With funds “revolving” back, MCP is in discussion with additional revolving fund clients.

Collaboration with Ruen IT and Vocational Schools for training improvements

Ruen IT is one of Macedonia’s leading automotive parts manufacturers, based in Kocani. As the company has grown in recent years, it has found that many of the students graduating from the local vocational schools do not have the technical skills and practical experience needed for its production processes. Often, a good deal of in-house training is required to bring a new employee to optimal productivity levels. To address this problem, RUEN IT worked with MCP and the local vocational school to design an internship program to develop technical skills, and evaluate and suggest improvements in the vocational school curriculum. For this reason, besides internships, RUEN has provided training on CNC as part of the regular coursework in their school based in Kocani. As a result of these efforts, the vocational school in Kocani is expected to introduce new courses focused on RUEN IT skills requirements and smooth the way for the creation of 35 new jobs.

MCP’s Revolving Fund

During FY 2009, MCP developed a Revolving Fund to accelerate and facilitate the training of new recruits or employees to support business expansion, new business ventures, investments and/or strategic partnerships. As part of the revolving fund concept, recruits and employers share the cost of competency development programs. New recruits or applicants pay 10% of the training costs upfront, the company pays 20%. MCP uses the fund to cover the final 70% and assists in the design and delivery of the program. Once the training is complete, hired recruits are expected to replenish the fund within 6-8 months. The companies withhold a certain amount from each employee’s pay check until the 70% from the revolving fund is recovered. (Trainees who are not employed immediately will not be expected to pay back the fund.) The funds are then recycled to finance new training programs.

Partnership with KNAUF to change the academic program for construction materials

In an initiative carried out in partnership with KNAUF, (a German investor in construction materials production), the Municipality of Debar and the Debar Secondary School “Zlatko Cockovski”, MCP is supporting introduction of a new academic program in the secondary school for students interested in pursuing a career and employment in the construction sector. KNAUF agreed to support the program with content and expertise while the municipality agreed to work towards licensing the program with the Ministry of Education and Vocational Education Training (VET) Centre. MCP has supported the overall process by facilitating the transfer of know-how and expertise from the German company to the domestic vocational institutions. As of the start of the school year this September, the secondary vocational school “Zlatko Cockovski” in partnership with KNAUF welcomed the first generation of students specializing in construction material and dry walls. There are more than 20 students attending the class in this new specialization never existed before. In addition to the regular courses part of the academic program, each semester new classes will be added using the KNAUF methodology and content. After the classes, all students are required to complete the internship program at production facility of KNAUF where they will gain more practical knowledge about their specialization.

MCP expects to explore additional industry-led training partnerships further into FY 2011

Foreign Investment Promotion

Foreign investment enables a country like Macedonia to quickly generate new jobs and exports, while benefitting from transformational global market linkages, technology and knowledge transfer, domestic supply chain development and upgraded skills base.

Now is the right time to attract investment to Macedonia. Not only has the Government enacted a favorable legal and incentive regime, but the economic crisis has caused global companies to investigate new investor-friendly and lower-cost locations to make their supply chains more competitive. Furthermore, Southeastern Europe, including Macedonia, is an emerging investment destination considered by many investors in Europe, and further east as Asian companies look to gain proximity and duty-free advantages to penetrate the EU market.

Despite the opportunity, Macedonia remains off the map for many, and little-known by others. With the right pitch and support, these investors could make Macedonia their home. The Competitiveness Project's Foreign Investment program supports Macedonian efforts to attract investments likely to significantly increase employment and export growth or have a transformative effect on the Macedonian economy. MCP's efforts go beyond the green field investments targeted by Invest Macedonia and include joint venture and strategic partnerships in local companies.

Key Activities	Key Outcomes
<ul style="list-style-type: none"> Continued mobilization of EDA network developing FDI leads. Continued collaboration with Invest Macedonia and Minister of Foreign Investment to attract and support investment. Continued support for pending logistics investment 	<ul style="list-style-type: none"> Visits by potential investors from India and U.S. Land issues for \$10 million logistics investment close to resolution with groundbreaking possible in Q1 2011.

FDI: Link with Vertical Program

The Foreign Investment Program plays an important role in magnifying the impact of efforts in both vertical and horizontal components. Investment efforts aimed at potential investors and strategic partners in MCP target sectors are critical to spurring growth and transformation within the sectors and related companies/supply chains. At the same time, investment promotion can focus on attracting investments that builds upon or complements various MCP initiatives. For example, the foreign investment program is helping attract new sources of equity finance and promoting investments to expand availability of crucial infrastructure services that will boost the competitiveness of target sectors.

Strategic focus and FY 2009 summary

One important element of the MCP FY 2010 Foreign Investment component focused on *developing an investment pipeline*. This entailed continued mobilization of a network of economic development agents (EDAs) tasked to identify and capture targets for investments, strategic partnerships, and sourcing deals on a success fee basis. During FY 2010, the network generated a series of potential investment leads that have been screened and supported by the team. Some of these leads are in the mid-to-advanced stages of the decision making process.

In addition to identifying new leads, MCP continued offering *services to potential investors*. This involves hand-holding, troubleshooting, assisting in due diligence and offering services to lower the decision threshold for an investor considering a deal in Macedonia. Support for a high potential logistics park investment was ongoing, as MCP assisted in correspondence between the GoM and the investor over land issues.

MCP also continued collaboration with Invest Macedonia and (to some extent) the Minister of Foreign Investment in order to 1) cooperate in the identification, screening and support of priority investment leads, and 2) **strengthen government investment promotion capacity** to

identify and service investors.

Economic Development Agent (EDA) Network

To increase the flow of potential investor leads, MCP has mobilized a network of professionals in Macedonia and abroad (e.g. presently in India, Israel, Netherlands, Slovenia and UK), tasked to identify contacts interested in investing in Macedonia (direct investment, strategic partnerships, joint ventures, or M&A). MCP uses a tiered incentive scheme where agents are compensated based on the quality of leads generated and the outcome of the actual leads. While compensation for a specific qualified lead is relatively small, the compensation for a lead that becomes an actual deal is much larger. Once leads are generated and qualified, MCP works with the EDAs to develop a plan and offer investors specific services, as appropriate.

These EDAs are also tasked with attracting exports—using a smaller compensation scheme than investment—as experience has shown that many potential investors start looking at a country through the lens of a buyer.

Status of EDA Lead Generation

MCPs foreign investment team and its EDAs tracked six investment leads. Of these, one was finalized, reaching phase 3, two have reached phase 2 (qualified lead) and four are in Phase 1 (structuring of deal). Table 3 below provides an overview of the mentioned leads.

Table 3: EDA Investment Leads in Phase 1, 2 or 3 as of September 30, 2010

Phase	Sector	Target Country	Lead Description	Potential Value	Job creation Potential
3	Real estate	Hungary	Investment into shopping mall in Tetovo announced	\$18M	500+
2	Pharmaceutical	India	Group of pharma companies looking to develop the regional market through Macedonia	\$4-6M	300
2	Construction industry	Austria	Investment in a facility that produces construction slabs for use in a totally new construction technology.	App. \$12M	120 – 180
1	Production of electrical generators	India	Investment in a production facility for electrical generators marketed in the region	\$20M+	500 +
1	Production of construction materials	India	Investment in a construction materials plant	\$5M+	20 +
1	Renewable energy	Italy	Waste-to-energy technology that should be produced in Macedonia	\$20M	300+

Highlights from a number of EDA activities are provided below:

- In October 2010, a Hungarian investor decided to move forward on an €18 million investment in a shopping mall in Tetovo, a project that will create 500 jobs over two years and expand retail options to residents in Northwest Macedonia. The shopping mall project had been developed by a local company and received the necessary approvals from the government. MCP’s EDA identified the Hungarian investors, attracted them to the project and facilitated the structure and financing of the deal. Implementation of the project on hold pending further financing.

- MCP organized a visit for three pharmaceutical companies from India that came to Macedonia as a next step in their due diligence process. The opportunity was treated at two levels:
 - *Sales*: The Project matched the companies with potential local partners that would play a role in the marketing and sales of their products in the region and
 - *Investment*: Visits to all relevant government institutions were organized together with Invest Macedonia.

The intent of the Indian Investors is to use Macedonia as an entry to the European (including Eastern Europe) markets. They would partner with the local company for sales and distribution, and invest in a greenfield project, initially in packaging of products made in India, that would later expand to more value-added production. The companies were escorted by MCP EDA from India. The investors signed an MoU outlining the next steps in registering a new joint venture company with the local partner that would undertake regional sales and marketing activities parallel with the process of investment in the production.

- MCP's Skopje-based EDA came close to realizing a significant deal that would result in the production of waste-to-energy units in Macedonia for export. Negotiations are pending and will depend on whether Macedonia is chosen as the final production location.
- This year, MCP took on a new EDA based in the Netherlands, and focused on the fashion-driven industries, specifically shoe production. The EDA closed her first deal by the end of FY 2010, a process that took nine months from start to finish. The deal involves full package production of 100,000 pairs of shoes amounting to €2 million in exports. The next steps are for MCP to continue supporting the manufacturer in the implementation of the deal.

Visit by Indian NDA to Macedonia

In November, 2009, MCP's EDA from India traveled to Macedonia, with the aim of following up on a series of investment and export leads that she had generated in India. Working with MCP foreign investment staff, she met with companies in the pharmaceutical, ICT, metals, light manufacturing and agribusiness sectors, as well as representatives from Invest Macedonia and Minister of Foreign Investment. Many of the meetings, specifically in the pharmaceutical and agricultural sector, opened up new opportunities that are currently being followed up.

EDA Collaboration with Invest Macedonia and Minister of Foreign Investment

A number of leads have involved collaboration between MCP and its EDAs, Invest Macedonia and its Country Economic Promoters (CEPs), and Minister of Foreign Investment. For example, MCP's Indian EDA helped the Minister of Foreign Investment Vale Samak to arrange high-level meetings with prospects during his trip to India in December 2009. These included meetings with the two of the largest business process outsourcing (BPO) companies in India and the Indian IT association. One of the BPOs has started including a Macedonian company as a sub-contractor for a variety of tenders focusing on the EU market. Another lead was produced from the networking event with the Indian IT Association, though in another industry: light manufacturing. The biggest producer of electrical transformers has become interested in the potential of Macedonia.

Collaboration and capacity building for Government of Macedonia investment promotion efforts

MCP continued to partner with Invest Macedonia and the Minister of Foreign Investment to maximize the impacts of collective investment promotion efforts. In 2009, MCP signed an MOU with Invest Macedonia that provides a formal framework for joint export-oriented investment promotion efforts. This relationship is bearing fruit. Not only are MCP's EDAs providing support to GoM investment promotion efforts (see above), but Invest Macedonia is sharing leads with MCP, particularly the ones that they do not have a mandate to pursue, as the prospect would not invest within the TIDZ.

MCP also continued providing advice on ways that Invest Macedonia and the Minister of Foreign Investment Office could be more effective. Early this year, the MCP consultant submitted an organizational design proposal with suggestions on how to streamline investment promotion activities and processes and develop a performance-based compensation system for engaging senior level professionals to carry out activities similar to MCP's EDAs. The proposal is under consideration by the Government.

This year, the Project implemented another training program for Invest Macedonia's newly recruited Country Economic Promoters (CEPs). For consistency, the program was the same design provided in 2009 for the other CEPs and included training on lead identification and generation, sales techniques and organizational skills. The group consisted of seven CEPs that will work in diverse cultural surroundings (Spain, Turkey, Australia, Japan and Canada), so training also touched on different cultural styles of doing business while promoting Macedonia as an FDI destination.

Monitoring of logistics park investment

During the past year, MCP continued to monitor and facilitate ongoing correspondence between the Government of Macedonia and a potential **logistics park investor**. For most of FY 2010, the efforts focused on identifying land and sorting out issues related a land tender required for the deal to go through. The land process has delayed an investment that should have already broke ground. The investor visited in September 2010, May 2010, and September 2010. After the last visit, it appears most issues have been resolved, and the tender for land is expected to take place in early January 2011. MCP has facilitated interactions between the government and the investors throughout the process, arranging meetings and correspondence, offering troubleshooting advice and providing a 'gentle push' to all parties involved to keep the opportunity live.

Innovation Center (New initiative)

Macedonia has yet to harness the widespread benefits of innovation and has gaps in total R&D spending and R&D within the private sector, when compared to other countries at similar levels of development. This is partly due to limited capacity and know-how within the private sector to develop, “package” and commercialize new innovations. Furthermore, Macedonia lacks an effective environment for supporting innovators and offering the services needed to move from concept to business.

In line with discussions with USAID office in Skopje, the MCP project developed a proposal for an Innovation Center that was submitted in March 2010. In May 2010, MCP launched the “Innovation to Business” (I2B) Center in partnership with the National Center for Development of Innovation and Entrepreneurial Learning (NCDIEL). The Innovation Center will link innovators and partners within Macedonia and abroad to access the knowledge, resources and relationships needed to take an innovation from concept to commercialization.

Key Activities	Key Outcomes
<ul style="list-style-type: none">• Establishment of Innovation Center operations and NGO.• Attracting pipeline of Macedonia innovation projects• Recruiting initial Innovation advisors• Collaboration with Crimson Capital for creation of Innovation Development Fund.	<ul style="list-style-type: none">• Initial pipeline of potential 25 projects for Innovation Center• Successfully attracted interest of investor for waste-to-energy (W2E) innovation.• Successfully attracted Dutch telecom company to establish business in Macedonia resulting in initial investment of \$2 million

Strategic focus and FY 2010 summary

Innovation Center component activities fall into two strategic result areas:

- Building the capacity of Macedonian Innovators and firms to adopt, create and commercialize innovations and technologies. Support will include guidance for innovators as they move from concept to realization, including identifying and attracting necessary early-stage financing, establishing partnerships with Macedonian or international market players to facilitate commercialization, and training and coaching to strengthen the capacity of entrepreneurs and innovators to enhance the success of their business.
- Building an innovation “ecosystem” able to support innovative ventures and bring them to market in a commercially viable way. This involves 1) identifying, training and mobilizing a network of innovation advisors to support innovators; 2) establishing competency networks in select sectors (e.g. ICT, green technology) to provide the services and resources to support innovation and address the special needs of early-stage business ventures; and 3) facilitating linkages with sources of innovation and early-stage financing.

MCP efforts under this new component focused on establishing and rolling out the Innovation Center, building its services and systems, developing a sustainable business model and starting to build a pipeline of potential opportunities in different stages. Currently the pipeline of the IC has about 25 opportunities in various stages toward commercialization. Within this, six opportunities are in mature stages and ready for presentation to investors. The opportunities are from different areas, including renewable energy, agriculture, ICT, mechanics, aviation, chemistry, and fire suppression. MCP is also working with USAID and Crimson Capital to establish an innovation fund that could be used for small investments (on a revolving basis) to meet the development needs of projects going through the innovation center.

An overview of initial innovation center activities during FY 2010 is presented below.

Establishing Innovation Center and Establishing Operations

In May, MCP formally initiated activities within the Innovation Center, using staff from MCP and NCDIEL, and a volunteer with extensive experience commercializing new technologies and attracting investment for innovations. Initial activities included:

- **Defining process for serving clients** – The Innovation Center team designed a client-serving process based on best practices from Stanford, MIT, Harvard, Keele (UK) and other VC/Incubators. The process is based on stages of opportunity maturity and review of the market validity. The process consists of three stages and decision processes for each stage of packaging. At every stage, feedback is provided to the applicants. The aim of these processes is to select projects with the greatest likelihood of market success.
- **Mobilizing initial innovation advisors** – MCP engaged three innovation advisors with experience in strategic business planning, financing and deal making deemed to have the necessary skills to coach innovators through the commercialization process.
- **Identification of innovation projects** – Before launching the innovation center, MCP started developing a pipeline of possible clients. Many of these clients and new clients have formally gone into the I2B pipeline and are at various stages of support. Innovations in the pipeline include solar energy solutions, a fire suppression technology, explosive detection, energy efficient lighting, renewable energy (waste to energy), software development and I-phone applications.
- **Development of Innovation Advisor Training** – The Innovation Center staff have worked with multiple parties to explore the best means to train and certify a pool of innovation advisors to expand the capacity of the Center to support innovators. This includes collaboration with Keele University (UK) and Dr. Tom Boyle from University of Pennsylvania.
- **Collaboration to establish Innovation Development Fund** – MCP worked with USAID to secure approximately \$300,000 in funds that could be used in the creation of an Innovation Development Fund. This fund would offer risk capital—with lending terms—to finance the development of innovation with high market potential. Funds could be used for testing/proving, developing full-scale prototypes, technical research, initial investments in brick and mortar, etc. Presently, MCP is in discussion with Crimson Capital to develop a proposal for the creation of such a fund.

Pipeline Progress Report

While the Innovation Center is only in its early stages, the Team has been successful in moving a number of innovations forward. Highlights include:

- **Support for a Macedonian waste-to-energy (W2E) innovation.** Two Tetevo-based innovators developed a cavitations' technology (see text box) that converts urban waste into various by-products that can be used to create energy. The innovation was packaged and pitched to an investor by Innovation advisor Dr. Clyde Musgrave. Negotiations based on a term sheet prepared by the investor for a venture capital deal are ongoing.
- **Attraction of a telecom technology** – A Macedonian expert in telecom operations saw an opportunity to adopt an emerging technology from Holland to significantly reduce telecommunications costs by changing the way international calls are routed. The Macedonian expert worked with one of the Innovation Advisors to attract the Dutch company World Teleconnect International (WTI) to establish infrastructure to offer the service in Macedonia, as part of a joint venture. WTI has decided to make an investment in Macedonia and is in the process of establishing an office and negotiating with local telecom service providers to offer the routing service in Macedonia. The value of the investment is expected to be around \$2 million.
- **Development of Mobile Phone Applications** – An I2B Innovation Advisor identified an opportunity to create mobile game applications through collaboration with Keele University and a small Macedonian

software development companies resident within the BSC Bitola incubator. The same Innovation Advisor also lined up a business angel interested in investing in the commercialization of smart phone applications.

InnovationCenter Example: Cavitation W2E technology

In the past two decades, there has been a focus on technologies that can convert waste into energy. With different types of machinery and processes, these technologies convert everything that is carbon-based into heavy fuel oil, gas, carbon paste, etc. Presently, there is a range of W2E technologies on the market, with differing efficiencies, benefits and environmental impacts.

One of the first clients of the Innovation Center includes a Tetevo-based innovator who created an Organic Cavitation Reactor, a machine that presents a new solution in the W2E market.



This Macedonian innovation uses both mechanical and thermal processes to convert the molecular structure of the organic waste into fuels through controlled cavitation, or the formation of vapor bubbles of a flowing liquid when pressure of the liquid falls below its vapor pressure. The Organic Cavitation Reactor uses this process to decompose molecules of waste into molecules of fuels. Cavitation was long seen as an unwanted byproduct in mechanical engineering. Yet with this reactor, the mechanical movement and byproduct are the keys behind efficient processing of the waste to energy.

The Macedonian solution offers advantages to other technologies. Unlike technologies that use two processes for de-polymerization (molecular decomposition), the reactor uses just one. The operational temperature for this reactor is also significantly lower (270 C) than other technologies that operate at 1000 C.

The reactor is highly adaptable and it can be easily adjusted for both input and output. This enables the reactor to use different types of municipal waste, waste plastic, waste oil from restaurants or the automobile industry and even coal lignite—almost anything that is organic and carbon-based.

Discussions are underway with one potential investor from the U.S., who offered the inventor a term sheet. An additional investor has also shown interest. MCP is in the process of finding a third-party laboratory verification that the process does result in commercial fuel products, likely necessary for closing any deal.

V. KNOWLEDGE MANAGEMENT

Communication and Outreach

The Competitiveness Project carries out an ongoing Communications and Outreach (C&O) program to introduce new business models and export development concepts and raises public awareness of MCP approaches, activities and achievements. The C&O component uses a variety of communication and outreach tools, including holding public events and conferences, producing and disseminating information via promotional materials, newsletters, success stories, white papers, and the MCP project website. Press releases and press clippings about MCP's work are submitted to USAID on a monthly basis. In addition, MCP is providing regular contributions to USAID and RCI newsletters. Information on C&O outputs by specific outreach tool is provided below.

MCP Project website redesign

The Project web site: www.mcp.org.mk was redesigned to reflect the changes in MCP focus and activities, post project external evaluation. The web site redesign (both English and Macedonian) was completed in July 2010. The web site is updated regularly by posting relevant content in the news and events section for the Project activities. It offers a wide range of information about project events, project announcements, project success stories, presentations and press clippings.

MCP Newsletter – Macedonia Competes

MCP continues to publish its “Macedonia Competes” newsletter, a regular publication focusing on a variety of relevant subjects for clients and partners. The series examines novel approaches to different issues and sectors, while presenting the experience of the companies and organizations putting them into practice. The second issue of the newsletter, “The Career Issue,” provided in-depth information about the MCP Workforce development platform activities and achievements to date. Project partners Eos Matrix, VIP operator, EVN Macedonia, Next Sense, Goce Delcev University and the Municipality of Gazi Baba shared stories about how they benefited from MCP collaboration. The newsletter is distributed widely to Project partners and counterparts, including USAID Projects in Macedonia, other international organizations and projects, USAID Missions in the region, and Macedonian embassies abroad, and is available for download from the Project website. Electronic and printed copies of the newsletter were distributed to the participants of the fifth annual RCI conference in Sarajevo in May 2010.

MCP Banners

MCP designed and published two new banners to promote Project activities at public events. One banner focuses on workforce and is entitled: “Developing next generation workforce”; the second one represents MCP's vertical value chain work, entitled “Competing in new and higher value markets.” MCP is using these banners for all public events to ensure sufficient USAID branding presence and deliver our messages to Project stakeholders and beneficiary companies.

MCP Services Brochures

MCP continues to develop brochures to promote specific services for target sectors, including light manufacturing and automotive, which describe the variety of services available to potential investors, buyers, and other beneficiaries. They have been distributed at trade fairs, business-to-business events, meetings with international industry players and MCP's FDI Agent network. The brochures are available for download from the Project website.

MCP Video

Following the new strategy to have our partners and beneficiaries speak about their experience and the benefits of MCP activities and assistance, MCP shot and produced a 12-minute video documenting the one-year success of MCP's National Internship and Job Placement Program "My Career". The video contains interviews and statements from companies who participated in the program and have successful experience in hiring interns. The video also contains testimonies from interns who participated in My Career and found internships and jobs through the Program. Additionally the video contains statements from the U.S. Ambassador to Macedonia, Phillip T. Reeker, and the Minister of Economy in the GoM Fatmir Besimi. The video is available at MCP's website and is directly distributed to MCP partners and stakeholders.

Thought Leadership Articles in Kapital

MCP continued the long-term arrangement with local business magazine "Kapital," over FY 2010. MCP arranged for interviews with project partners about various issues within the Project's vertical and horizontal components. On October 22, 2009, Kapital printed an interview with Vladimir Tevdov, President of the Macedonian Automotive Cluster, promoting the potential of the Macedonian automotive industry, and the MCP support to the industry and the automotive cluster. MCP Light Manufacturing Component Lead Dejan Janevski was also featured in this article outlining MCP involvement in this sector and the assistance provided to the automotive industry.

On November 26, 2009, Kapital printed an article recognizing USAID Mission Director Michael Fritz as a successful manager for MCP's National Internship and Job Program (NIJP). This recognition came as a result of NIJP achievements celebrated on November 17, 2009.

On December 10, 2009, Kapital printed an interview with Marcus Davison, professor at Grenoble Business School, one of the educators of MCP's Mergers and Acquisitions (M&A) certification course organized in cooperation with MCP's Equity Platform partner, Euro-Phoenix Financial Advisors. Mr. Davison talked about the potential for mergers and acquisitions in Macedonia and the importance available M&A experts. The same article featured a statement from Mirjana Makedonska, MCP Access to Finance Manager, describing in more detail MCP activities to facilitate access to finance for Macedonian companies—specifically the importance of M&A certification training to build local capacity for facilitating equity investments.

MCP also arranged for an extensive article in Kapital showcasing the work of FX3X, a major player in the digital and animation industry. The article promoted their latest successes working on full length animation movies for US productions and special effects for Hollywood blockbusters. Kristijan Danilovski, the manager of FX3X, acknowledged USAID's critical role in their success and the overall development of the digital animation industry in Macedonia.

"Kapital" also published an exclusive article to cover the highly visible and successful "Macedonia-EU Apparel B2B event" held in March 2010. This article also featured an interview with MCP DCOP Jasminka Varnalieva presenting all activities to support the Macedonian apparel sector's move up the value chain.

"Kapital" cooperation was concluded with an article about the new Macedonia Innovation Center. "Innovation to Business" was written by MCP's Innovation Center Leader Zarko Pop-Iliev, and published in April 2010.

The strategic partnership and the successful 18-month cooperation with "Kapital" contributed significantly to raise the profile and visibility of USAID Mission in Macedonia in general, and more specifically MCP. This was acknowledged frequently by many high-level USAID officials, including the Mission Director in Macedonia.

Success stories

MCP publishes success stories to share information about specific accomplishments of the Project or companies and organizations it works with. Eight success stories were published and distributed over the course of this year.

Three success stories celebrated the successes of MCP's Financial Platform: "Macedonian food producer now has the right ingredients for new plant financing", "Stainless steel producer forges plans to double production", "Heating up value and production capacity, while protecting environment". Another success story featured the participation of the Macedonian automotive companies at the European Automotive Fair: "Macedonian automotive industry makes its debut at European Automotive Expo". Another detailed the achievements of one of the MCP partner companies benefiting from multiple project interventions, entitled "Tool company builds strategy to expand alliances and markets".

Two success stories were developed and distributed to celebrate successes in the apparel sector. The first detailed how investment and MCP production improvement interventions have enabled apparel company MGI to become a leader in production of higher-end garments. Another success story featured the successful execution of the first Macedonia-EU Apparel B2B and buyers' week in March.

A success story covering the achievements of the National internship and Job Placement Program "My Career" reaching its milestone of 1,000 internships, entitled: "A thousand interns line a path to employability" was developed and widely distributed to Project partners and stakeholders.

These success stories are shared with the client (USAID Macedonia), distributed to partners and counterparts, and are available for download from the Project web site.

MCP Events

The Project regularly organizes communication and outreach events to raise awareness or enhance effectiveness of specific initiatives. An overview of these events this quarter is provided below:

Events covering NIJP

MCP organized an event on November 17, 2009 to celebrate the initial success of the NIJP in the first six months of implementation. Twenty Macedonian companies were awarded a certificate of acknowledgement for their participation in the NIJP Program, and for providing internship and job opportunities for Macedonian graduates. This event received media coverage in major Macedonian national TV networks and newspapers, and inspired Kapital to award USAID Mission Director Michael Fritz recognition as successful manager.

MCP also held an MOU signing event on December 15, 2009 to mark the establishment of partnership with the Municipality of Gazi Baba. This is the second municipality joining the NIJP program, along with Municipality of Stip. Another MOU signing event for the NIJP Program was held with the Municipality of Aerodrom on May 6, 2010.

e- Career Fairs

The first e-Career fair was organized in November 2009, the first online career fair organized in Southeastern Europe. The second online career fair was held on March 15-19, 2010. U.S. Ambassador to Macedonia Philip T. Reeker and the Minister of Economy Fatmir Besimi opened the e-Career Fair online via pre-recorded video statements. These online events were open to media, and there was a special username and password

assigned for journalists interested in the e-Career Fair. A number of national newspapers published articles on these events.

Presentations on accessing finance

As part of MCP's educational efforts under the Equity Platform, on October 7, 2009, the third equity brunch entitled "Equity Financing—Opportunities for Macedonian Companies" was organized to giving company managers an opportunity to learn how to attract foreign investments and raise equity. At this third equity event, participants had the opportunity to become familiar with the work of the RSG Venture Fund from Slovenia in addition to meeting representatives of equity funds.

As part of the educational and matchmaking efforts of the Financial Platform, MCP organized the second regional matchmaking event in Vinica on December 16, 2009, inviting companies from the whole Malesevlja region. The third regional financial matchmaking event was organized in the municipality of Cair on March 4; the mayor of Cair, Izet Mexhiti, and USAID Mission Director Michael Fritz opened the event. The fourth regional matchmaking event was organized on April 16, 2010 for the companies in Strumica and Gevgelija. The mayor of Strumica Zoran Zaev opened this event. The fifth matchmaking event was organized in Ohrid on June 8, 2010 for the companies in Ohrid and Struga. The sixth regional financial matchmaking event was organized in collaboration with the USAID Agbiz program on September 2, 2010 in Negotino, benefiting the companies in Negotino and Kavadarci.

The goal of these regional conferences and matchmaking events is to bridge the asymmetric flow of information between financial service providers and companies, and enable companies to engage with the financial facilitators and financial institutions. Presentations are made by financial institutions, who often promoted their new and innovative products and services and financial facilitators, who described their role in facilitating access to finance for companies. All events were well attended by local companies, and covered by local and national media.

First Macedonia – EU Apparel B2B

Within MCP market linkages program, the First Macedonia-EU Apparel and B2B event and buyers week was organized in the first week of March 2010. MCP implemented a targeted media approach for this event in line with the dynamics and the confidentiality of this type of event. The Project invited two leading European online apparel magazines, www.just-style and www.wgsn.com, who along with the local business weekly Kapital, exclusively covered the Apparel B2B, providing the European public with insight into the potential and capacity of Macedonian apparel industry.

Macedonia-US fashion collaboration

On April 27, 2010 at the University of [Marymount's annual fashion show](#), models wore clothes made by Macedonian apparel companies using students' sketches. The fashion show displayed the students' sketches and a description of MCP's efforts to expand the apparel value chain. Macedonia's ambassador, Zoran Jolevski, spoke at the show's conclusion and presented certificates of appreciation to the students. [Voice of America's Macedonian edition](#) and Macedonian television stations interviewed students and MCP case leader Lori Brock, a Marymount alumna who organized the collaboration.

CMC certificate award event

On May 11, 2010, MCP organized an event to award 30 Macedonian professional consultants with the certificate of Certified Management Consultant (CMC) from the International Council of Certified Management Consultants (ICMC). The certification process was co-organized by the USAID Competitiveness Project, MCA 2000 (the Management Consulting Association), and the European Bank for Reconstruction and Development (EBRD) Business Advisory Services (BAS) Program. USAID EG Office Director Joseph Lessard was a keynote speaker at the event. The event received major attention and coverage by all national electronic media and newspapers.

M&A certificate award event

On May 27, 2010, MCP organized an event to award sixteen Macedonian professional consultants with certificates in Mergers and Acquisitions from the Grenoble Graduate School of Business, a leading global business school in France. With the support of the USAID Competitiveness Project, these are the first Mergers and Acquisitions consultants to receive international certificates through a training organized in Macedonia. USAID Mission Director Michael Fritz awarded the certificates. The event was covered in major national newspaper, including an extensive article in Kapital business daily.

MCP presentation at the American Corner in Tetovo

MCP Communication, Monitoring and Evaluation Specialist Tatjana Mitevaska presented MCP activities and achievements at the American Corner in Tetovo on June 24, 2010. This presentation was organized for closer cooperation among all parties in Macedonia distributing USG assistance. It was well attended and focused on MCP's National internship and Job Placement Program "My Career", which was of most interest to American Corner's target group (students and youth).

MCP support to Fairs participation

Representatives of the Macedonian automotive components industry participated in the European Automotive Components (EAC) Expo in Stuttgart, Germany from June 22-25, 2010. The primary exhibitor at the Macedonia Automotive Pavilion was the Automotive Cluster of Macedonia, representing 25 local companies. In addition, four individual automotive component producers participated presenting their own products and services to potential buyers.

MCP supported the exhibition of Macedonia's two biggest automotive parts producers, Vesna SAP and RUEN, at the biennial Automechanika Trade Fair in Frankfurt, Germany, from September 14-19, 2010. Immediately following Automechanika, four Macedonian automotive part producers, together with a representative from the Automotive Cluster of Macedonia (ACM), took part in the International One-on-One Automotive Suppliers event.

MCP issued press releases informing the Macedonian public about these activities, which were reprinted in a number of national newspapers.

Media outreach

The Competitiveness Project regularly uses Macedonian national and local media as a tool to deliver messages to the public, and gain greater public awareness of the Project's activities, concepts, achievements and results. Over the course of FY 2010, MCP activities and achievements were featured in national television shows and newspapers. Public events, conferences, and presentations organized this year (outlined in the previous section) received extended media coverage in major national printed media. This includes Kapital business weekly, Nova Makedonija daily, Dnevnik daily, Kapital daily, Utrinski Vesnik daily, Vecer daily, Biznis daily, Vreme daily, HR Global, Spitz. Major national television networks covered MCP events, including Kanal 5, Kanal 5+, Sitel TV, Macedonian National Television (MTV), Telma TV, A1 TV, Alfa TV, Nasa TV, AISat M, ERA, Voice of America. Radio Free Europe, Macedonian Radio, and many local radio stations. Online news portals, such as TOTAL and www.prepriemac.com also covered MCP activities. The National Internship and Job Placement

Program, “My Career” and Financial Platform benefited the most from the media outreach. A total of 14 press releases were distributed to media to inform them about major MCP activities, achievements, milestones and results. Press clippings on MCP in the media are compiled and submitted to USAID on a monthly basis. They are also available for download from the MCP website.

Specific examples of media interviews this year include:

- On December 15, 2009, MCP Project Specialist Lidija Damceska had a television appearance in the morning program of the Macedonian National Television (MTV), where she presented the Internship Program, My Career portal and announced the MOU signing event with municipality of Gazi Baba held later that day.
- On December 16, 2009, MCP Deputy Chief of Party Jasmina Varnalievva gave a statement for national television stations A1, Kanal 5 and MTV, providing the public with details about the success of the Financial Platform in facilitating new investment to Macedonian companies.
- On March 18, 2010, MCP Project intern Elena Zafirovska and My Career Manager Zaklina Gestakovska appeared on the morning program of the Macedonian National Network (MTM), where they presented the latest news about the second e-Career fair and the Internship Program.
- On March 25, 2010, My Career Manager Zaklina Gestakovska had a television appearance on Skya Net TV, where she presented the results from the second e-Career fair and the Internship Program.
- Just-style.com published extended coverage of Macedonian apparel industry and the B2B event with EU/UK buyers, putting Macedonia on the European apparel map, with a series of seven articles focusing on all aspects of this industry potential, capacity, main markets, main products, USAID/Macedonia support to this industry, etc.
- MCP Deputy Chief of Party Jasmina Varnalievva spoke to the Radio Channel 1, which aired on May 11, 2010. She presented major MCP activities, results and achievements made to date.
- Two interns participating in the National Internship and Job Placement Program “My Career” were featured in an interview at the national TV Alfa, sharing their experience with the Program. The interview took place at the American Corner in Skopje, on June 24, 2010 and was aired on Alfa TV.

Performance Monitoring Update

Overview

The Competitiveness Project monitors to measure overall impact and ensure it is focusing resources on the most cost-effective areas, and make appropriate, timely adjustments. The monitoring and evaluation system is a vital tool for measuring the impact of project activities on firms and supply chains in the targeted sectors, making it an important instrument, not only for project reporting, but equally so for project management. Project activities outlined in this work plan are organized around measurable project performance targets (see PMP Table below).

The monitoring and evaluation system incorporates different methods to measure the outputs, outcomes and impact of MCP activities, such as interviews, surveys, regular relationships with the client companies, updated company profiles, etc. The system tracks updates on all PMP indicators, such as sales, exports, number of employees, new capital invested, etc. Regular visits and good relationships with client companies are essential to get updated information on the results of project interventions. All companies and individuals benefitting from MCP activities are required to fill in simple questionnaires prior to and after the completion of the intervention providing data to be captured and tracked in the project PMP. This information serves as a feedback mechanism to guide project management and implementation, and monitor the popularity and use of specific activities and programs.

MCP FY 2010 progress against Performance Monitoring Plan (PMP) Targets

Although the economic crisis impacted MCP performance against its PMP indicators, the Project showed robust results across the board, and increased results and impact compared to FY2009. A review of performance under each indicator is provided below.

- 1) **Number of firms receiving USG assistance to access bank loans or equity**—75 companies have engaged MCP to work out business and investment plans necessary to access finance, exceeding by far the target of 40. While the financial crisis is impacting the overall provision of credit in the Macedonian economy, the crisis has not had a large impact on the MCP Financial Platform; in fact, banks have shown a preference for financial proposals from MCP clients.
- 2) **Number of firms that successfully accessed bank loans or private equity as a result of USG assistance** – 65 companies accessed finance as a result of financial platform assistance, totaling \$29.6 million. The Financial Platform has achieved remarkable results this year, and tripled the number of companies it successfully helped access loans, compared to FY09. Also, this year the success rate of companies accessing finance has increased to 86%. (The success rate in FY09 was 35%). The results are very exciting, especially given the tight credit conditions within the market.
- 3) **New capital invested in Macedonian firms, through project interventions**—MCP activities contributed to a total of \$38.35 million invested in Macedonian operations. This includes investment facilitated through the Financial Platform, foreign direct investment initiatives and other activities.
- 4) **New capital invested in Macedonian firms by external agents, through project interventions**—MCP activities facilitated \$8.7 million in new external (foreign) investments in a major retail complex. This is the initial investment, whereas the total amount of the investment is \$23 million, and will be realized over the course of next year. MCP is facilitating a \$10 million logistics park investment involving a U.S.-based real estate company that could be realized next year, pending successful negotiations between the Government of Macedonia and potential investors over the land tender.
- 5) **Percent of firms' new investments financed through external agents**—23% of investment support by MCP activities came from external/foreign sources (see above).

- 6) **Number of firms receiving USG assistance to improve their management practices**—310 companies received technical assistance aimed at improving management practices, exceeding the target of 45. The majority of these companies (235) received training in mentoring interns and employees (e.g. improving human resource management). An additional 75 companies were provided advice on improving business and financial management (often restructuring internal management processes and systems as a result) as part of the Financial Platform. Many of these companies are receiving such support on an ongoing or sequential (more than one type of technical assistance) basis.
- 7) **Number of firms receiving USG assistance to invest in improved technologies**—53 companies invested in new technologies as a result of MCP activities, including companies who access finance for investments in improved technologies, via the Financial Platform.
- 8) **New job capacity added in Macedonian firms** – MCP activities help increase new job capacity to 3,907, including the creation of 774 new jobs, over 1,000 intern placements and 2,200 individuals receiving training that will help them become more employable. Many internships transferred into jobs, but are only counted once in the cumulative number.
- 9) **Increase in total exports as a result of project intervention**—MCP activities resulted in \$21.6 million in new exports, in spite of the fact that the economic crisis depressed new exports from Macedonia. In addition, activities in the light manufacturing and ICT sectors have resulted in a multimillion-dollar pipeline likely to be realized in FY 2010.

Table 6 below provides details on MCP targets and performance to date.

Table 6: Performance Monitoring Plan

	Performance Indicator and Unit of Measurement	Indicator definition	Baseline	Target FY2008	Actual FY2008	Target FY2009	Actual FY2009	Target FY2010	FY2010	Cumulative to date
1 *	Number of firms receiving USG assistance to access bank loans or equity.	Firms referred to accessible bank loans or equity.	N/A	20	23	30	62	40	75	160
2 *	Number of firms that successfully accessed bank loans or private equity as a result of USG assistance.	Firms that have been referred to, have accessed bank loans or private equity, and have acquired new capital to expand operations.	N/A	4	0	15	22	25	65	87
3	New capital invested in Macedonian firms, through project interventions. (million \$)	A total of new capital invested in firms, (includes foreign, domestic, joint ventures, recycling of profit, bank loans and equity financing.)	N/A	6.00	1.80	20.00	16.24	35.00	38.35	56.39
4	New capital invested in Macedonian firms by external agents, through project interventions (million \$)	Portion of the new capital invested in firms from foreign sources.	N/A	4.00	1.20	15.00	5.80	26.00	8.7	15.7
5	Percent of firms' new investments financed through external agents.	The FDI in firms as a percentage from the total capital invested.	N/A	67%	67%	75%	36%	74%	23%	27%
6 *	Number of firms receiving USG assistance to improve their management practices.	Firms receiving project assistance to improve their management practices	N/A	10	84	20	98	45	310	492
7 *	Number of firms receiving USG assistance to invest in improved technologies.	Firms receiving project assistance to invest in improved technologies or facilitate its access.	N/A	5	82	10	24	10	53	159
8	New job capacity added in Macedonian firms. (disaggregated by gender)	Total	N/A	500	353	2,500	1,860	3,000	**3,907	6,120
		a. New jobs created or filled in targeted firms, including estimate of their supply chains as result of assistance provided.	N/A				693		774	1,467
		b. Employable workforce developed to meet demand from employers.	N/A				849		2,207	3,056
		c. Internships placements	N/A				318		1,023	1,341
9	Increase in total exports as a result of project intervention. (million \$)	Increase in the total of exports in goods and services as a result of project assistance.	N/A	2.00	0.00	8.00	8.38	10.00	21.6	29.98

*Some companies have received assistance over multiple periods and only counted once (for the initial quarter). Some companies have received assistance in multiple areas.

** Number of Total Jobs was adjusted on annual basis to reflect the internships converted into jobs.

ANNEX 1: RESULTS OF APPROVED FINANCINGS FROM FINANCIAL PLATFORM (AS OF SEPTEMBER 30, 2010)

Company Description	# employed	Purpose of the loan	Approved financing (US\$)	Own investment (US\$)	Total invested (US\$)	Increase exports (US\$)	New jobs
Sector: light manufacturing							
The main product line includes egg trays in various forms and dimensions.	15	Purchase of new equipment to fulfill a contract with customer for making paper molds for packaging of lights and lighting fixtures.	130,500	43,500	174,000	0	7
Processing of marble and Flintstone	2	New equipment for processing of marble to reach better productivity.	72,500	50,750	123,250	0	1
Production of metal parts	30	New business premises in order to increase portfolio of clients	725,000	362,500	1,087,500	250,952	5
Production of plastic parts using injection molding	26	Purchase of new equipment to move into new products segments	65,250	36,250	101,500	0	3
Production of PVC aluminium profiles	7	Part is for a new vehicle and part for smaller machines	65,250	72,500	137,750	0	3
Construction material	3	Purchase of hi-tech equipment for production of calcite fine products	116,000	234,900	350,900	20,976	3
Injection molding		Purchase of new technology	268,250	21,750	290,000	100,000	4
Electrical equipment	28	Purchase of new technology	217,500	63,800	281,300	0	3
Production of sport equipment	3	Purchase of new vehicle	75,400	29,000	104,400	22,727	4
Production of plastic items	13	Construction of new facility	70,688	122,051	192,738	50,750	5
Printing and packaging production	3	Working capital	355,250	72,500	427,750	217,500	4

Production of items from recycled paper	110	Investment to restart initially closed factory	725,000	1,812,500	2,537,500	0	25
Production of bath tubs and tempered glass	50	Investment in new production line for tempered glass	2,900,000	290,000	3,190,000	500,000	10
Production of cables	25	Purchase of new equipment and working capital	101,500	72,500	174,000	847,826	5
Production of paper products	10	Purchase of new machine for production of nylon coated paper	174,000	43,500	217,500	784,314	5
Production of cooling systems	3	Purchase of new facility	163,125	373,375	536,500	120,000	13
Light manufacturing	20	Purchase of new equipment	362,500	72,500	435,000	44,444	3
Light manufacturing	23	Purchase of new production line	435,000	145,000	580,000	0	1
Total	130	18	7,022,713	3,918,876	10,941,588	2,959,489	104

Sector: Fashion and Design

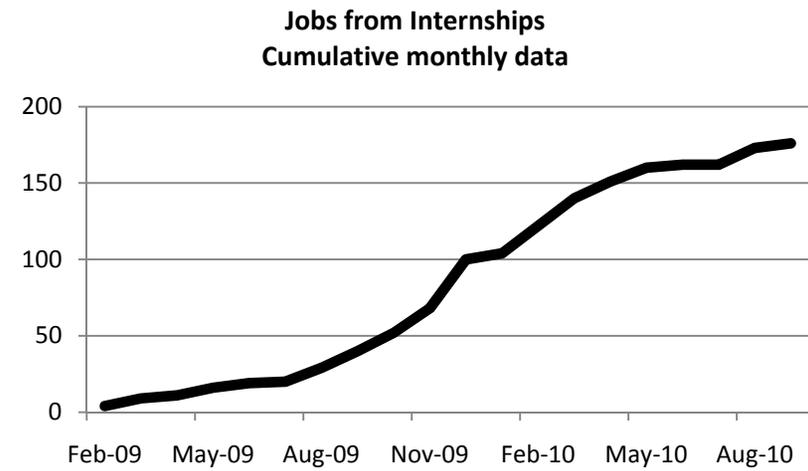
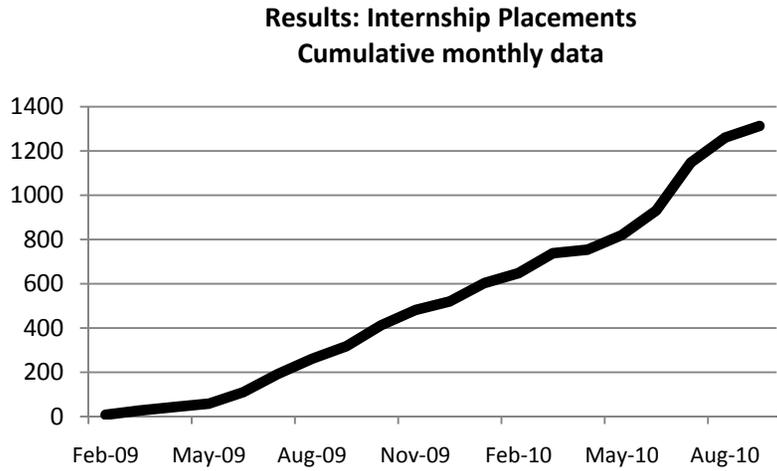
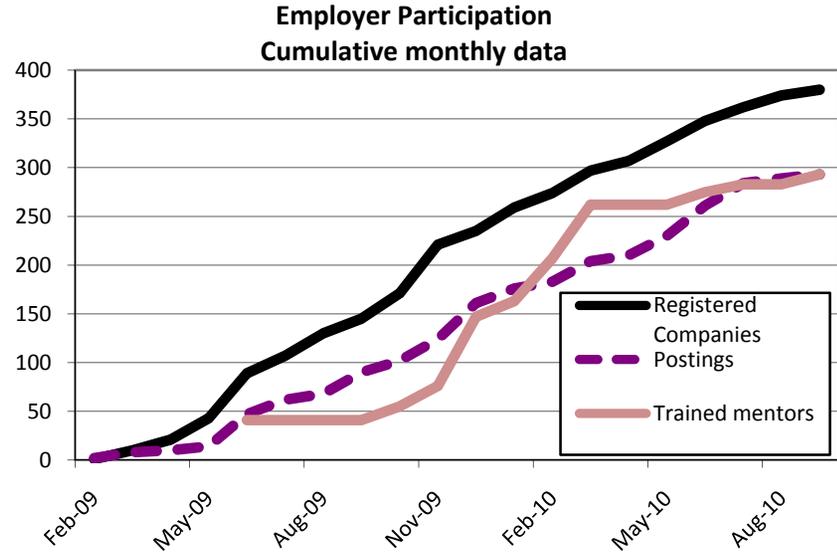
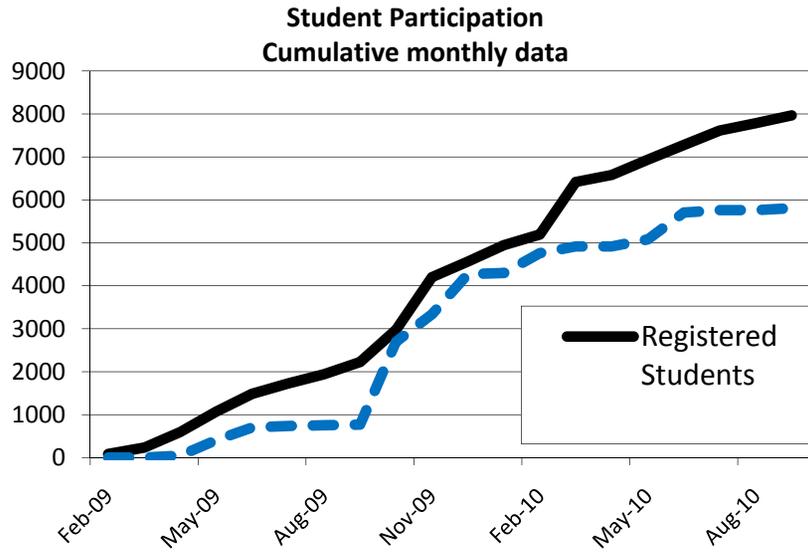
Shoe production	57	Purchase of equipment and working capital	14,500	21,750	36,250	300,000	60
Production of furniture	80	Working capital	116,000	0	116,000	428,571	5
Production of men's shirts	225	Working capital	108,750	36,250	145,000	200,000	10
Lohn production	31	Purchase of new machines	72,500	20,300	92,800	0	10
Furniture	11	Purchase of new equipment and working capital	362,500	435,000	797,500	0	3
Furniture	35	Purchase of new equipment and working capital	217,500	145,000	362,500	2,377,778	11
Total	439	6	891,750	658,300	1,550,050	3,306,349	99

Sector: IT							
IT education	40	still developing strategy to invest in facility or new export markets, but it resulted in 2 new jobs so far	0	0	0		2
Total	40	0	0	0	0		2
Sector: Other							
Purchase and marketing of agriculture products	3	Working capital	106,097	39,150	145,247	146,341	3
Farming	37	Purchase new cattle and increase productivity.	145,000	920,750	1,065,750		5
Production of dried and canned vegetables for export	40	Purchase of new equipment to increase exports	36,250	108,750	145,000	404,762	43
Production of pastries and bread	44	Purchase of stoves and chamber for quick freeze	101,500	145,000	246,500	200,000	12
Bakery	105	Part is to refurbish the bakery and part to purchase new equipment	725,000	159,145	884,145	0	5
Food processing	3	New production line for apple juice production	435,000	1,160,000	1,595,000	2,000,000	10
Food processing	15	Purchase of new equipment and working capital	159,500	190,257	349,757	0	1
Agriculture: rice growing, packaging, and exporting	346	Working capital	290,000	72,500	362,500	145,000	3
Green houses for early vegetable production	50	Purchase of new green house with drop-by-drop system	725,000	145,000	870,000	320,000	28
Bakery	10	Purchase of digital packing machine and new furnace	65,250	72,500	137,750	60,000	4
Chocolate products	25	New facility and new production line	246,500	913,500	1,160,000	600,000	20
Processing of fruit and vegetable	5	New facility and freezers for deep freeze of fruit and vegetable	290,000	406,000	696,000	111,111	12
Packing of grains	6	New furnace and implementation of HACCP	72,500	14,500	87,000	0	6
Meat production	7	New facility	1,087,500	623,881	1,711,381	0	3

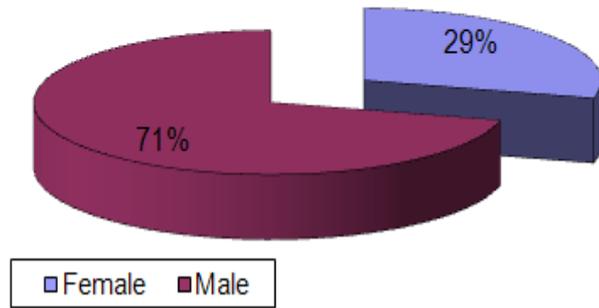
Trade company that wants to invest in a chicken farm	6	Investment in new business line and working capital.	348,000	72,500	420,500	8,000	6
Dairy	42	Investment to increase the production capacity for producing fresh milk .	319,000	290,000	609,000		4
Construction works	40	Guarantee instrument for tender for a large construction project.	32,915	330,600	363,515	0	12
Transportation of passangers	4	New business line, wood processing	47,850	217,500	265,350	0	1
Transportation of passangers Greece, Bulgaria, Montenegro	12	Purchase of new bus	50,750	43,500	94,250	0	2
Trade with food stuffs	2	Open a new shop in Prilep	50,750	43,500	94,250	0	1
Trade with bread and pastries	12	Renovation of facility and purchase a new vehicle	46,400	29,000	75,400	0	1
Trade with materials for carpentry	5	Purchase of land for expansion of the operations	72,500	29,000	101,500	0	4
Trade with textile and underwear	3	Refurbishment of the facility and working capital	43,500	36,250	79,750	0	1
Wholesale trade	12	Working capital	290,000	72,500	362,500	0	2
Wholesale trade	4	Working capital	29,000	50,750	79,750	0	2
Export of fruit and vegetables	15	working capital to purchase fruit and vegetables	120,350	0	120,350	350,000	1
Trade and distribution of food stuffs	14	Purchase of new vehicles to enhance distribution and open a chain of stores	507,500	72,500	580,000	0	9
Company works with Trade of iron	10	Purchase of vehicle and working capital	31,900	14,500	46,400	90,000	4
Transportation services	5	Purchase of a new truck	36,250	50,750	87,000		1
Trade of textile and fabric	4	Extension of the facility	31,175	36,250	67,425		1
Trade with fabrics	3	Refurbishing the old facility and working capital	58,000	43,500	101,500		2
Wholesale trade and retail	12	Open new shop in Bitola	43,500	43,500	87,000	0	6
Wholesale trade and retail	7	Purchase of a new facility	72,500	145,000	217,500	0	6

Label printing and packaging	42	Purchase of new machine	116,000	65,250	181,250	588,700	12
Transportation services	8	Purchase of new vehicle	21,750	87,000	108,750	29,000	1
Construction	65	Purchase of a truck	101,500	87,000	188,500	0	10
Production of agricultural chemicals	30	Purchase of new equipment and working capital	362,500	72,500	435,000	400,000	10
Logistics	28	Financing of new facility	145,000	43,500	188,500	266,667	1
Logistics	8	Finalization of the construction of the warehouse and administrative space	507,500	0	507,500	266,667	5
Construction	15	Purchase of new machinery and working capital	362,500	1,740,000	2,102,500	111,111	25
Logistics	8	New vehicles and new facility	65,250	43,500	108,750	0	3
Total	1112	41	8,398,937	8,730,784	17,129,720	6,097,359	288
Overall	Number of Employees in Firms	Number of Companies assisted	Approved financing (US\$)	Own investment (US\$)	Total invested (US\$)	Increase exports (US\$)	New jobs
Total	1,721	65	16,313,399	13,307,959	29,621,358	12,363,197	493

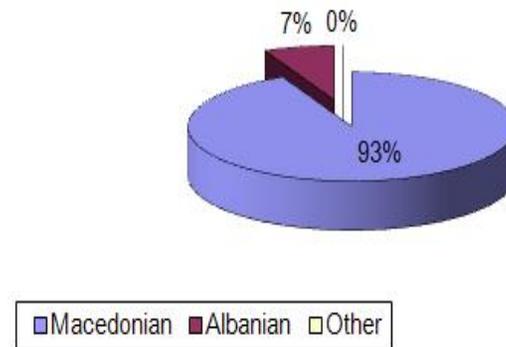
ANNEX 2: CUMULATIVE RESULTS AND STATISTICS FOR MYCAREER INITIATIVE



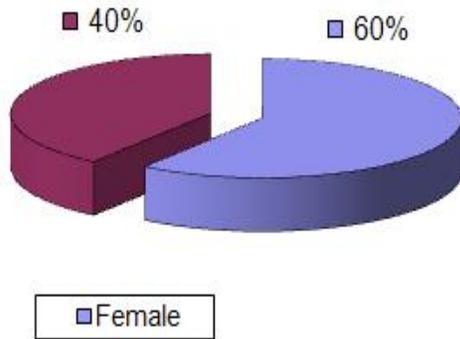
Jobs Gender



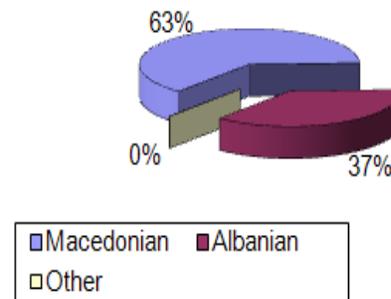
Jobs Ethnicity



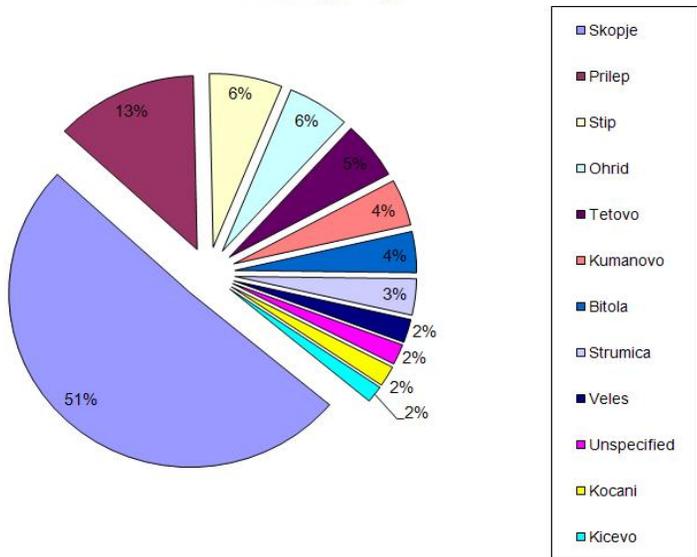
Interns Gender



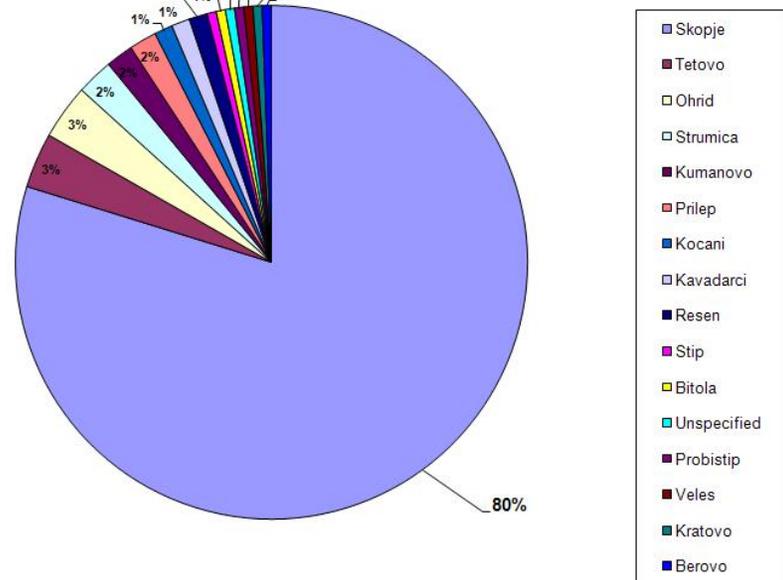
Interns Ethnicity



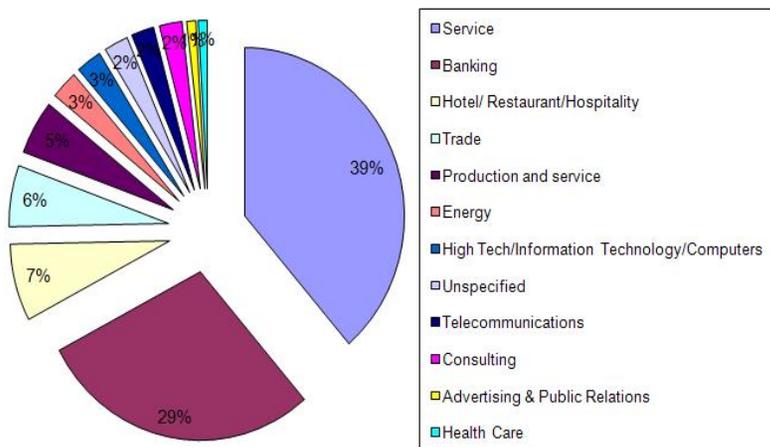
Interns per city



Jobs per City



Internships per industry



Jobs per Industry

