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**THE  
COMPETITIVENESS  
PROJECT**

# **USAID'S COMPETITIVENESS PROJECT**

## **QUARTERLY REPORT**

**October 1, 2010 – December 31, 2010**

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### **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.

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## 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

## MCP HIGHLIGHTS BY COMPONENT

Total October – December 2011	<b>Financing: \$13.11 million</b> <b>Investment: \$23.14 million</b> <b>Exports: \$8.7 million</b> <b>Jobs created: 209</b>	
Component	Key Activities	Outcomes
Light Manufacturing	<ul style="list-style-type: none"> <li>• Support in organization of visits of two OEM's (Magna and BMW), outcomes from previous market linkage activities (EAC 2010)</li> <li>• Preparations for Hannover Messe 2011 are on the way</li> <li>• Preparations for EAC 2011 are also ongoing</li> <li>• Certification processes for two LM companies are on the way</li> </ul>	<ul style="list-style-type: none"> <li>• \$1.8 million in investment facilitated via the financial platform, resulting in 35 new jobs and \$2.8 million in new exports.</li> <li>• Two local automotive suppliers in discussion with Magna Slovak affiliates for possible cooperation.</li> </ul>
Apparel	<ul style="list-style-type: none"> <li>• Organized buyers' week in October with CBI, GTZ, SIPPO and TTA.</li> <li>• Recruiting new buyers in UK and other locations</li> <li>• Supporting coordination of existing orders from the UK and EU customers</li> <li>• Planning for February 2011 CPD show.</li> <li>• Planning for March 2011 Buyers' Weeks.</li> <li>• Completed SMETA social and environmental audits</li> </ul>	<ul style="list-style-type: none"> <li>• \$1.5 million in investment facilitated via the financial platform, resulting in 36 jobs and more than \$400,000 in exports</li> <li>• \$750,000 in new exports</li> <li>• 8 buyers participating in October 2010 buyers' week, looking at repeat visits and possible orders.</li> <li>• At least 4 new companies showing interest in sampling and considering orders from Macedonia.</li> <li>• Orders delivered resulting from March 2010 buyers' week</li> <li>• Salesman samples sent to new customer via networking activities, with potential of over \$900,000 in follow-up orders</li> </ul>
ICT	<ul style="list-style-type: none"> <li>• 25 IT professionals trained in Project Management Professional (PMP)</li> </ul>	<ul style="list-style-type: none"> <li>• \$420,000 in investment via financial platform allowing exports of \$777,000.</li> <li>• \$400,000 in exports via fx3x</li> <li>• IT workforce capacity increased via 14 internships</li> <li>• 25 IT professionals eligible to take the PMP certification exam in January 2011.</li> </ul>
Access to Finance	<ul style="list-style-type: none"> <li>• Assisting 34 companies through process of packaging and submitting investment proposals.</li> <li>• Ongoing awareness building of financial services available to meet different financing needs.</li> <li>• Commenced cooperation with the Ministry of Justice in view of the implementation of the new Law on Appraisers.</li> </ul>	<ul style="list-style-type: none"> <li>• 23 companies receiving \$13,115,313 in new financing, resulting in \$22,841,364 in total investment, 201 jobs, \$7.2 million in exports</li> <li>• Europhoenix obtains its first mandate to raise capital for a Macedonian company for 3 million Euros.</li> <li>• Developed MoU with Ministry of Justice to be signed next quarter</li> </ul>

<b>Workforce Development</b>	<ul style="list-style-type: none"> <li>• NIJP sustainability model introduced as of October 2010,</li> <li>• First generation of GCDF certified trainers introduced in Macedonia</li> </ul>	<ul style="list-style-type: none"> <li>• Total of 1,070 students, and 10 new companies registered on <a href="http://www.MyCareer.com.mk">www.MyCareer.com.mk</a></li> <li>• Total of 185 internship placements and 4 permanent jobs facilitated through My Career</li> <li>• My Career NGO sold 55 service packages worth \$19,200 and collected \$1,136 from other services</li> <li>• 28 GCDF Consultants Certified including 4 master trainers</li> </ul>
<b>Foreign Investment Support</b>	<ul style="list-style-type: none"> <li>• Continued mobilization of EDA network following up on existing FDI leads.</li> <li>• Continued collaboration with Invest Macedonia and Minister of Foreign Investment to attract and support investment.</li> <li>• Continued support for pending logistics investment</li> </ul>	<ul style="list-style-type: none"> <li>• Indian pharmaceutical investment to be realized in 2011.</li> <li>• Progress under joint venture with investment in integrated organic agriculture.</li> <li>• Logistics investment expected to be realized in 2011</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Attracting a pipeline of Macedonia innovation projects</li> <li>• Building partnerships with institutions and organizations supporting innovations</li> <li>• Collaboration with Crimson Capital for creation of Innovation Development Fund.</li> <li>• Attracting investors and actively supporting waste-to-energy innovation</li> <li>• Actively supporting 4th mobile operator in Macedonia</li> </ul>	<ul style="list-style-type: none"> <li>• Pipeline of potential 30 projects for Innovation Center</li> <li>• Dutch telecom company established business in Macedonia resulting in initial investment of \$300,000 and 5 employed</li> <li>• Signed contract with renewable energy fund to invest into W2E innovation with multi-million dollar potential</li> <li>• Clearly defined process for interactions with innovators</li> </ul>

## I. OBJECTIVES AND APPROACH

### 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**. Under this, 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 supply chains and industries within Macedonia.
- **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 certifications 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.

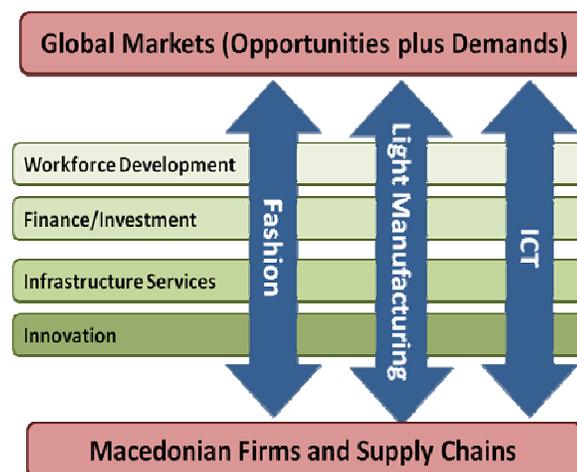
Ultimately, these outcomes lead to new or enhanced employment, and Macedonian companies and sectors better able to respond to the ever-changing demands of the global economy. See *Figure 1: Results Framework* for more information on how project activities and components contribute to SO 1.3 and IR 1.3.2.

### MCP's Integrated Approach

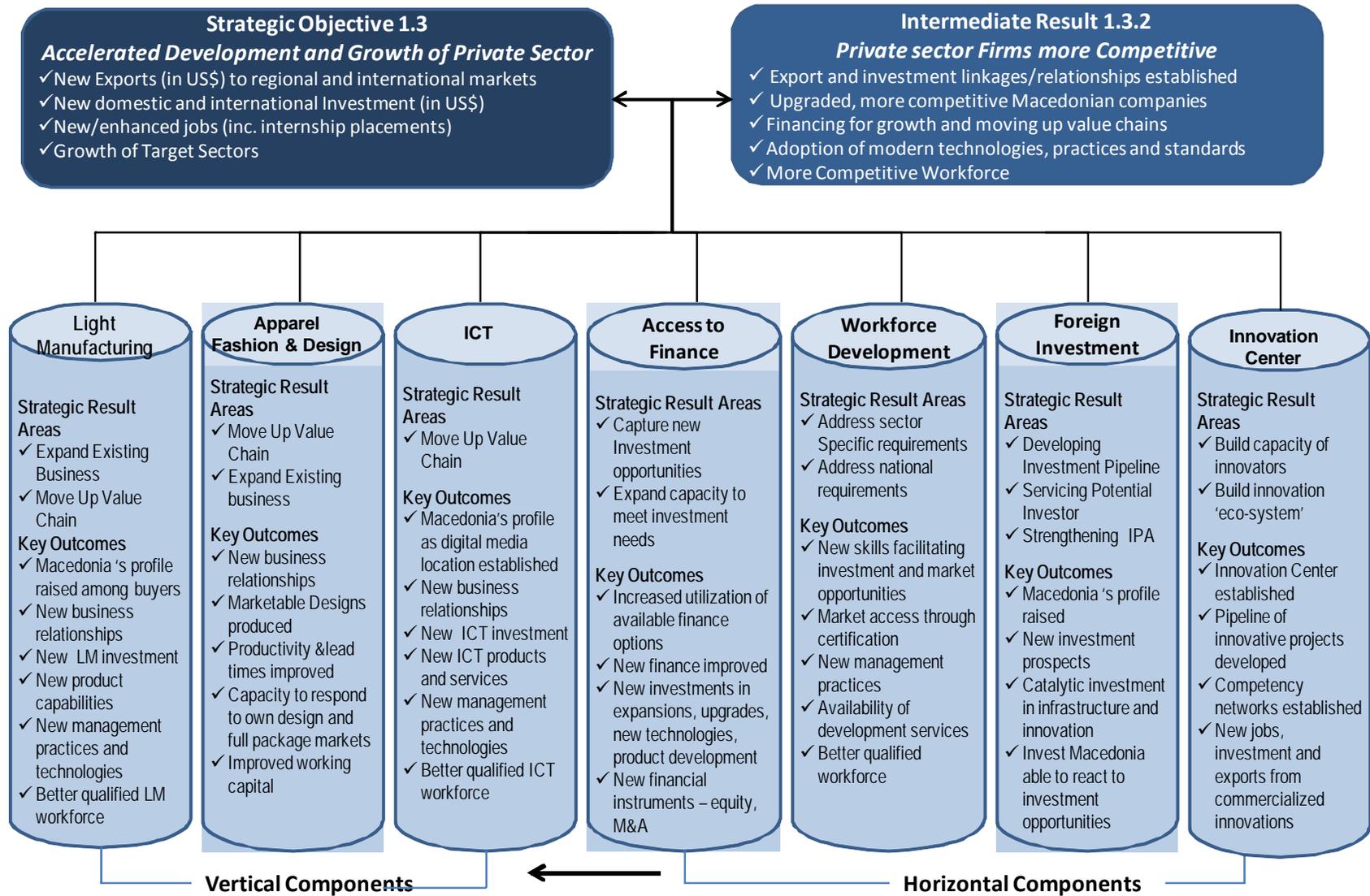
The Competitiveness Project implements cost-effective, high-impact and market-oriented activities within an integrated approach that considers issues related to specific sectors as well as factors that affect Macedonia's ability to achieve export-driven growth across sectors. These activities generally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

1. **Vertical** component 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 Approach**



**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:

- potential customers and partners;
- a flexible and skilled workforce;
- financing for upgrades, expansion or product development;
- certification services; and
- fundamental infrastructure.

MCP activities can be *transactional* and/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. In some cases, an outcome can be both transaction and transformational. For example, a joint venture deal may be considered an investment transaction, although the impact on the company could be long lasting.

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. The project has worked closely with GTZ (German Donor), CBI (Dutch Donor), and SIPPO (Swiss Donor) on a series of market linkage initiatives, ADA (Austrian donor) in innovation and finance initiatives.

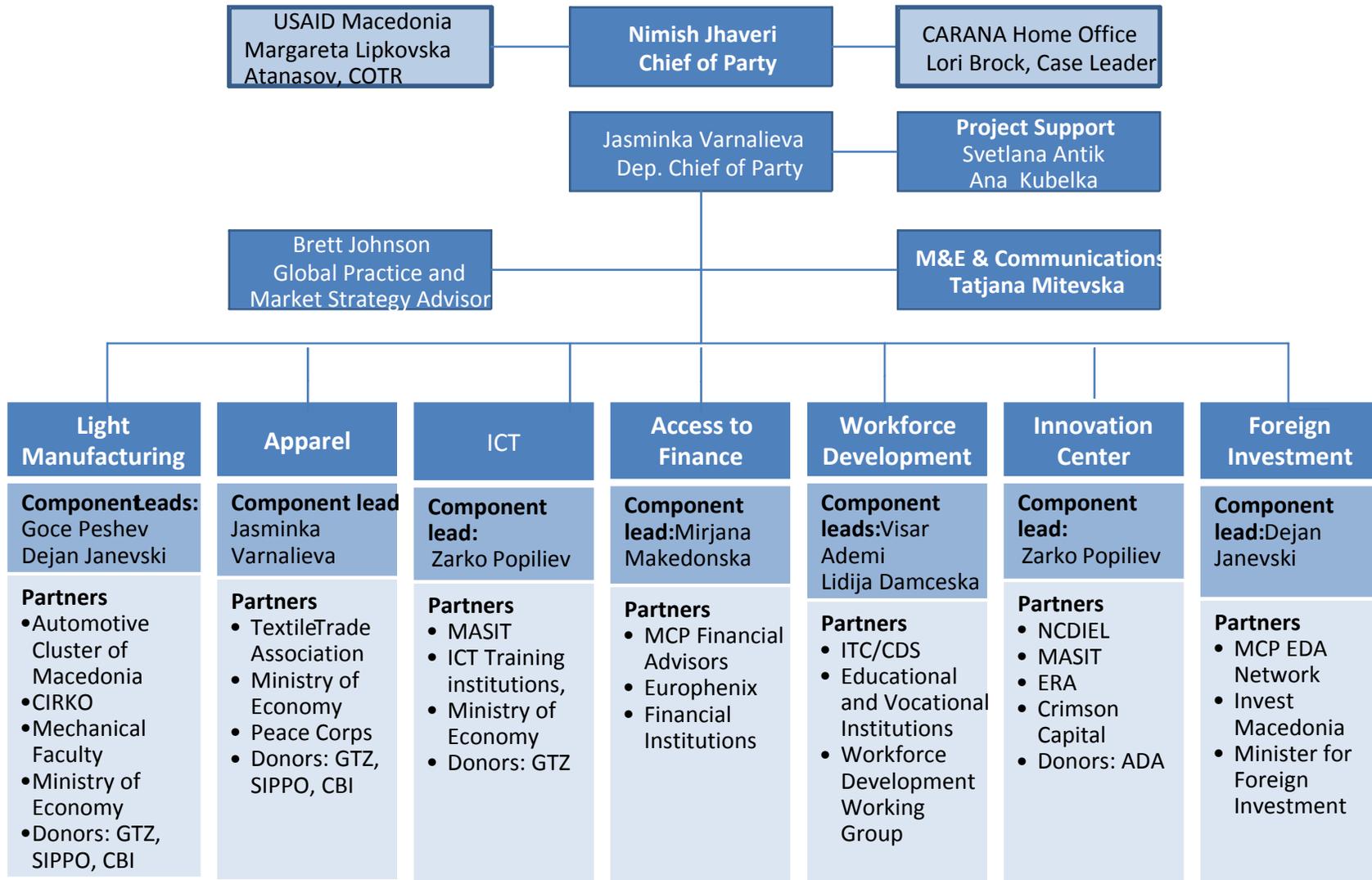
### **Project structure**

The Project's management structure is organized to facilitate effective planning and implementation across the 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 that one beneficiary can benefit from both vertical (e.g. participation in trade shows) and horizontal (e.g. finance, training, and certification) activities.

In the interest of *sustainability and leveraging resources to maximize impact*, MCP's activities involve intensive collaboration with private-sector associations, government, financial, and academic partners (who often offer in-kind services), 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. Cost-sharing is a critical 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. In most verticals, and to some extent the horizontal components, MCP collaborates with other international donors (e.g. GTZ, CBI, SIPPO) 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. MARKET LINKAGES AND CAPACITY BUILDING IN TARGETED SECTORS

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### ***Activities under MCP “Vertical” Components, October – December 2010***

The Competitiveness Project continued to provide support to companies within its target sectors, namely light manufacturing, fashion and design, and information and communications technologies (ICT). MCP market linkage and capacity building activities maintained a focus on 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).
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 has worked with client companies in target sectors to achieve both objectives simultaneously. Expanding existing business is essential to ensure the survival of the company and to provide the cash flow and capacity for longer-term investments in developing differentiated and higher-value products and services.

The section below presents an overview of ongoing market linkage and capacity building activities in the target sectors.

## 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 mould making, as well as 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 Yugoslavia, 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, but there is 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 crucial to starting business with a new customer.

Key Activities	Key Outcomes
<ul style="list-style-type: none"> <li>Support in organization of visits of two OEM's (Magna and BMW), outcomes from previous market linkage activities (EAC 2010)</li> <li>Preparation for Hannover Messe 2011 are on the way</li> <li>Preparation for EAC 2011 are also ongoing</li> <li>Certification processes for two LM companies are on the way</li> </ul>	<ul style="list-style-type: none"> <li>\$1.8 million in investment facilitated via the financial platform, resulting in 35 new jobs and \$2.8 million in new exports.</li> <li>Two local automotive suppliers in discussion with Magna Slovak affiliates for possible cooperation.</li> </ul>

Indeed, the economic crisis hurt Macedonia's manufacturers. Nevertheless, MCP has seen a number of companies rebuild their customer base and start hiring or re-hiring staff. Furthermore, 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.

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MCP Q1 2011 activities in light manufacturing continued to focus on helping companies access and engage new customers, both in existing and new market segments, while putting more effort into enabling the company to meet new demand. Efforts targeted both end-products and sourcing (or subcontracting) exports in Balkan, Western European (primarily Germany) and Eastern European markets. Specifically, activities included planning for trade shows in 2011 and support for companies aiming to achieve certifications critical to attracting or maintaining customers.

Details on Q1 2011 light manufacturing activities, achievements and expected outcomes can be found below.

### Planning for Hannover Messe 2011

Once again, MCP will collaborate with SIPPO to organize a Macedonian Pavilion at Hannover Messe 2011. Continuing the successful exhibition from 2010, MCP plans to facilitate the participation of up to seven companies and organizations along leading industrial companies from all over the world. With its line-up of 13 leading international trade shows, HANNOVER MESSE 2011 has global importance as a showcase for tomorrow's technologies and ideas, representing an opportunity for Macedonian participants to not only market their capacities, but also learn about latest developments in the industry.



Macedonia exhibit booth at Hannover Messe 2010

In the past quarter, MCP worked with SIPPO to agree on cost-sharing agreements and identifying interested companies through its own network and Chambers of Commerce. Two companies have applied for participation at the fair so far: Ozon from Skopje and Laminati Prilep. Both of them are companies with whom MCP will cooperate for the first time. Ozon is a fast growing producer of equipment for heating with energy-saving solutions, while Laminati from Prilep is the only producer of composite materials in the Balkans. MCP expects repeat exhibitors as well.

### **Certification Platform**

MCP continued support for companies pursuing various industry certifications that will enable them to establish or expand export business with international customers. This quarter, MCP initiated work with two manufacturers to support certification efforts that will take place in Q2 2011. MCP will cost-share certification for:

- Electricity transformers and components company Rade Koncar-Kontaktori i Relei, to get re-certified in a CSA quality standard for their products for the North American and Canadian markets. This will open new possibilities for them as their products are exported worldwide and are competitive with the “global” players.
- Ozon from Skopje aims to receive a certificate for quality for “heating energy-saving solutions” they recently started to produce. The company has a known buyer from Poland that will import from Macedonia once they receive the proper quality certificate from an accredited EU testing laboratory.

### **Supporting Buyer Visits with Automotive Cluster of Macedonia (ACM)**

As part of ongoing market networking activities, MCP continued working with ACM in market linkage activities focusing on the automotive sector. This quarter, activities included:

- Supporting tool and die manufacturer TeTe Plast and automotive software programmer Ein-Sof for their visit of Volkswagen’s International Supplier Fair in Wolfsburg. Both companies met over 30 suppliers working with VW who could become customers.
- Supporting factory visits by MAGNA and BMW in Macedonia to explore possible collaboration between their suppliers and Macedonian manufacturers. After MAGNA’s visit, two local companies received RFQ’s from Magna’s Slovakia-based suppliers. The BMW representative confirmed his commitment to help Macedonian companies approach the BMW regional supply base in Turkey and discuss possible cooperation with these lower tier suppliers. The visits from both MAGNA and BMW were a result of initial meetings made at European Automotive Component (EAC) Expo shows at the Macedonian Automotive Pavilion, supported by MCP and GTZ.

“MAGNA is looking for potential suppliers from Southeast Europe. As I have seen, Macedonia has potential; it has a good location, a competitive market and qualified workforce. We are interested in companies that produce automobile parts, aluminum and plastic parts, electronic equipment. I am hoping for a collaboration with some of your companies.”

Marek Trstan , MAGNA Sourcing Director for Southeast Europe

These efforts were in alignment with ACM’s strategy for targeting lower-tier suppliers as potential buyers from Macedonia, while maintaining the promotion of the country as a supply base to OEMs.

### **Industry lead education for LTH and Ruen**

In December the MCP Workforce Development team met with HR representative from automotive firms LTH and Ruen IT to discuss cooperation in leveraging the industry-led education and internship platforms to support their workforce needs. MCP produced an offer of services and proposals for cooperation and received feedback for implementation in 2011. The next step in the process is to align all stakeholders (local government, educational institutions, Ministry of Education and Science) with the goals of the project and develop a project outline with defined scopes and responsibilities between the stakeholders.

### **Activities Planned for next Quarter**

- Finalization of the certification process for two companies from the LM sector, Ozon and Rade Koncar.
- Support for participation of Demastil-Kriva Palanka to Nurnberg Toy Fair 2011 in Germany.

- Preparation for Hannover Messe 2011 including: Booth build finalization, marketing research and buyers' search for participating companies.
- Preparation for the European Automotive Component Show 2011 in Stuttgart.
- Finalization of the concept for Supply Chain Management intervention with Ruen IT and other potential clients from the LM sector.
- Formulating cooperation with LTH Learnica and Ruen IT for workforce development activities. Specifically outlining a project to generate industry-led education program through changes in current curricula.

## Fashion and Design—Apparel

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 employment for Macedonia with more than 40,000 employed in this sector. It is also a significant exporter with average annual exports exceeding \$500 million. For the last decade, the industry has suffered a slow decline in both exports and employment, exacerbated recently as a result of 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.

Key Activities	Key Outcomes
<ul style="list-style-type: none"> <li>• Organizing buyers week in October with CBI, GTZ, SIPPO and TTA.</li> <li>• Recruiting new buyers in UK and other locations</li> <li>• Supporting coordination for orders from UK and EU customers</li> <li>• Planning for February 2011 CPD show.</li> <li>• Planning for March 2011 Buyers' Weeks.</li> <li>• Completed SMETA social and environmental audits.</li> </ul>	<ul style="list-style-type: none"> <li>• \$1.5 million in investment facilitated via the financial platform, resulting in 36 jobs and more than \$400,00 in exports</li> <li>• \$750,000 in new exports via past and present component activities</li> <li>• 8 buyers participating in October 2010 Buyers Week, some who are looking at repeat visits and possible orders.</li> <li>• At least 4 new companies showing interest in sampling and considering orders from Macedonia.</li> <li>• Orders delivered resulting from March 2010 Buyers Week</li> <li>• Salesman samples sent to new customer via networking activities, with potential of over \$900,000 in follow-up orders</li> <li>• Macedonian companies continue to receive orders from CPD show in February.</li> </ul>

During Q1 2011, 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. Highlights include October Buyers' weeks with visits from eight (8) UK and EU buyers, continued buyers recruiting and business facilitation between interested buyers and Macedonian manufacturers. The Project also facilitated social and environmental audits at two companies.

Details on the FY 2011 Q1 apparel activities, achievements and expected outcomes can be found below.

### ***Support Own Design presentation at CPD, Dusseldorf***

MCP continues to support companies engaged in developing their own design and full package services. To that end, four Macedonian companies are in the process of creating new Fall/Winter 2012 collections that will be presented during the February CPD fashion fair in Dusseldorf. MCP will support these companies in creating their promotional materials, catalogues, posters, etc, while GTZ will fund the booth. This will be a fourth presentation of Macedonian collections in a row, following two summer and one winter collection presentations so far. As a result of the previous CPD fairs, Macedonian producer **AFG** has sold part of their collection to eight new customers from Germany and the Netherlands and identified and engaged an agent who agreed to sell their collection in Germany. The other company, **Modena**, has been successful in selling its own collection to new buyers in France, Ireland and Germany. During the February 2009 CPD fair, Modena identified an agent who is now selling Modena's own collections in the south of Germany, Austria, and Switzerland. Both AFG and Modena keep in touch with these new customers and expect more orders in the coming period.

### ***CMT and full package support***

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 implements market linkage activities targeting potential CMT, full package and private label customers, with the aim of organizing similar events for other countries.

### ***Buyers Weeks in October 2010***

As a follow-up to the successful March 2010 business to business (B2B) event, MCP collaborated with the TTA and its donor partners to carry out a “Buyers Week” event over three weeks in October. Eight buyers from the UK, Germany and Norway visited Macedonia to visit selected manufacturers who matched their specific sourcing requirements.

Buyers included:

- Mantra, a buyers’ agent from French Connection UK ([www.frenchconnection.com](http://www.frenchconnection.com))
- Vural, a UK supplier serving a range of UK brands including River Island, Jane Norman, Top Man, ASOS, etc
- Outsider Fashion ([www.outsiderfashion.com](http://www.outsiderfashion.com)), an eco-friendly brand.
- Alison Hayes ([www.alisonhayes.co.uk](http://www.alisonhayes.co.uk)), a UK supplier for a range of UK brands, including Debenhams
- FinOslo ([www.finoslo.com](http://www.finoslo.com)) a Norway-based eco-friendly brand
- Asos Womens ([www.asos.com](http://www.asos.com))
- Ertsingwerk, a German design company
- Optimum, a German corporate wear company.

MCP and its partners arranged factory visits based on matches from the buyers’ sourcing requirements and individual Macedonian manufacturers capabilities. Over the period of three weeks, nearly 90 factory visits were arranged with 26 different manufacturers.

The buyers’ weeks were organized differently from the first B2B. One-day B2B matchmaking events where all buyers and manufacturers come together are indeed valuable, but MCP has found it difficult to arrange a critical mass of buyers to visit all at the same time, due to differing schedules. Buyers also seem to place more value on visiting as many factories as possible during the time they may have in a country, and having one day allocated for a B2B event reduces the time to maximize the number of factory visits.

“(MCP is) running one of the best industry marketing programs I have seen in Eastern Europe. My only regret so far is that I didn’t come a month earlier to be able to place orders in Macedonia this year.... but I plan to start placing orders directly with 2 or 3 factories next year.”

*UK participant at Buyers Week*

Since the visits, Mantra/French Connection, Vural, Outsider and Alison Hayes have carried out pricing and sampling exercises with a number of manufacturers. If pricing, quality and capacity work out, it is expected that orders (some large) could proceed. MCP is working with the TTA and CBI in facilitating these relationships.

### ***Follow-up on March 2010 B2B Event and other Apparel leads***

MCP has continued facilitating business leads from the March 2010 B2B event. In particular, MCP staff have been facilitating communications between Milano and Whistles (UK) in a series of orders. MCP hoped to help facilitate a longer term relationship between the two parties that would involve exports of about 15-20,000 Euros per month, although some issues and challenges may result in a terminated relationship.

MCP is also working with its Economic Development Agent (EDA) from Holland to facilitate orders for a denim collection for Alexander McQueen, men’s trousers for a German mail order company, and a small Dutch brand. INT, a company in Kocani, sent salesman samples worth nearly \$40,000 to Alexander McQueen. Assuming that

the collection achieves expected sales, INT could export an additional \$900,000 for Alexander McQueen next season.

### ***New buyer recruiting and Planning for March 2011 Buyers Weeks***

MCP and its UK consultant have continued facilitating new relationships with UK buyers. After the October buyers weeks, MCP and its partners have once again starting reaching out to a list of potential buyers who may be interested in considering Macedonia. This includes Jaeger and Aquascutum, Coast, Bastyan, Ted Baker, Zara, M&S and more. Jaeger and Coast are expected to carry out sample exercises and MCP staff are expected to meet with buyers from Jaeger, Coast, and Bastyan in London during January to further relationships.

MCP and its partners have also announced the dates of the March 2011 buyers weeks (February 28 – March 18<sup>th</sup>).

### ***SMETA Safety and Health Audits***

Buyers in the UK (and other countries for that matter), 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 companies we are representing 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.

In October, MCP supported two companies, Milano and Maxima, to undergo audits via the SMETA system (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.

Both companies fared well in the audits, although the auditors identified a number of safety issues that need to be addressed to achieve a higher rating. These issues are common in Macedonian companies and involve availability of protective gloves for fabric cutters and fire safety compliance.

### ***Activities Planned for next Quarter***

- Support any buyer follow-up as necessary.
- Recruit additional UK buyers for samplings and buyer trips.
- Collaborate with GTZ and the TTA to support launch of Fall/Winter 2012 collections for CPD.

## 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%. 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 ICT activities this quarter focused on project management training for ICT project managers, a skill set that many employers say is missing.

### Project Management for Professionals Certification Program

Employers in the ICT and other knowledge-based sectors within Macedonia have remarked on the need for professional project managers, a gap which impacts their ability to compete globally. Project management skills play an important role in managing multi-task projects and critical to responding to the complex needs of ICT export markets. They also have an impact on the quality of consulting services and other professional services provided to companies in Macedonia.

Via the Workforce Development Component, MCP collaborated with GTZ and the ICT Chamber MASIT to deliver a training program on Project Management for Professionals (PMP), which is regarded as one of the most effective certification programs applied internationally for project management. Twenty-five trainees from the ICT sector took part in the training and will be able to take an examination for PMP certification in January.

Key Activities	Key Outcomes
<ul style="list-style-type: none"><li>• 25 IT professionals trained for Project Management Professional (PMP)</li></ul>	<ul style="list-style-type: none"><li>• \$420,000 in investment via financial platform allowing exports of \$777,000.</li><li>• \$400,000 in exports via fx3x</li><li>• IT workforce capacity increased via 14 internships</li><li>• 25 IT professionals eligible to take the PMP certification exam in January 2011.</li></ul>

### III. CROSS-CUTTING ACTIVITIES

#### **Activities under MCP “Horizontal” Components, October – December 2010**

The Competitiveness Project continued to see progress and results through its cross-cutting or horizontal components—which are geared towards addressing issues affecting multiple MCP target sectors or the growth potential of Macedonia’s wider economy. Activities carried out under horizontal components cover:

- **Access to Finance**—Helping companies obtain the financing needed to expand or upgrade, while improving internal financial management and business planning. These investments result in *new exports, jobs, and more competitive companies* able to weather difficult economic periods and thrive in a recovery market as a result of improved practices and new technologies.
- **Workforce Development**—Building a workforce better able to meet the needs of the Macedonian economy, addressing specific skills needs and achieving the standards and certifications that impact companies’ ability to capture new market opportunities and compete globally. These 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*.
- **Innovation (New component introduced in FY 2011)** —Supporting Macedonian innovators through the steps needed to take an innovation from concept to commercialization, while building links to create a wider innovation ecosystem within Macedonia. These investments result in *new investment, exports, and jobs*.

Whenever possible, MCP horizontal activities support activities and outcomes within targeted MCP vertical components. The sections below present details of specific approaches, activities and achievements under each of the MCP Horizontal Components during Q1 2011.

#### **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"> <li>• Assisting 34 companies through process of packaging and submitting investment proposals.</li> <li>• Ongoing awareness building of financial services available to meet different financing needs.</li> <li>• Commenced cooperation with the Ministry of Justice in view of the implementation of the new Law on Appraisers.</li> </ul>	<ul style="list-style-type: none"> <li>• 23 companies receiving \$ 13,115,313 in new financing, resulting in \$ 22,841,364 in total investment, 201 jobs, \$ 7.2 million in exports</li> <li>• Europhoenix obtains its first mandate to raise capital for a Macedonian company for 3 million Euros.</li> <li>• Developed MoU with Ministry of Justice to be signed next quarter</li> </ul>

The Competitiveness Project believes that accessing finance is often a matter of companies a) being aware of various financing options i.e. the different financial products available on the financial market; b) improving financial management and planning (e.g. corporate finance); and c) 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.

This MCP component continues to deliver impressive results in the form of new financing, investment, jobs and exports. An overview of access to finance activities and accomplishments during Q1 2011 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 asymmetry of available financial products and the quality of financing proposals submitted to banks, the Platform was scaled out in FY 2009. In FY 2010, it reached full maturity with accelerating results. 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 \$200 and \$450 in new investment for every USAID dollar spent in 2010.

"We have worked with our MCP financial facilitator for a number of years now. We have found him to be an invaluable asset for us to strengthen our internal organizational processes and financial management practices that has resulted in improved productivity and efficiency of the company. With the assistance of the MCP financial facilitator we were able to access two different loans, first to complete and put in function our new expanded production facility in 2009. Then, in 2010 we reprogrammed all of our old expensive loans with a new more favorable loan, with only the half of the interest rate we were paying before. It would have been very hard for us, if not impossible to achieve this with our own internal resources."

*Toni Bozinovski, Manager and Co-owner  
Tehnokoop, furniture maker and the 101st company  
successfully assisted by MCP financial platform*

This quarter, MCP facilitators have worked with over 30 companies, of which 23 companies have "graduated" from the platform and had their investment proposals approved by a bank or financier. The resulting \$13.1 million in financing enabled these companies to invest a total on \$22.85 million in new products, facilities, equipment and technologies. These investments have subsequently facilitated the creation of 201 jobs and annual exports of over \$7.2 million.

The results from this quarter contributed to the overall accomplishments of the Financial Platform which since its inception in 2008 has assisted **108** companies to access financing successfully in the amount of \$36.7 million, invest a total of \$63.9 million and create 949 jobs.

#### **Financial platform matchmaking events**

As part of the promotional efforts of the Financial Platform, MCP organized a series of matchmaking and educational regional 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. In

order to leverage funds, MCP initiated cooperation with the Austrian Development Cooperation to cost share the organization of the matchmaking events in 2010.

This quarter, MCP collaborated with the Textile Trade Association for an educational and matchmaking event aimed at apparel companies in need of fresh capital, yet unable to provide real estate as collateral required by the banks. Over 30 apparel companies participated and had a unique opportunity to hear from four different financial institutions how to access finance without engaging collateral. Presentations included:

- Macedonian Bank for Development Promotion (MBDP) on the benefits of export insurance;
- Ohridska banka Societe General on how MBDP's export insurance can be used a pledge against working capital loans;
- Komercijalna banka on Letters of Credit and forfeiting as a means of exchanging the LC for cash; and
- Crimson Capital on financing they provide to companies on the basis of the contracts that they have with their buyers (purchase order financing).

This effort adds to the efforts of the MCP apparel team who have struggled linking EU full package buyers to Macedonian manufacturing, due to challenges in raising working capital to source fabric.

In addition, MCP collaborated with the Regional Development Centers of The Republic of Macedonia to promote the financial platform in front of companies from the Vardar Planning Region and the Central Planning Region. Over 50 companies from these two regions became acquainted with the services of MCP's Financial Platform.

### **Building relations with financial institutions**

MCP and its financial advisors continued 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.

This quarter, MCP organized a coordination meeting between MCP's financial facilitators and Ohridska Banka Societe General to develop ideas for leveraging the financial facilitator pool to assist companies in gaining access to EU funds. Regional experience shows that EU funds (such as the IPA funds) cannot be used efficiently unless the company/beneficiary works side by side with an experienced consultant, and unless there is a good bank willing to partner up with the company in the process. As such, the bank wanted to explore using MCP consultants and refer them to companies eligible for these grants. During the half-day meeting, financial facilitators presented their skills and experience while bank representatives provided information on EU funds their institution has access to. This initiative will be further developed in 2011.

### **Equity finance initiative**

To date, most approved financing has come through loans or leasing. While debt financing remains a core source of the Financial Platform's investment outcomes, MCP does promote 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.

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. As a result, this quarter Europhoenix got their first two mandates, the first one to perform valuation for a meat processing company with potential for further engagement to facilitate its acquisition or merger, and a mandate from an IT company to raise 3 million Euros in equity capital. This also led to registering Europhoenix Macedonia.

### **Real Estate Valuation**

A new Law on Appraisers (real estate valuation) was passed in September 2010 at initiative of the Ministry of Justice. The implementation of the law requires intense work and coordination with several ministries commissioned to implement it (i.e. develop valuation methodologies, organise trainings and exams for the newly certified appraisers, establish e-registries of appraisers, translate international valuation standards etc).

MCP has committed to support the Ministry by providing them with assistance in reviewing various methodologies developed by the ministries, conduct the trainings to the applicants for appraisers, provide the e-registry for the registration of the newly certified appraisers as well as translate and publish the new 2011 International Valuation Standards. Negotiations with International Valuation Standards (IVS) Committee regarding the terms and conditions under which we will translate the newest 2011 IVS were successfully completed. Once the IVS 2011 are published, MCP will translate and publish them.

A MoU to be signed with the Ministry has been developed and it reflects the commitments described above. It is expected to be signed at the beginning of next quarter so that MCP can start with the implementation of the activities. The ultimate goal is the establishment of a Chamber of appraisers scheduled for second quarter in 2011, which MCP also plans to support.

### ***Activities Planned for next Quarter***

- Matchmaking event for export oriented companies to be held in Kumanovo region
- Celebration event in view of the 2<sup>nd</sup> anniversary of the Financial Platform planned for end of February/beginning of March
- Facilitators continue working with companies helping them access finance successfully
- MOU with Ministry of Justice signed and first activities launched

**Figure 4: Q1 FY11 Approved Financing**

<b>Sector</b>	<b>Reason for Financing/ Investment</b>	<b>Approved Financing</b>	<b>Total Investment</b>	<b>Jobs</b>	<b>New exports</b>
<b>Fashion</b>	Purchase of new facility	\$406,000	\$507,500	20	244,444
	Expansion of the production capacity and new show room	\$106,098	\$178,598	5	66,667
	New production capacity	\$362,500	\$662,650	8	-
	Working capital	\$145,000	\$145,000	3	100,000
	<b>Total</b>	<b>\$ 1,019,598</b>	<b>\$ 1,493,748</b>	<b>36</b>	<b>\$ 411,111</b>
<b>Agriculture and food processing</b>	New equipment	\$290,000	\$362,500	6	\$311,111
	Working capital	\$466,142	\$466,142	5	\$136,364
	Several new digital machines	\$290,000	\$507,500	16	\$888,889
	Refinancing	\$101,500	\$126,150	7	\$162,222
	New production line	\$406,000	\$507,500	30	\$1,111,111
	<b>Total</b>	<b>\$ 1,553,642</b>	<b>\$ 1,969,792</b>	<b>64</b>	<b>\$ 2,609,697</b>
<b>Services and Trade</b>	Purchase of new facilities	\$217,500	\$261,000	4	\$155,556
	Refurbishment of a hotel	\$2,320,000	\$2,610,000	15	-
	Building a new business and residential building	\$2,755,000	\$7,685,000	25	-
	New production facility	\$85,573	\$187,074	3	-
	New printing equipment	\$754,000	\$1,044,000	2	\$144,444
	Construction of vehicle servicing workshop and gas station	\$2,175,000	\$4,350,000	6	\$75,000
	New warehouse	\$290,000	\$290,000	1	\$217,500
	New vehicles	\$435,000	\$725,000	6	-
	<b>Total</b>	<b>\$ 9,032,073</b>	<b>\$ 17,152,074</b>	<b>62</b>	<b>\$ 592,500</b>
<b>Light Manufacturing</b>	New equipment	\$217,500	\$435,000	10	\$202,667
	New laser machine	\$217,500	\$290,000	-	\$290,000
	New facility	\$217,500	\$355,250	3	\$33,333
	New equipment, machine producing copper wires	\$348,000	\$435,000	10	\$1,622,222
	New vehicles	\$174,000	\$290,000	12	\$666,667
	<b>Total</b>	<b>\$ 1,174,500</b>	<b>\$ 1,805,250</b>	<b>35</b>	<b>\$ 2,814,889</b>
<b>IT</b>	Working capital for production of the software	\$335,500	\$420,500	4	\$777,778
	<b>Total</b>	<b>\$ 335,500</b>	<b>\$ 420,500</b>	<b>4</b>	<b>\$ 777,778</b>
<b>Total</b>		<b>\$ 13,115,313</b>	<b>\$ 22,841,364</b>	<b>201</b>	<b>\$ 7,205,975</b>

## 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 NEEDS UPDATE	Key Outcomes
<ul style="list-style-type: none"> <li>• NIJP sustainability model introduced as of October 2010,</li> <li>• First generation of GCDF certified consultants introduced in Macedonia</li> </ul>	<ul style="list-style-type: none"> <li>• Total of 1,070 students, and 10 new companies registered on <a href="http://www.MyCareer.com.mk">www.MyCareer.com.mk</a></li> <li>• Total of 185 internship placements and 4 permanent jobs facilitated through My Career</li> <li>• My Career NGO sold 55 packages worth \$19,200</li> <li>• Collected \$1,136 from selling individual services</li> <li>• 28 GCDF Consultants Certified incl. 4 master trainers</li> </ul>

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.

This quarter, activities in workforce development continued its focus on implementing the sustainability plan for the MyCareer internship and job placement initiative, specifically by selling services to earn revenue, certification training in project management, and introducing for the first time in Macedonia the first generation of Macedonian trainers in career counseling

An overview of activities and accomplishments during first quarter of FY 2011 is presented below.

### ***National Internship and Job Placement Program (NIJP) new business 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. In addition to internship placements; Global Career Development Facilitator certification program, HR recruitment services and organization development services will be part of the portfolio to be offered as new services to users. The first services will be offered as training in large groups or as one-to-one consultancy/counseling about the client. As for the HR recruitment service, the companies are given the possibility to outsource the entire recruitment process to MyCareer experts starting from reviewing the CVs to writing job description, as well as evaluation of the internship experience.

To achieve this, the new MyCareer organization has built sales and customer service departments. On the sales side, Macedonia has been divided in three regions with MyCareer employing regional sales managers for each of the Western, Central and Eastern regions of Macedonia. In addition, a senior Business Development Manager was hired to sell packages in the Skopje region and to train and mentor the salespeople in the field.

The customer service department includes the following positions: project assistant, training coordinator, and an intern responsible for processing the internship contracts.

As of September 30, 2010, when the MyCareer NGO had been established and registered, 55 packages worth \$10,967 and \$2,581 in individual services were sold to employers. In early 2011, MCP plans to further expand its sales force and build a pipeline of MyCareer clients.

#### **Collaboration with ZELS Macedonia (Association of units of local self government) - Veles event:**

On December 16, MCP took part in an event organized by the Center for Development of the Vardar Planning Region (which includes Veles, Kavadarci, Negotino, Sveti Nikole, Lozovo, Gradsko, Rosoman and Demir Kapija) to discuss ways to facilitate the economic growth in the region by increasing the competitiveness of the economy and providing qualified workforce. MCP presented companies and educational institutions from the Region information on activities related to new opportunities for export oriented companies, and access to finance. A special focus has been put on WFD activities, particularly My Career activities and the benefits of the services offering internship and trainings. Todor Spasev, Marketing Manager from Izi Media and Elena Nesova, former intern and current employee in the company shared their successful story about the collaboration with My Career and the benefits of program. A MOU was signed between MCP and the Center for Development of the Vardar Planning Region in order to continue with the mutual collaboration and activities related to WFD.



Participants listening to MCP presentation in Veles

This is an example of successful collaboration resulting from cooperation with ZELS Macedonia (Association of Units of Local Self Government).

#### **Review of Internship Law**

As MCP and MyCareer have promoted the concept for expanding internships as a career development tool in Macedonia, there have been some concerns whether the existing legal and regulatory regime for labor creates a favorable environment for hiring interns. Acting on expressed interest by Ministry of Labor and Social Politics the the Competitiveness Project initiated a Coordination Committee to address this issue and consider whether changes to the legal framework should be considered. The Committee includes the American Chamber of Commerce in Macedonia (AmCham)/Workforce Development Committee, USAID/Business Environment Activity and Organization of Employers.

In collaboration with the Committee, the Project has supported a comprehensive comparative analysis of the legal and institutional framework pertaining to internships in Macedonia. The analysis compares legal frameworks in the US and several countries from EU and the region (Slovenia, Germany, Croatia, UK and Bulgaria), examines opportunities and challenges, and provides a series of recommendations for revising the existing framework for regulating internships in Macedonia.

The information and analysis will serve as a baseline and will be utilized by the authorities and various stakeholders in the upcoming process of revisions in the legal framework as well as in creating encouraging institutional framework and support for internship in Macedonia.

### **GCDF certification ceremony**

In FY 2009, MCP selected and trained a group of master trainers from Macedonia who 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.

The final phase of the GCDF training was held in April 2010, resulting in 28 GCDF consultants including 4 GCDF Master Trainers successfully graduating. The awarding certificate ceremony was held in Skopje, on October 14, 2010. The certificates were awarded by the Minister of Education and Science of the Republic of Macedonia, Mr. Nikola Todorov and Mr. Thomas M. Lovett, Chair elect of the Board of Directors of Center for Credentialing and Education.



A group photo of GCDF consultants with USAID Mission Director, Michael Fritz and Macedonian Minister of Education and Science, Nikola Todorov

This is the first group of professional career consultants trained and certified in Macedonia under the standards of the Global Development Facilitator Program – GCDF for Career Consultants Training. They are qualified to offer individual and group services in career development, employment strategies and human resources, facilitate the access to information on the labor market and work on workforce development. The participants in the certification program represent a variety of profiles – university career consultants, career trainers, training providers, mediators in the job seeking process, employment specialists, human resources and career development coordinators.

The next step in the process is to select potential GCDF trainers from these 28 GCDF consultants and organize a one-day workshop on the GCDF Training of Trainers Manual as part of their training certification. MCP also hopes to facilitate the introduction of the GCDF program as a master program of career science within interested universities. So far MCP has established initial discussions on this topic with American College Skopje, SEEU Tetovo and FON First Private University Skopje.

### **Establishment of Association of Career Counselors in Macedonia**

During the GCDF award ceremony, MCP announced the establishment of the newly formed Career Counselors Association. This professional Association is a result of the initiative of the GCDF Program and aims to promote

career counseling as an official profession in Macedonia. The establishment of the Association was supported by MCP.

### **Project Management for Professionals (PMP) Accreditation Training**

Employers in the ICT and other knowledge based sectors within Macedonia have remarked on the need for professional project managers, a gap which impacts their ability to compete globally. Project management skills play an important role in managing multi-task projects and responding to the complex needs of ICT export markets. They also have an impact on the quality of consulting services and other professional services provided to companies in Macedonia.

This quarter, MCP collaborated with GTZ and the ICT Chamber MASIT to deliver a training program on Project Management for Professionals (PMP), which is regarded as one of the most effective certification programs applied internationally for project management.

In all, 45 professionals took part in the training. Twenty-five trainees came from the ICT sector and 20 included Business Management consultant and various training providers. It is expected that some of these participants will become part of the first generation PMP trainers to deliver similar training in the future.

### ***Activities Planned for next Quarter***

- Continue internship and job placement activities on sustainable basis
- Organize GCDF Training- of- trainers program and certification
- Organize presentation of the Comparative Analysis and Report on internship legal framework before the WFD working group
- Organize PMP examination
- Define the concept of industry-led education program with Ruen Kocani

## 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.

Macedonia should be well-positioned to attract new foreign investment. Not only has the Government enacted a favorable legal and incentive regime, but the recent 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 these opportunities, 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 has supported 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 greenfield investments targeted by Invest Macedonia and include joint venture and strategic partnerships in local companies. The Project has focused on developing a pipeline of potential investments via a network of economic development agents (EDAs), servicing potential investors and collaborating with the Government of Macedonia's investment promotion efforts when opportunities arise.

This quarter involved maintenance of a series of FDI leads generated over the past months and year, including a pharmaceutical investment, agribusiness investment and ongoing lead generation via the MCP EDA network and collaboration with Invest Macedonia and the Minister of Foreign Investment.

An overview of foreign investment promotion activities and accomplishments during Q1 2011 is presented below.

### ***Economic Development Agent (EDA) Network***

To increase the flow of potential investor leads, MCP 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 has used 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.

This quarter, progress was made in efforts to facilitate a pharmaceutical investment. In FY2010, MCP organized a visit for three pharmaceutical companies from India interested in Macedonia as a launching point for regional and EU sales, and a possible location for investments in packaging and production. After the visit, the Indian companies identified a local company for sales and distribution and a potential green field site. This

Key Activities	Key Outcomes
<ul style="list-style-type: none"> <li>Continued mobilization of EDA network following up on existing FDI leads.</li> <li>Continued collaboration with Invest Macedonia and Minister of Foreign Investment to attract and support investment.</li> <li>Continued support for pending logistics investment</li> </ul>	<ul style="list-style-type: none"> <li>Indian pharmaceutical investment expected to be realized in 2011.</li> <li>Progress under joint venture with investment in integrated organic agriculture.</li> <li>Logistics investment expected to be realized in 2011</li> </ul>

quarter, an MOU was signed, allowing the partners to move forward in registering a new joint venture company to undertake regional sales and marketing activities, with parallel activities focusing on moving the investment in production forward. The joint venture company is expected to be launched in January 2011, after which the partners will start registering various products that would be produced and/or sold in Macedonia, the region or EU.

### ***Support for Agribusiness Strategic Investment***

Since 2009, MCP has supported a company that was looking for a strategic investor to jointly invest in an integrated agriculture development project. MCP offered Vendora K&A support accessing the finance needed to make them more attractive to a potential partner, as well as developing a proactive partnership proposal used to 'sell' their joint venture concept.

This quarter, a potential Austrian investor visited Macedonia to meet with Vendora to consider making an investment in integrated organic food production. The company visited the land that was part of the investment proposal and negotiations surrounding the details of the deal have commenced.

### ***Monitoring of logistics park investment***

The Project continued facilitating the ongoing logistic investment initiative involving a global real estate company.

In the previous quarter, the Government identified an alternative plot of land that would be suitable for the investor's project. Having been satisfied with the new location, they agreed to draft a site plan that the Government could then use to prepare a detailed urban plan. The site plan was completed this quarter, and the Government is now working on the detailed urban plan, a draft of which has been reviewed by the Investor.

The Investor's team made two trips to Macedonia this quarter, with the aim of gaining an understanding of the practical details of implementing the project. They met with Johnson Matthey and Johnson Controls to understand the problems experienced in the construction of their plants; met with several building contractors and established baseline costs for constructing facilities in Macedonia; engaged utility companies (EVN, Gamma, etc.) to understand the costs and timing for delivering needed infrastructure; and had discussions with the Municipality in the area of the project on development of other needed infrastructure (water, sewer, etc.). The Investor also engaged a local lawyer and established an office in Macedonia and engaged a local consulting firm to perform a site survey and provide a detailed breakdown of potential implementation costs for land preparation (grading, etc.) establishing basic utilities, and provisioning independent sources of water and sewer.

The Investor is currently waiting for the Government to prepare and issue the tender for the land. This was anticipated to be at the end of January, but latest reports indicate that it will be delayed till end of February.

### ***Activities Planned for next Quarter***

- Continued support for pharmaceutical, organic agriculture and logistics parks investment.
- Follow-up on existing FDI leads.

## 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 FY 2010, MCP launched the Innovation to Business (I2B) initiative, or innovation center to support Macedonian innovators to bring their ideas and innovations to the market. The Innovation

Center links innovators and partners within Macedonia and abroad to access the knowledge, resources and relationships needed to take an innovation from concept to commercialization.

To date, MCP has focused on a rapid roll-out of the innovation initiative, which includes initial staffing, development of systems and processes for managing the center and facilitating a number of high potential innovations. FY 2010 efforts in this regard were very successful, with two innovation projects, worth millions of dollars in investment and/or royalty fees, were brought to advanced stages.

An overview of innovation center activities and accomplishments during Q1 2011 is presented below.

### ***Defining process for serving clients***

MCP and Innovation Center staff spent significant efforts in further developing the organizational structure and operational process for the Center. Specifically, they outlined procedures to screen innovation projects for Center support, developed a terms of conditions contract for the delivery of services, identified specific services offered to innovators throughout the commercialization process, developed a compensation scheme that would allow the Center to be reimbursed for services upon a successful commercialization effort, and outlined the business relationships and services contracts between Innovation Advisors, the Innovation Center and Innovators.

In the next quarter, the Center will focus on expanding its pool of Innovation Advisors and its full time staff.

### ***Identification of innovation projects***

IC staff continued meeting and screening innovators with ideas or innovations with commercialization prospects. The Center presently has 30 innovation opportunities in its pipeline that will be further screened for support. High potential opportunities are in different stages in the fields of: Solar Energy, Telecom, Chemistry – Fire Suppression, Explosive Detection, Lighting, Pharmaceuticals – Skin Cancer, Aeronautics, W2E, Software development

Out of these 30 opportunities, two reached advanced stages, as follows:

- *Telecom investor with new business model to Macedonia* – After a Macedonian telecom expert saw an opportunity to reduce calls by changing the way international calls are routed—and thus reduce

Key Activities	Key Outcomes
<ul style="list-style-type: none"><li>• Attracting pipeline of Macedonia innovation projects</li><li>• Building partnerships with institutions and organizations supporting innovations</li><li>• Collaboration with Crimson Capital for creation of Innovation Development Fund.</li><li>• Attracting investors and actively supporting waste to energy innovation</li><li>• Actively supporting 4<sup>th</sup> mobile operator in Macedonia</li></ul>	<ul style="list-style-type: none"><li>• Pipeline of potential 30 projects for Innovation Center</li><li>• Dutch telecom company established business in Macedonia resulting in initial investment of \$300,000 and 5 employed</li><li>• Signed contract with renewable energy fund to invest into W2E innovation with multi-million dollar potential</li><li>• Clearly defined process for interactions with Innovators</li></ul>

telecommunication costs—the Innovation Center and one of its Innovation Advisors attracted a Dutch company with an emerging routing technology to establish operations in Macedonia. The company, World Teleconnect International (WTI), decided to establish operations in Macedonia and invest in the infrastructure needed to offer new telecom services as part of a joint venture with a Macedonian firm. WTI is in the process of establishing an office and negotiating with local telecom service providers to offer the routing services. With help of the Innovation Center, WTI was able to obtain all the required licenses to start operations as well as establish partnerships with many Macedonian companies. Their current investment is \$300,000 and five new employees hired so far. The service is expected to go live in the first half of 2011.

- *Macedonian waste-to-energy (W2E) innovation.* The Innovation Center continued to support a Tetovo-based innovator who has developed a cavitations technology that converts urban waste into various by-products that can be used to create energy. After establishing a relationship with a UK-based renewable energy investment company, MCP has facilitated communications and negotiations between the Fund’s representative and the Macedonian Innovator. Despite various challenges and obstacles in the discussions, both parties reached an agreement for a deal with multimillion-dollar potential where the Investor would license the technology and work with the Innovator to develop a full-scale prototype that once mainstreamed would be included in large global waste-to-energy projects. The innovator would receive a lump-sum payment upon completion of the prototype, a generous consulting contract and royalties for every unit that the investor sells.

In November, MCP facilitated a visit by the Fund’s representative to see a live test of the technology and confirm that it operated as the innovators claimed. Following these tests, MCP worked with all parties to find a laboratory solution to test the technology’s outputs (e.g. gas, heavy fuel oil) and calorific value of those outputs, a critical prerequisite for the deal going through. At the end of December, the Fund confirmed its interest in moving forward on the deal and developing a prototype with the innovation. The Innovation Center is working with the Innovator and the Investor to outline a business plan and implementation plan for the roll-out of the commercialization process.

“I want to thank our colleagues from the Innovation Centre, who have made great efforts to support the testing process. The lab results were the minimum requirement for us to move forward to realization, as independent confirmation of the outputs has always been an investment pre-requisite.”

Danny Boutin, Falcon Energy

### ***Collaboration to establish Innovation Development Fund***

MCP worked with Crimson Capital and USAID to define and establish operational framework of the \$300,000 Innovation Development Fund. This fund will 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. MCP finalized discussions with Crimson Capital for a proposal to create such a fund. Crimson is expected to submit the proposal for USAID approval in January 2011.

The Innovation Center also started exploring the opportunities to establish a Macedonian Business Angel Network, and specifically developed a close relationship with the Slovenian BAN for future collaboration. The Center has also been engaging Phalanx Capital to explore whether developing an Innovation Venture fund could be feasible.

### ***Activities Planned for next Quarter***

- Supporting implementation of WTI's investment in Macedonia;
- Supporting the prototype development for Tetovo waste-to-energy project in collaboration with Innovator and Investor
- Creation of a curriculum and establishment of regular trainings for innovators and innovation advisors
- Support establishment of the Innovation Fund
- Support other innovations in the pipeline
- Design a framework for establishing business angels network in Macedonia

## **IV. KNOWLEDGE MANAGEMENT**

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### **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 medium is provided below.

### **MCP Project website**

The Project web site: [www.mcp.org.mk](http://www.mcp.org.mk) 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.

### **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.

Two success stories celebrating the successes of MCP market linkages activities were produced and distributed this quarter.

The first success story entitled, "Show gets toymaker rolling towards higher sales" is focused on a company from the light manufacturing sector: Demastil, the only children's professional ball maker in southeastern Europe. MCP assisted them to participate at a toy fair in Nurnberg, Germany, where they made contacts that resulted in new export orders.

The second success story, entitled "Automotive association driving Macedonian entrance to EU markets" pinpoints the recent successes of the Automotive Cluster of Macedonia achieved in collaboration with MCP.

### **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:

### ***Second Macedonia – EU Apparel Buyers week***

During this year's Apparel Buyers Week, October 4–8, 2010, more than 20 Macedonian apparel companies met to discuss possible export deals with six buyers from the United Kingdom and Germany. They are interested in extending their supplier base to include Macedonian apparel producers.

This second Macedonia-E.U. Apparel Buyers Week was organized by the USAID Macedonia Competitiveness Project (MCP) as well as the Dutch Center for Promotion of Imports from Developing Countries (CBI), the German Technical Cooperation (GTZ), the Swiss Import Promotion Program (SIPPO) and the Macedonia Textile Trade Association.

### ***Promotion event of First Career Counselors certified in Macedonia***

Twenty-eight professional consultants have been awarded certificates as Global Career Development Facilitators (GCDF) from the Center for Credentialing & Education, Inc (CCE). This is the first group of professional Career Counselors trained and certified in Macedonia in accordance with GCDF standards.

The USAID Competitiveness Project organized this first GCDF training course in Macedonia. Participants included university career counselors, career coaches, job search facilitators, employment/placement specialists, and human resources and career development coordinators. USAID Mission Director Michael Fritz and the Minister of Education, Nikola Todorov were key note speakers at the event.

### ***Support to Children's opera Hansel and Gretel***

USAID Competitiveness Project supported the children's opera play Hansel and Gretel (Jovanche & Marika) officially premiered on November 19, 2010. Competitiveness Project partnered with the Textile and Trade Association and number of partner apparel companies: AFG, Delta-tex, Linea, Maxima and INT that provided the fabrics for the costumes.

### ***Press conference to announce WTI investment in Macedonia***

USAID Competitiveness Project and World Teleconnect International (WTI) jointly announced that WTI will make a multi-million dollar investment to establish Macedonia as their operational and technology hub for the Balkan region. WTI will introduce state-of-the-art technology for handling and routing calls between Macedonia, the wider region and the rest of the world. This technology could help significantly reduce telecommunication costs in Macedonia, saving money for consumers, lowering the cost of business, and opening opportunities in industries—such as call centers and business process outsourcing—where telecommunication costs are an important success factor. The press conference reached maximum media attention and coverage.

### ***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 the first quarter of FY11, 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 daily, Dnevnik daily, Utrinski Vesnik daily, Vecer daily, Biznis daily, Vreme daily. Also major national television networks covered MCP events, including Kanal 5, Sitel TV, Macedonian National Television (MTV), Telma TV, A1 TV, Alfa TV, AISat M. Two press releases announced the second apparel buyers week and MCP-

“Over the last couple of years, Kapital established very close and fruitful cooperation with the USAID Competitiveness Project...We find MCP staff a valuable source of relevant and accurate information about Macedonian industry sectors supported by MCP. We are now in constant communication with MCP, gaining info on the latest developments and trends in these industries that makes it possible for us to put together stories of interest to our audience. We are also very happy to have the opportunity to work with the MCP's local partners, the Automotive Cluster and the Textile Clusters, as they are also valuable sources of info about the Macedonian automotive and apparel industries.”

***Verica Jordanova, Editor-in-Chief  
Kapital Business Weekly***

supported WTI investment. Press clippings on MCP visibility in the media are compiled and submitted to USAID on monthly basis. They are also available for download from the MCP web site.

Specific examples of media interviews this quarter include a series of interviews for Macedonian Television:

- On October 28, 2010, Elena Zafirvska of MCP Workforce Development team and Aleksandra Todorovska of My Career had an interview on MTV morning program presenting the latest developments and achievements of My Career, and promoting the new service packages offered.
- On November 4, 2010, Goce Pesev of MCP Light Manufacturing component and Igor Vidovski of Sideros (one of MCP's light manufacturing partner companies) had an interview on Macedonian Television presenting the MCP market linkages activities for light manufacturing companies. Igor from Sideros presented his positive experience in partnering with MCP.
- On November 19, 2010, Natasa Sivevska of the MCP-supported Textile Trade Association (TTA) and Biljana Velickovska; USAID DOC Specialist had an interview on Macedonian television presenting the successful cooperation among USAID MCP, TTA, Macedonian Opera and Ballet in putting together the Hansel and Gretel play.
- On December 2, 2010, MCP Financial Platform Mirjana Makedonska had an interview at a Macedonian television morning program, presenting how MCP Financial Platform works, the benefits for the companies and how they can get involved.
- On December 9, 2010, representatives of MCP Financial Platform subcontractors and beneficiary companies presented their experience in collaborating with MCP. Goce Mojanoski, one of MCP's financial facilitators and Zoran Spaseski of Progres-Komerc, a company benefiting from the MCP financial platform, presented their success story.

## 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. The PMP indicator in FY11 chart has been updated to incorporate the recommendations from the evaluators performing the mid-term external project evaluation in March 2010. The new PMP table with the revised indicators and targets can be found below.

### MCP FY11 Q1 progress against Performance Monitoring Plan (PMP) Targets

Although the economic crisis is still impacting Macedonian economy, MCP performance against its PMP indicators shows results across the board. A review of performance under each indicator is provided below.

- 1) **Number of firms receiving USG assistance to access bank loans or equity**—34 companies have engaged MCP to work out business and investment plans necessary to access finance, achieving half of the target for the whole FY11, this quarter. 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 well-defined and professionally developed financial proposals from MCP clients.
- 2) **Number of firms that successfully accessed bank loans or private equity as a result of USG assistance**—23 companies accessed finance as a result of financial platform assistance, totaling \$22.8 million. The Financial Platform has achieved remarkable results this quarter, almost reaching the target for the whole FY11 year. Also, this quarter the success rate of companies accessing finance remained very high at 67%. 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 \$23.14 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 \$300,000 in initial new external (foreign) investment in a new telecommunication network operator. This is the initial investment, whereas the total amount of the investment is \$4 million, and will be realized over the course of 2011. MCP is facilitating a \$10 million logistics park investment involving a U.S.-based real estate company that could be realized this year, pending successful negotiations between the Government of Macedonia and potential investors over the land tender.
- 5) **Number of firms receiving USG assistance to improve their management practices**—23 companies received technical assistance aimed at improving management practices, achieving the half of the target for the entire FY11, this quarter only. All of these 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.

- 6) **Number of firms receiving USG assistance to invest in improved technologies**—10 companies invested in new technologies as a result of new accessed finance for investments in improved technologies, via the Financial Platform.
- 7) **Number of firms that have implemented new management practice or technology**—(This is a new indicator introduced post-project evaluation. The data for this indicator will be collected and reported on annual basis, through surveys conducted among the companies and reported under indicators 5 and 6.)
- 8) **Number of new jobs**—MCP activities helped create 209 new jobs, mainly as a result of business expansion projects supported with the Financial Platform.
- 9) **Number of individuals trained**—Through the MCP Workforce Development activities, 313 individuals were trained. This includes 45 individuals trained in project management, while 268 individuals received training that will help them become more employable.
- 10) **Number of internship placements**—Through the My Career Platform, 185 internship placements were facilitated this quarter.
- 11) **Increase in total exports as a result of project intervention**—MCP activities resulted in \$8.7 million in new exports, in spite of the fact that the economic crisis is depressing new exports from Macedonia.

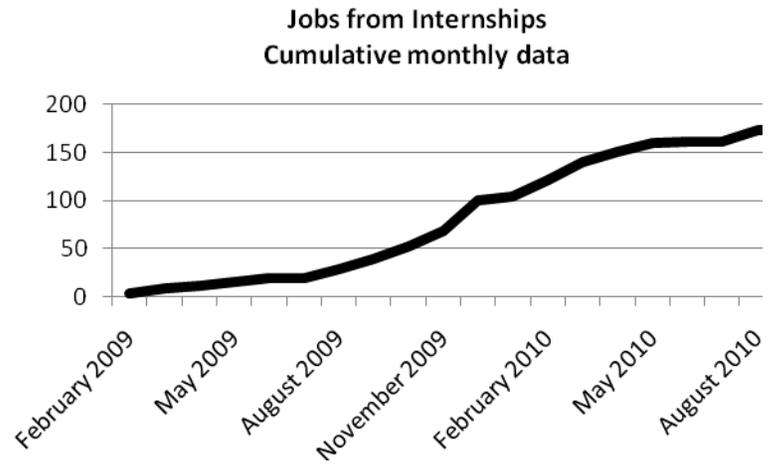
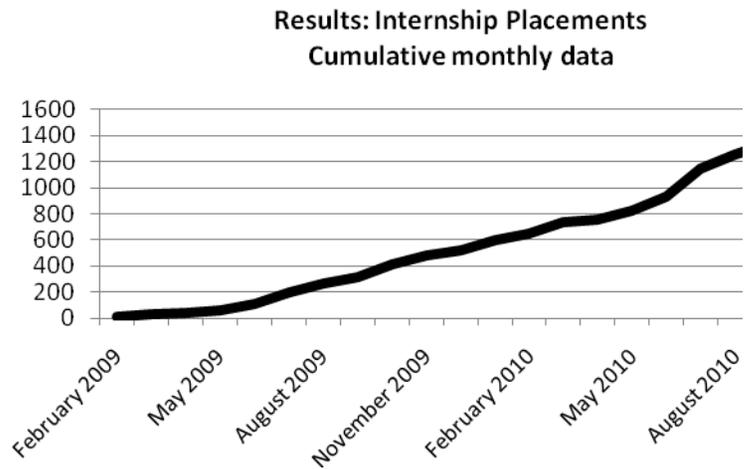
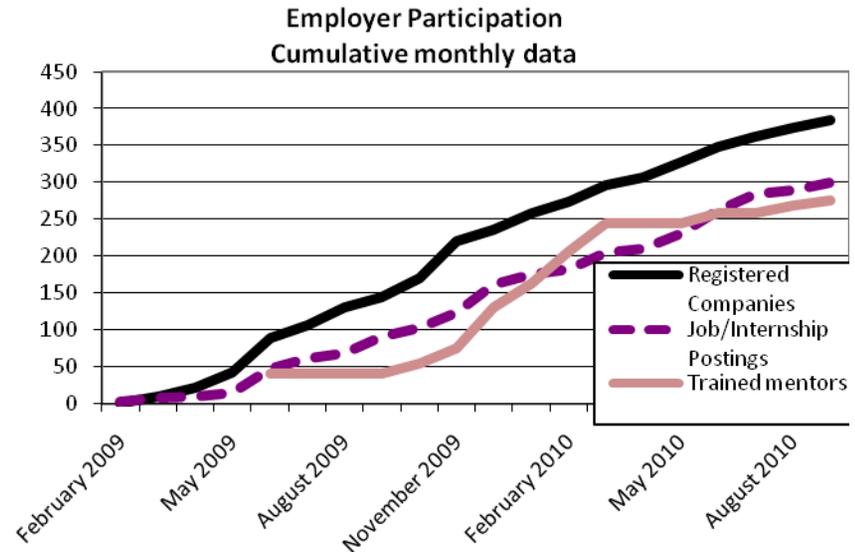
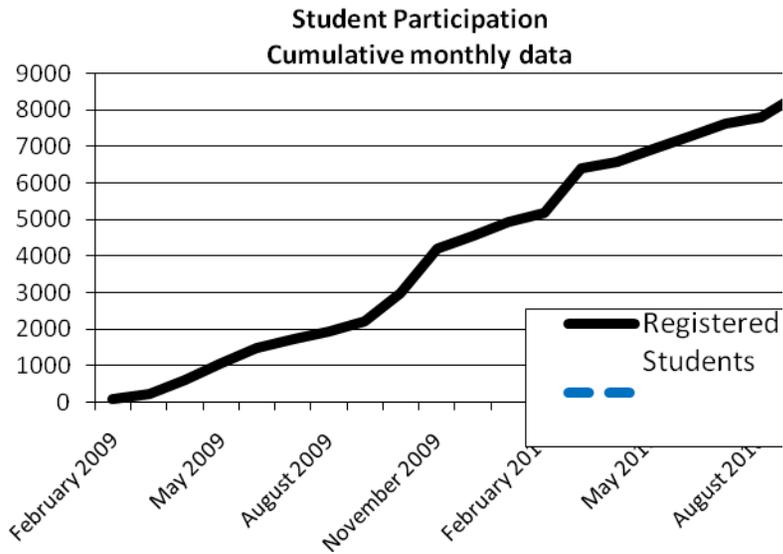
Figure 5 below provides details on MCP targets and performance to date.

**Figure 5: Performance Monitoring Plan**

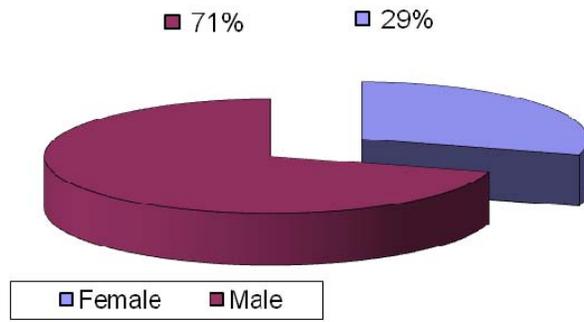
	Performance Indicator and Unit of Measurement	Indicator definition	Baseline	Target FY2008	Actual FY2008	Target FY2009	Actual FY2009	Target FY2010	Actual FY2010	Target FY2011	Q1 FY2011	Cumulative to date	Target LOP
1	Number of firms receiving USG assistance to access bank loans or equity.	Firms assisted and referred to access bank loans or equity.	N/A	20	23	30	62	40	75	50	34	194	200
2	Number of firms that successfully accessed bank loans or private equity as a result of USG assistance.	Firms that have been assisted to access bank loans or private equity, and have acquired new capital to expand operations.	N/A	4	0	15	22	25	65	26	23	110	100
3	New capital invested in Macedonian firms, through project interventions. (million \$)	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	44.00	23.14	79.53	80
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	30.00	0.3	16	40
5	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	45	23	515	150
6	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	10	10	169	45
7*	Number of firms that have implemented new Management Practice or Technology	Firms introduced with new management practices and technologies through Project assistance actively using those	N/A	N/A	N/A	N/A	N/A	N/A	N/A		0	N/A	
8	Number of New Jobs	New jobs created or filled in firms, including estimate of their supply chains as result of assistance provided.	N/A				693		774		209	1,676	2,500
9	Number of Individuals Trained	Employable workforce developed to meet demand from employers.	N/A				849		2,207		313	3,369	4,000
10	Number of Internship placements	Internship placements	N/A				318		1,023		185	1,526	2,000
11	Increase in total exports as a result of project interventions. (million \$)	Increase in total exports as a result of project interventions.	N/A	2.00	0.00	8.00	8.38	10.00	21.6	13.00	8.70	38.68	25

\*This is new indicator introduced in FY2011, upon recommendation from the external project evaluation.

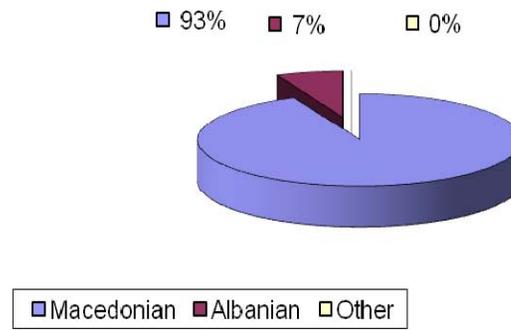
# ANNEX 1: CUMULATIVE RESULTS AND STATISTICS FOR MYCAREER INITIATIVE



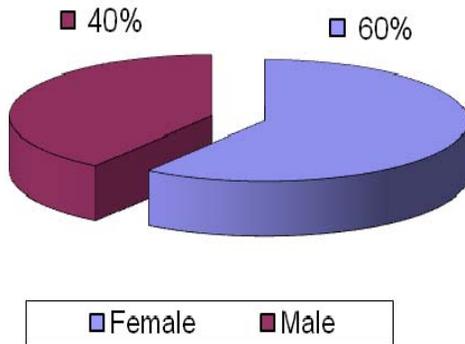
**Jobs Gender**



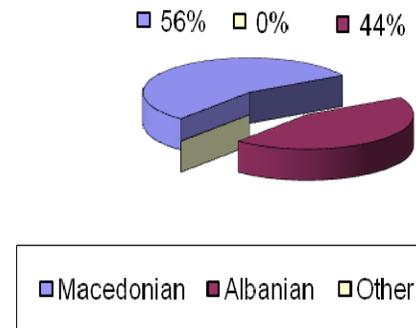
**Jobs Ethnicity**



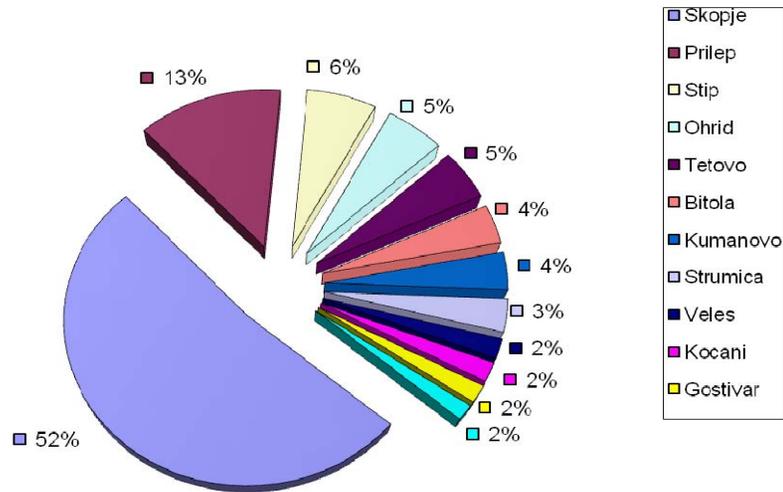
**Interns Gender**



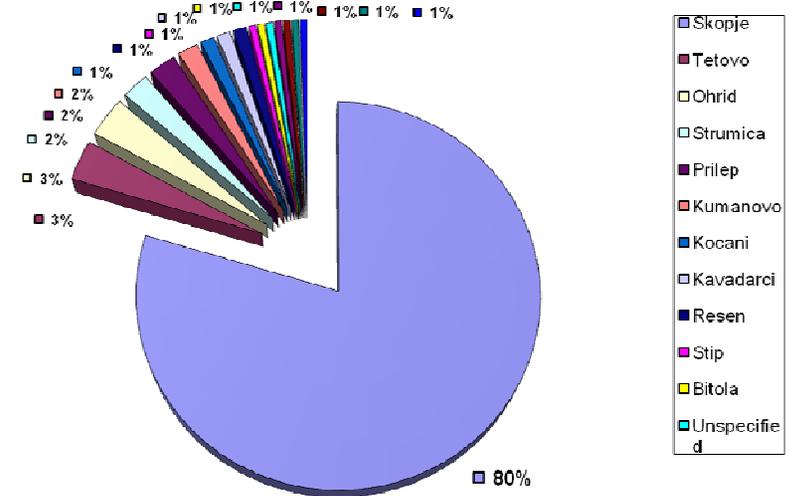
**Interns Ethnicity**



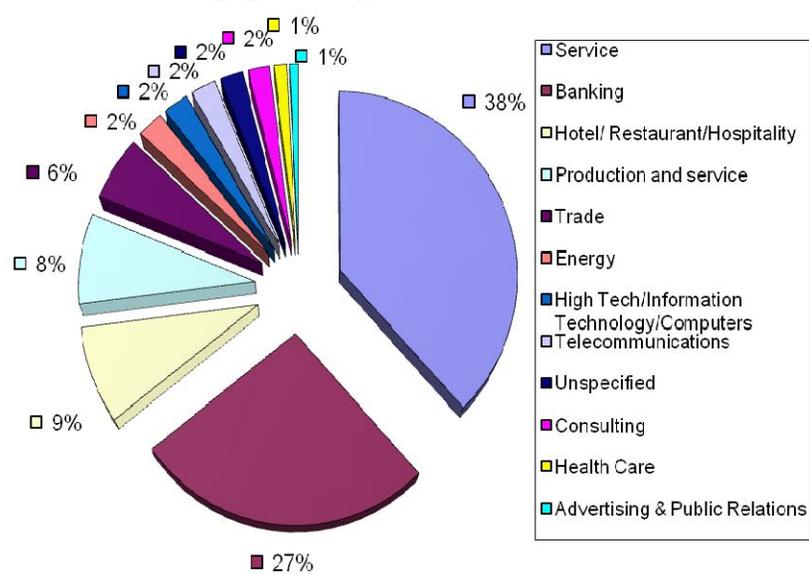
**Interns per city**



**Jobs per City**



**Internships per industry**



**Jobs per Industry**

