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FINAL REPORT

**of the brainstorming sessions at the workshop:
“CHALLENGES TO THE PRIVATE SECTOR’S GROWTH AND
STRENGTHENING OF THE MACEDONIAN ECONOMY’S
COMPETITIVENESS”**

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DISCLAIMER

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

EXECUTIVE SUMMARY

1. The Center for Economic Analysis (hereinafter CEA's) assignment (Purchase Order No: 165-0-00-09-00023-00) is to conduct a workshop with key representatives from the private sector, chambers of commerce, industry associations, relevant government institutions and donors. The purpose of this workshop was to provide USAID/Macedonia with an initial understanding of the challenges that the private sector is facing in order to achieve greater productivity and competitiveness on the global markets. The workshop was organized by the CEA team on the 4th of June 2009 in Hotel Bellevue Skopje. The organization was carried out on previously approved lists of invitees, methodology and agenda.
2. The list of invitees (see names and contact information of the representatives in the annex) totalled 150 representatives, of which: 89 were from the private sector, 14 representatives from the faculties, 12 representatives from the chambers of commerce, 15 representatives from the companies' participants in previous USAID projects, 7 representatives from other donor organization and 6 representatives from various USAID projects.
 - Forty of them participated with individual opinion and
 - Fifty took part on the brainstorming sessions
3. The objective of the brainstorming session was to generate a wide range of ideas for the improvement of the competitiveness of the private sector in Macedonia. Questionnaires with individual responses to six questions and eight working groups were used to gather the main ideas. These have provided 40 individual opinions. Our eight working groups generated another 177 ideas. The working groups covered eight topics:
 - 1) Market development (*keep and sustain on the current markets given the current financial crisis as well as penetrate regional and international markets;*
 - 2) Attracting investments and access to finance;
 - 3) Management capacity building, qualified personal and employees (*upgrade business practices, find, nurture and keep qualified employees;*
 - 4) Adoption of new technologies, transfer of knowledge, technical expertise and consulting (*access technical expertise and consulting service;*
 - 5) Networking and integration with global suppliers;
 - 6) Increase productivity and quality of the products and services;
 - 7) Efficient government services, advocate for economic policies and support of business self regulation;
 - 8) Donors' assistance and EU funding.
4. Based on the voting principle, five main challenges that private sector faces were identified:
 - Upgrading business practices and managerial capacities;
 - Adoption of new technologies, transfer of know-how and stimulating for innovations;
 - Obtaining government services and advocate economic policies;
 - Keeping and sustaining of the current markets given the current financial crisis; and
 - Increasing productivity, the value-added to products and services, and the quality of products and services.

5. Within the brainstorming sessions, the working groups defined and formulated five development goals that should be focused on:
 - Establishing standards and certification in informal education;
 - Forming “soft infrastructure”¹ that facilitate technological development;
 - Increasing efficiency in public services;
 - Establishing export promotion program;
 - Branding Macedonian products and services.

Assistance to each of these goals’ assistance is proposed on three levels: legal incentives, technical and financial assistance.

6. The importance of increasing **managerial capacities and implementation of modern business practices** was the most frequently mentioned challenge that affects private sector growth in Macedonia. Companies need highly educated managers and leaders in order to make strategic decisions towards cultivating competitive advantages and gaining worldwide competitiveness. Hence, the promotion of lifelong learning was proposed as development goal that aims at workforce development and higher level of managerial knowledge and skills. The competitive performance of the private sector is closely linked with managerial knowledge, skills and behaviour. The existing higher education system in Macedonia is more oriented to deliver theoretical knowledge and information than professional training. However, managers need specialized skills and practice (behaviour) in order to run and compete successfully in the markets. Specialized skills and practices could be acquired with learning by doing methods which are incorporated in the non-formal education.

Establishing standards and certificates in the non-formal education sector as a development goal will increase the awareness for the interdependence of the permanent education and workforce development on one side, and the private sector competitiveness, on the other side.

Performance indicators may include the formation of an established accreditation body, a number of certified training institutions and certified training programs, a number of companies that use certified training curricula for training of their staff, expenditures for training, the average number of training days per employee, percent of increased sales, income and profit as a result of improved management capacity, etc.

Recommended future actions also include: adoption of law for non-formal (professional) education, establishment of accreditation body for non formal education, a law providing for deductibility of workforce development expenditures for calculating profits for tax purposes, the standardization of the training providers, trainers and training curricula, transfer of international curriculum and development of specialized programs for bridging the skills gap. Companies will be supported with financial subsidies and piloting utilization of modern management practice.

¹ Soft infrastructure means set of institutions and organizations which gives support and incentives to companies’ competitiveness, enable networking and provide access to information. Such soft infrastructure could be associations, clusters, chambers, incubators, technological parks etc.

7. **Insufficient technological development and innovations** was seen as an obstacle for higher productivity, product innovations and improvement of companies' competitiveness. The private sector has difficulties accessing financial resources for technology transfer, know-how and innovations. A lack of information and low level of experience in networking have been additional obstacles that cause the Macedonian economy to lag behind world technology development. The Macedonian government has no policies for technological development and the private sector lacks of awareness and support that new and modern technology could contribute to a better market positioning. Most of the managers do not consider modern technologies to be an important factor for investment and expect sponsorship and investments to be co financed by the government or international programs. A lack of experience in technology transfer among researchers impedes the speed of adoption of new technologies. There is a low level of communication and collaboration among the private sector and researchers.

The existing network and information for technological development can be upgraded with "soft infrastructure" (clusters, networks, associations, incubators) that will facilitate the technological development in the country. Technological parks and other forms of "soft infrastructure" have proven to be good tools for the implementation of state-of-the-art technology and may be one of the development goals that should be achieved in the next five year period. The "soft infrastructure" development goal is to generate a minimum of 10 innovative products per industry. Macedonian society will obtain tools for permanent improvement of the product range as a step toward diversification of the supply side and building a knowledge-based economy.

There are a number of performance indicators that will measure the functioning of the "soft infrastructure", just to mention: the amount of tax deduction for new technologies; the number of applied academic research programs; the number of applications to the EU programs; the number of established technological parks; amount of technology transfer; the number of modified or innovated products; and the number of granted projects from donors programs.

Recommended future interventions would include reduction of the profit tax for investments in new technologies, the introduction of technology transfer programs, building capacities for "the soft infrastructure" to better the support for technological development, networking with the chambers of commerce from abroad and transfer of best practices, capacity building for submission of applications to EU programs, access to finance for start ups and innovations, and establishing technological parks.

8. The main challenge for the private sector that was pointed out during the working session was to **obtain efficient, transparent and cheap government services**. Strengthening dialogue and introducing new tools for communication among state institutions, the business community and the academy will result in simplifying legislation and reducing the influence of the political parties on the public administration. The government should introduce a system of measuring efficiency of the projects and policies they are implementing. Lack of analyses confuses stakeholders about the achievements of the development goals. Government e-services should be enlarged in many areas within the business activities so that the private sector will spend less time on paper work.

Introduction of governmental e-services is a development goal to increase the public services efficiency. A system for exchange of information and institutional support will

be created so that the private sector will obtain public services documentations in the easiest and cheapest way.

Performance indicators focus on the number of offered and delivered e-services, the number of services delivered via business associations, the number of trade documents that can be provided by the internet, rate of satisfaction of the business community, ranking by the international community, and the number of trainings/rate of satisfaction.

Recommended future interventions are the development of e-services, simplification of legislation, reducing the influence of the political parties in the public administration; increasing the capacities of the public administration, and access to information and trainings for e-services usage.

9. **The lack of financing for export promotion and the low level of institutional capacity to support the export and internationalization of businesses** can harm market performance of the Macedonian private sector. Those problems also demand involvement of the local governments in the process of “globalization” and internationalization² of businesses. The EU countries use best practices from which Macedonia can learn how to improve private sector competitiveness in the field of export promotion and internationalization of the business.

Penetration in regional and European markets is linked with providing sources of finance for export promotion strategy. Hence, establishment of export promotion programs should be development goals. Implementation of the activities would focus on introducing a system of measures for Macedonian export sectors. Measures will be delivered on national and local government level. The decentralization process can create local institutions for export promotion (export promotion agency, web portals, business club for cooperation with twin cities from EU or others countries, etc). New municipalities’ responsibilities can contribute towards improving the competitiveness of the local economy.

Performance indicators that can be proposed toward the implementation of these goals are: the number of implemented measures related to export promotion, the number of trained employees in institutions that support export, the formation of specialized consulting services to support exports, the amount of money spend for export promotion programs, the number of established local government institutions for export promotion of local business, the number of implemented measures on local government level, established associations/cooperatives which are involved in export promotion activities, the percentage increase of industry exports, and the number of markets where companies operate.

Donors’ assistance should be directed towards establishment of export promotion programs, the creation of programs “*Export Macedonia*”, transfer of know how and best practices from the EU countries, utilization of existing network of cities towards contribution to internationalization of local businesses, strengthening the capacity of the institutions that support SME’s, access to funds for export promotion, and financing the preparation and implementation of company’s export strategy.

² Internationalization of business means to encourage companies to enhance their business operation to more than one market and readiness to cope with international competition.

10. **Introduction of new products, innovations and branding of Macedonian products** can increase the competitiveness of the economy. This approach could be a pillar for private sector development. The business community should keep the best managers and intend to standardize the quality of the products and services as a basis for higher productivity. Lack of experience is obstacle for introduction the local products branding. Branding is seen as possible way to increase the productivity of and value-added to products from traditional industries. The private sector should be encouraged to introduce brands. Appropriate support should be created and offered to the Macedonian companies as they will start with the branding of the local products.

Branding as development objective will have an impact on the productivity and the process of adding value. Establishing brand names of traditional Macedonian products should be another development goal. The assistance should introduce standards and pilot program in branding the products with highest export potential.

The indicators should include the amount of money for introduction of international standards, the number of programs that support branding, the number of branded products, the number of implemented international standards, the number of pilot or mentoring projects, and the number of markets where Macedonian brands are present.

11. **Donors' assistance** will remain an important condition towards designing interventions that will contribute to improvement of the private sector competitiveness. In the short term direct assistance to individual firms imply more productive way for assistance. However, the long lasting impact for sustainable competitiveness requires involvement of the business association in the process of delivering assistance. In that regard, additional components of the donors' assistance should be included regarding the managerial capacity building and institutional strengthening of the business associations as they will be able to implement transparent procedures and clear selection criteria for better results and performance.

INTRODUCTION

The Center for economic analyses as local contractor to USAID, purchase order No: 165-0-00-09-00023-00, provided services by organizing a Private Sector Competitiveness Roundtable to identify major obstacles to private sector growth and the lack of competitiveness of Macedonian companies and to generate ideas for strategies and interventions to improve the competitiveness of Macedonian economy that USAID should incorporate in its next Strategic Plan. The CEA team is composed of Mr. Risto Ivanov Team leader, Mrs. Shenay Hadzimustafa, Second team member, Mr. Aleksandar Kostadinov, Administrative staff and Mr. Hristijan Risteski, Logistics.

The workshop was organized on the 4th of June 2009, in Hotel Bellevue Skopje, with key representatives from the private sector, chambers of commerce, industry associations, relevant government institutions and donors. The list of invitees was composed of about 150 representatives, including: 89 representatives from the private sector, 14 representatives from the faculties, 12 representatives from the chambers of commerce, 15 representatives from companies that benefited from previous USAID projects, 7 representatives from donor organizations and 6 representatives from current USAID projects. All invitees were encouraged to fill in a questionnaire, especially those who were not able to participate in the roundtable.

The structure of the invitees who participated in this process is as follows:

1. Thirty participated by providing individual opinions (questionnaires)
 - *private sector-14;*
 - *chamber of commerce-5;*
 - *NGO-2;*
 - *State institutions- 2;*
 - *Universities/ research centres - 4;*
 - *Donors- 3 and*
2. Fifty took part in the brainstorming sessions
 - *private sector-12;*
 - *chamber of commerce-4;*
 - *NGO-6;*
 - *State institutions- 2;*
 - *Universities/ research centres - 6;*
 - *Donors- 16*

The workshop was based on a previously approved list of invitees, methodology and agenda (*annexes to report*). The objectives of the round table were to generate as many ideas as possible related to the challenges of the main topics and to improve competitiveness of the private sector in Macedonia. Ideas were collected through eight working groups and through the answers to six questions provided on individual questionnaires. These implemented methods provided 40 individual opinions from the questionnaires and 177 ideas arose from the working groups.

This report is delivered according to the scope of work performed and prepared to express the main findings related to challenges, priority objectives, performance measures, past high impact interventions and recommended future interventions.

CHALLENGES FACED BY THE PRIVATE SECTOR

Collection of the ideas concerning the challenges faced by the private sector was done through questionnaires and brainstorming sessions. Two types of questionnaires were prepared, one for the private sector participants and another for the participants coming from institutions that support the private sector. There are the different opinions given to the posed questions.

a) Views of the participants from the private sector

Private companies stated that their plans for the next five years are: to improve the quality of their products and to increase the production volume and penetration in regional and European markets. The main problems/challenges facing the companies in achieving these are:

- *Company level*: efficiency, productivity, implementation of quality standards, innovation and introduction of new products, professional development of employees, management capacity for marketing development and export strategy and introducing corporate governance.
- *Industry level*: need for strategic partnerships, vertical and horizontal cooperation and integration, integration with global suppliers.
- *Macroeconomic level*: support for export promotion, availability of finance options, incentives for energy efficiency, introduction of new technologies and access to new markets.

b) Views of the participants from the institutions and associations

The views of the participants from the institutions for the next five years are more focused on providing services related to education, training delivery, creation of policy to support competitiveness and investment promotion. The problems they mentioned are concentrated in the macroeconomic and industry level.

- *Macroeconomic level*: building the capacity of the public administration, new programs for entrepreneurship, active labor market measures that should support the private sector, dissemination of information and improvement of dialog with the private sector.
- *Industry level*: need for harmonization with EU standards, trade facilitation, export and investment promotion, improved access to EU funds, support for cooperation among companies in clusters and other forms of collaboration towards higher competitiveness. The support of logistics and transport of products to foreign markets is mentioned as important condition towards global competitiveness.

c) Priorities related to challenges/problems

In the working groups, 177 suggestions to the main problems/challenges were proposed. In every working group three priorities in each area of intervention were selected by a vote of the working group participants. In this part of the report, the selected priorities of each working group are presented and their importance and impact on competitiveness are explained.

- Market development (*keep and sustain current markets given the current financial crisis as well as penetrate regional and international markets*) indicated four main challenges,:
 - *Improvement of the quality of traditional products and level of finalization*; Responses indicate that traditional industries should improve and standardize the quality of their products in order to penetrate regional and European markets. An additional challenge to those industries is to produce products with a high level of finalization or to innovate by

adding new value to the products. The private sector highlighted the need for development and introduction of new products.

- *Establishment of export promotion program and providing public sources of financing;* Private sector representatives responded and emphasized the need for supporting companies while they enter new markets. Companies that cannot provide skills and money for export promotion are also afraid to undertake any steps without state support.
- *Capacity building of the governmental institutions for supporting internationalization of business;* It was mentioned by many participants that existing state institutions do not have the capacity to create and implement measures needed to support the internationalization of business³, especially in the case of small and medium enterprises.
- *Local government involvement in globalization and internationalization of businesses;* Many companies feel more confident when government is involved in the process of internationalization. Decentralization gives new responsibilities to local government, and some of them refer to SME support. In the framework of international cooperation, Municipalities could design programs for promotion of the private sector and connect companies using different types of business to business meetings, web portals, etc. Involvement of the local government in the design of these programs is required, as well as technical and financial support aimed at encouraging companies to internationalize their business.

➤ Attracting investments and access to finance options prioritized the following challenges:

- *Development of a credit bureau with an information system related to SME creditworthiness;* Lack of information about creditworthiness of the companies impedes the access to finance for SME and slows down the process of credit approval.
- *Opening of development funds;* The current available funds in Macedonia are focused on short term credits and profitable businesses. There are no funds available for the development goals of existing companies. This means no long term investment in the development of new products or in the implementation of new innovative technological process of production.
- *Construction of industrial zones;* The need for special areas with incentives to create business is seen as a possible measure to increase private sector competitiveness and keep current markets.

➤ Management capacity building, qualified personal and employees (*upgrade business practices, find, nurture and keep qualified employees*) selected three problems:

- *Non-regulated non-formal education;* Lack of introducing the concept of lifelong learning creates an undeveloped market for informal education. There is a need for interventions on both the supply and demand sides.
- *Workforce development;* In today's atmosphere of rapid technological progress, permanent education and development of employees is an important task of all companies.
- *Low level of managerial knowledge and skills;* Macedonian managers are seen as leaders who lack the skills to motivate staff, delegate tasks and responsibilities and introduce corporate governance in their companies.

³ Internationalization of business means to encourage companies to enhance their business operation to more than one market and readiness to cope with international competition.

- Adoption of new technologies, transfer of knowledge, technical expertise and consulting (*access technical expertise and consulting services*) focused on :
 - *Difficult access to financing for innovations*; This problem is also mentioned in the area relating to investments. Companies have no access to long term sources of financing because technological innovations are development challenges which should be supported with appropriate financial conditions.
 - *Lack of collaboration among researchers about the progress of technology*; Sharing experience and efforts could lead to faster implementation of new technologies.
 - *Lack of a modern educational system*; According to the global competitiveness report, the Macedonian educational system is estimated as non modern.

- The networking and integration with global suppliers working group stressed the following challenges:
 - *Lack of coordination and collaboration among companies*; Coordination and collaboration can increase the attractiveness of the Macedonian private sector and ease integration with global suppliers.
 - *Low level of suppliers' capacity*; Many Macedonian sectors are not able to meet requirements for annual quantity that suppliers request.
 - *Access to financing for introduction of best business practices*; Integration with global suppliers is a new business practice which should be introduced by Macedonian companies. This process will need financial support.

- Increasing productivity, adding value and quality to the products and services exposed the following:
 - *Education of managers and employees*; Through the non-formal education system, managers and employees should build the capacity to permanently increase productivity.
 - *Usage of new IT technologies*.
 - *Introduction of branding for Macedonian products*; Branding of products will improve quality and create added value for customers.

- Efficient government services, advocacy for economic policies and support of self regulation of the business highlighted the following problems/challenges:
 - *Lack of coordination in formulation and implementation of policies*; Policies are not focused on improvement of competitiveness.
 - *Inefficient, non transparent and expensive services*.
 - *Unclear business support*.

- Donors' assistance and EU funding selected three challenges:
 - *Lack of information about tenders and calls for proposals*.
 - *Ill prepared applications and lack of knowledge to develop project documentations*.
 - *Lack of expert support for application and implementation of donors support*.

MAIN CHALLENGES AND RECOMMENDED INTERVENTIONS

Based on the implemented methodology (given responses from private sector and support institutions and working group's sessions) five challenges were mentioned as most frequent and most important for the improvement of the private sector's competitiveness in Macedonia. They refer to human resource development, usage of technology, lobbying for favorable economic policies and governmental services, market development and permanently increasing productivity and quality of products and services.

In the Global Competitiveness Report 2008, the Macedonian economy is ranked in the efficiency enhancer sub index. Over the next five years, the Macedonian economy should focus more towards a knowledge and innovation based economy. In order to achieve this transition, the Macedonian private sector must be supported.

Challenges are presented as they were prioritized in the working groups' sessions:

I. UPGRADE OF BUSINESS PRACTICES AND MANAGEMENT CAPACITY

This challenge was mentioned most frequently in all groups. Companies need highly educated managers and leaders in order to make strategic decisions toward competitive advantages and worldwide competitiveness. Macedonia is ranked high in the Global Competitiveness Report for 2008 in the field of primary education but this does not refer to secondary or higher education. A large number of participants believe that informal education could be an answer to the existing low quality of the higher education system in Macedonia. They proposed an introduction of the concept of lifelong learning for all employees required by law. The first step towards higher standards in non-formal education can be done through an initiative for adopting a Law for non-formal education. Additionally, there are few donors' projects for integration of existing offers for training in Macedonia. (Monthly magazine- newsletter for human resources development and e-newsletter for three month training offers for building management capacity.⁴)

The management capacity of the companies should be improved and allow delegation of the authority in order to accomplish successfully the planned activities.

Areas where management capacity affects competitiveness are:

- Delegation of responsibility - According to the global competitiveness report, Macedonian managers do not like to delegate management responsibilities or introduce the subject of corporate governance.
- Strategic management. Managers should have the ability to direct the course of their businesses.
- Marketing. This topic defines communication methods between the company and environment (markets).
- Transfer of technology in times of rapid technological changes. Promotion of exports and entrance into new markets. Continual efforts should be made in these areas to focus on a permanent improvement in companies' competitiveness.

⁴ Monthly magazine is issued by CS Global, training organization from Skopje. the weekly news-letter is issued by www.no.net.mk

The challenge of upgrading business practices and management capacity transforms into the following development goal.

ESTABLISHING STANDARDS AND CERTIFICATES IN INFORMAL EDUCATION

Promotion of lifelong learning is a development goal that aims at workforce development and a higher level of management knowledge and skills. Competitiveness in the private sector is closely linked with managerial knowledge, skills and behaviour. The existing higher education system is more oriented to delivering knowledge and information, however, managers need specialized skills and practices (behaviours) in order to run a company and compete successfully. These could be obtained through “learning by doing” methods which are incorporated in non-formal education.

The promotion of lifelong learning requires a developed non-formal education industry and market. Establishing standards and certificates as a development goal will enforce the supply side. It will also increase awareness of the interdependence of permanent education and workforce development on one side, and private sector competitiveness, on the other. At this moment, high-level professional training providers do not exist and the supply side’s range of management training topics⁵ is limited. It is absolutely necessary to strengthen competition among the training providers.

A lifelong learning development goal could be introduced by establishing standards and certificates in the non-formal education sector.

Expected results would be:

- Establishment of an accreditation body for non-formal education
- Introduction of a minimum of 50 international training curricula and certification of 10 training providers within five years. Provision of financial subsidy sources to companies that would like to use this training supply.
- Participation in certified training sessions for managers and training for employees to improve their professional qualification and contestability.

At the end of the intervention, Macedonian government and Macedonian society will have ownership of the non-formal system of education and will have introduced a fund to finance human resource development. The donor assistance should include legal incentives, technical and financial assistance.

PERFORMANCE MEASURES

Performance indicators for implementation of the goal “Establishing standards and certificates in informal education” will be on three levels:

- On the macro level
 - Established “Accreditation body”
 - Amount of profits with tax deductions
 - Number of certified introduced programs/curricula
 - Number of certified institutions/training providers

⁵ According to the e-news letter for non-formal education (www.no.net.mk), ten training providers offer 20 different training curricula. The HRDF (human resource development fund) EU project doesn’t have any activities related to training and education.

- On the Industry level
 - Spending on training/net income
 - Number of certified employees/total employees
 - Number of training days/total working days
 - Capacity building for managers of clusters or industry associations
- On the Company level
 - Number of companies that use certified programs
 - Number of employees with more than 10 training days per year
 - Amount of spent training costs
 - Number of pilot or mentoring implemented programs
 - Percent of increase of sales/ income and profit

RECOMMENDED FUTURE INTERVENTIONS

This development goal could be achieved with interventions that should focus on:

- Legal incentives,
 - Adoption of a law for non-formal education. The law will refer to institutions, rules, procedures and accreditations of training providers. This intervention will define the rules for non-formal education industry and markets and will regulate governmental involvement in the first phase of introduction of the lifelong learning concept.
 - Establishment of an accreditation body which will certify institutions and individuals involved in non-formal education and training. This intervention will enforce the supply side in order to increase training standards.
 - Profit tax deductions for trainings of employees. When companies spend money for training of employees, that money will be deducted from profit and this part of the profit will not be taxed. This incentive will increase demand for training products.
 - Obligation for at least 10 days of annual employee training. The law for non-formal education will require companies to provide 10 days training for each employee every year. It will mobilize companies to search for quality and effective trainings.
- Technical assistance,
 - Standardization of training programs, institutions and training providers. Training standards for non-formal education will be introduced. Every training provider should obtain standards from the “Accreditation body” certifying that training programs and training delivery process meet the standards of the European training foundation.
 - Implementation of international curricula. Training providers will introduce a minimum of 5 international recognized curricula.
 - Managers’ capacity building through specialized and tailored trainings (delegating, team work, project work, leadership, good governance, Corporate Social Responsibility).
- Financial assistance,
 - Access to funding to subsidize training costs. A fund should be established through the government budget and donor support. Companies may apply to refund a maximum of 50% of the training cost for their employees. The maximum amount of money the companies can obtain should be additionally regulated.
 - Piloting utilization of modern management practices. The most successful modern management practices will be implemented as pilot projects in Macedonian companies.

- Mentoring programs. Companies will apply for programs with international mentors in order to achieve concrete objectives related to improvement of their competitiveness.

- Management exchange programs. Macedonian managers may spend time in foreign companies and foreign experts may work with Macedonian companies. These types of programs were implemented by GTZ and BAS /TAM (Business advisory program and Turn around Management) program financed by the EBRD.

The main impact of this development goal will be trained managers and employees with the capability to run highly competitive private companies which are able to compete regionally, accelerate their economic growth and increase the overall profitability of the Macedonian economy.

II. ADOPTION OF NEW TECHNOLOGIES, TRANSFER OF KNOW-HOW AND STIMULATING INNOVATIONS

Insufficient technological progress and innovation is seen as an obstacle to higher productivity, product innovations and improvement of companies' competitiveness. The private sector has limited access to finance resources for technology transfer, know-how and innovations. Lack of information and low networking experience are additional problems which cause Macedonian companies to lag behind the world in technological progress.

Government currently has no policies regarding technological development. Three technology Centres exist within universities in Skopje and Bitola. However there is no governmental program that supports technological innovations or technology transfer in Macedonian companies⁶.

On the private sector side there is a lack of awareness that technology can contribute to better market positioning. Most of the managers do not consider these areas as important for investment and they expect the government or international programs to cover these investments. Lack of experience with new and modern technologies among researchers is mentioned as an obstacle for facing the challenge of adopting new technologies. There is no communication and collaboration between the private sector and researchers as well as the institutions which will support networking locally and regionally.

FORMING “SOFT INFRASTRUCTURE” THAT FACILITATES TECHNOLOGICAL DEVELOPMENT

Networking and information sharing for technological development should be upgraded by forming a “soft infrastructure” (clusters, networks, associations, incubators) in order to facilitate technological development.

Forming Technological parks and other forms of “soft infrastructure”⁷ to use as tools for implementing state of the art technology is a development goal that should be achieved in the next five years. Well educated managers and employees need advanced technology in order to create new or innovative products. With this development goal the “soft infrastructure” that would be established will generate a minimum 10 innovative products per industry.

⁶ EEN- European enterprises network is a currently implemented program financed by EU - CIP (competitiveness and innovation program). One component of the program is technology transfer and innovations.

⁷ Set of institutions and organizations which support companies' competitiveness, enable networking and provide access to information about technological progress and transfer of know how and innovations. Such soft infrastructure could be associations, clusters, chambers, incubators, technological parks etc. In Macedonia one incubator for IT technology exists and it is situated in municipality of Gazi Baba - Skopje

Macedonian society should obtain tools for permanent improvement of products as a step toward diversification of the supply side and building of knowledge based economy.

PERFORMANCE MEASURES

Performance indicators for implementation of the goal *Forming “soft infrastructure” that facilitate technological development* “are following:

- On the macro level
 - Number of implemented programs for technology transfer
 - Amount of tax deduction for new technologies

- On the Industry level
 - Number of trained managers by the “soft infrastructure”
 - Number of implemented academic research projects
 - Number of applications to EU Programs
 - Number of technological parks

- On the Company level
 - Amount for technology transfer
 - Number of modified or innovated products
 - Number of granted projects from donor programs

RECOMMENDED FUTURE INTERVENTIONS

Assistance to achieve this development objective consists of:

- Legal incentives,
 - Tax deduction for new technologies. For new technology transfers, a tax deduction against profits will be introduced.
 - Introduction of programs for technology transfer. Government will adopt a program for technology transfer and will allocate money for support of the private sector during the process of introduction new technologies.

- Technical assistance,
 - Building capacities for “soft infrastructure“. Special programs for developing services for members, facilitating forums for exchange of information on latest developments, markets and trends, as well as transfer of know-how will be implemented in order to increase the effectiveness of institutions included in the soft infrastructure.
 - Networking with chambers of commerce from abroad and transfer of best practices will be established and a flow of information relevant to Macedonian private sector will be defined.
 - “Buying ideas” from abroad and transferring those ideas to Macedonia. The best ideas from abroad will be introduced in Macedonia as pilot projects.
 - Implementation of academic research projects. The implementation of innovations that arise from research will be supported with technical and financial assistance.
 - Establishment of technological parks. With financial support from international programs, technological parks will be formed as an area where the researcher and companies can closely cooperate and new technologies can be introduced.

- Capacity building for submission of applications to EU programs, FP 7 and CIP. Many companies need technical support in the process of responding to current calls for proposals in EU community programs. A system of support should be established as the number of submitted applications by the Macedonian companies is increased.

➤ Financial assistance

-Access to finance for start up and innovations (business angels, venture capital, start up credits). New investment funds will be established with governmental and donor money. This fund should provide credits to companies during the period of implementation of innovations.

-Co-financing donor's programs for technology transfer. A fund for company support for technology transfer programs should be formed.

-Creation of a 'soft infrastructure' will have impact on the standardization of high quality products and services. This development goal should integrate the efforts of the Macedonian government, private sector, researchers and donors towards implementation of the instruments for technology transfer and innovations.

III. OBTAINING GOVERNMENT SERVICES AND ADVOCATING FOR ECONOMIC POLICIES

The main challenges facing the private sector in this area are the ability to obtain efficient, transparent and cheap services. Strengthening the dialog and introduction of new tools for communication among the state, the business community and the scientific community should result in simpler legislation and reduction of political parties' influence on the public administration. Following this direction, regulatory bodies should obtain financial and political independence.

The government should introduce a system of efficiency measures for projects and policies. Lack of analyses cannot give a clear vision of the achievements of the development goals.

Government e-services should be enlarged in many areas of business activities as the private sector will spend less time on paper work.

EFFICIENT PUBLIC SERVICES

A high level of coordination among policy makers affects cheaper, transparent and business oriented public services. Strengthening dialog among the state, business community and scientific community should lead toward increased e-services.

Introduction of government e-services is a development goal that will increase the efficiency of all public services. Expected results from this development goal should be:

- Development of a wide range of e-services⁸
- Simplification of the legislation
- Reduction of the influence of the political parties on the public administration
- Increased capacities of the public administration

A system for exchange of information and institutional support should be created so that the private sector may obtain public services documents easier and cheaper.

⁸ Existing e- services in customs, public procurement, and employment agencies should be expanded to other ministries and state institutions which are responsible for issuing documents related to business and trade activities.

During the implementation of this intervention, industry clusters and business associations will be included.

PERFORMANCE MEASURES

Performance indicators connected with implementation of the goals are:

- On the macro level
 - Number of offered and delivered e-services
 - Number of trained employees from the public administration
- On the Industry level
 - Number of services delivered via business associations
 - Number of trade documents that can be provided by internet
- On the Company level
 - Number of trained employees for e-services
 - Money and time spent for obtaining documents
 - Satisfaction rate of the business community
 - Ranking by the international community
 - Number of trainings/rate of satisfaction

RECOMMENDED FUTURE INTERVENTIONS

Assistance to achieve efficient public services:

- Technical,
 - Development of e-services. Interventions should cover a wide selection of services and utilize the internet as the method of delivery to final users.
 - Simplification of legislation. Analyses of the legislation related to the obtaining of documents will be done and recommendations will be given.
 - Reduction in the influence of the political parties on the public administration,
 - Increase in the capacities of the public administration. Annual programs for employees will be prepared and implemented as the scope and quality of the e-services is increased.
- Financial,
 - Access to information. Promotion program for the possibilities of using e-services will be financed and implemented in order to increase the awareness of the business community about the new e-services.
 - Training to use e-services. Free of charge training and “one day” informational seminars should be organized for the employees in the private sector in order to be able to use these services.

During implementation of this intervention industry clusters and business associations will be included as well.

IV. KEEPING AND SUSTAINING CURRENT MARKETS GIVEN THE CURRENT FINANCIAL CRISIS

Lack of finance options for export promotion and the low level of institutional capacity for support of exports and internationalization of businesses can harm market performance in the Macedonian private sector. Those problems also demand involvement by the local government in the process of “globalization” and internationalization of businesses.

Traditional products and low level of finalization are barriers to keeping and sustaining current markets. They are not a competitive market and when under pressure, their prices fall. The private sector needs additional governmental support when entering new markets.

Implementation of best practices from the EU countries is seen as a possible way to improve private sector competitiveness, especially in the field of export promotion and internationalization of businesses.

ESTABLISHING AN EXPORT PROMOTION PROGRAM

Penetration in regional and European markets is directly linked with providing sources of financing for export promotion strategies. Thus the establishment of an export promotion programs should be a development goal. Implementation of the activities should be focused on an introduction of a system for measuring the Macedonian export sectors.

The measures will be disseminated on a national and local government level. The decentralization process can create local institutions for export promotion (export promotion agencies, web portals, business clubs for cooperation with twin cities from EU or others countries, etc). New responsibilities of the municipalities can contribute to improvement of local economic competitiveness.

PERFORMANCE MEASURES

Performance indicators connected with implementation of the goals should be:

- On the macro level
 - Number of implemented measures related to export promotion
 - Number of trained employees in institutions that support exports
 - Amount of money spend for export promotion programs
 - Number of established local government institutions for export promotion of local businesses
 - Number of implemented measures on the local government level

- On the Industry level
 - Established associations/cooperatives which are involved in export promotion activities
 - Percent increase of industry exports

- On the Company level
 - Number of used measures for export promotion
 - Percent of export increase
 - Number of markets where company operates

RECOMMENDED FUTURE INTERVENTIONS

Assistance to establish export promotion programs will consist of:

- Technical,
 - Creation of program “*Export Macedonia*”. Following the framework of the National Agency for Promotion of Entrepreneurship, a program for export promotion activities will be created. Some of the activities will be implemented through local government LED (local economic development) offices.
 - Transfer of know how and best practices from the EU countries. Best practices from the EU related to internationalization of SME business will be analyzed and select for implementation in Macedonia.
 - Utilization of an existing network of cities towards contribution to internationalization of local businesses. Existing networks that Macedonian municipalities have with European and regional cities will be used for cooperation among SME and local business.
 - Strengthening the capacity of the institutions that support SME’s and internationalization of businesses. Employees in national agency and local government offices for export promotion should be trained in order to implement the export promotion program “*Export Macedonia*” successfully.

- Financial,
 - Access to funds for export promotion. Implementation of export promotion measures needs considerable financial resources. Export oriented companies will be supported from this fund for implementation of the export promotion activities.
 - Financing the preparation and implementation of export strategies. Companies need support and mentoring while they enter new markets and define their export strategies. Part of the costs for these activities should be financed by the public program or fund.

Implementation of this development objective should contribute to internationalization of Macedonian businesses and initiation of the process of building alliances among Macedonian private sector companies for better performance in foreign markets.

V. INCREASING PRODUCTIVITY, THE VALUE-ADD AND QUALITY OF THE PRODUCTS AND SERVICES

The introduction of new products, innovations and branding of Macedonian products can increase the competitiveness of the Macedonian private sector. This approach, combined with energy efficiency, could be a pillar for private sector development. The business community should keep the best managers and standardize the quality of their products and services as a basis for higher productivity.

Lack of experience is an obstacle for introducing branding of local products. Branding is seen as possible way to increase productivity and value-add of products from traditional industries.

The private sector should be encouraged to introduce branding processes. Appropriate support should be created and offered to the Macedonian companies as they start with the branding of local products.

BRANDING OF MACEDONIAN PRODUCTS AND SERVICES

Branding as a development objective will impact productivity and value-adding. The process of implementation will affect the quality of the products and services provided. The development goal should establish brand names for traditional and new Macedonian products.

Assistance should be focused on introducing standards and pilot programs for branding of the products with the highest export potential.

At the end of the intervention, branding procedures and a system of support for Macedonian companies in the branding process will be introduced. The piloting will be performed by companies that intend to compete globally.

PERFORMANCE MEASURES

Indicators connected with implementation of the goals are:

- On the macro level
 - Amount of money for introduction of international standards
 - Number of programs that support branding
 - Number of branded products

- On the Industry level
 - Number of brand name products in the industry
 - Number of implemented international standards
 - Number of pilot or mentoring projects

- On the Company level
 - Number of products with brand name and brand value
 - Number of markets where Macedonian brands are present

RECOMMENDED FUTURE INTERVENTIONS

Assistance refers to:

- Legal incentives,
 - Government enforcement of international standards by introduction of programs for a financing standardization process and by giving priority in procurements to companies with implemented international standards.

- Technical assistance,
 - Development and upgrading of programs for standardization of Macedonian products in terms of quality, environment and social condition⁹.
 - Implementation of international standards should be supported with offers for technical assistance by experts.

⁹ The handbook related to international standards in textile industry is published by Ministry of Economy, Government of the Republic of Macedonia

-Piloting utilization of modern branding practices. Best practice in branding will be introduced to Macedonian companies. The pilot project will focus on 3 to 5 Macedonian companies interested in branding.

-Mentoring programs for branding. Technical assistance for Macedonian companies that would like to introduce a branding process will receive international mentors to help them in planning and implementation of their projects.

➤ Financial assistance

-Access to financing for implementation of international standards and financial support for branding of Macedonian products. The government will establish a fund for reimbursing the costs of branding Macedonian products.

Branding will have the ability to capture ex-Yugoslavian and regional markets and build a reputation for Macedonian products in European markets.

PAST HIGH IMPACT INTERVENTIONS

Considerations related to donors' assistance are based on answers given in the questionnaires. According to those opinions stated, the biggest lasting impacts are training, technology transfer, building corporate identity and branding of companies. Most of the participants consider donor's assistance as important for improvement of the competitiveness of the private sector. The request for donors support refers to financial support, but there is still a lack of awareness that technical support also has long lasting impact to private sector competitiveness. Basic remarks about donor's assistance highlight the importance of ownership transfer as a significant phase of every donor project. This remark is valid on all levels of assistance: macro, industry and company level.

When the assistance is focused on selected sectors (through clusters, chambers/associations and supply chains) the results are less productive than direct assistance to individual firms. Lack of transparency procedures and low capacity for managing donor's assistance increase the cost of implementation of the projects and slow down the speed of ownership transfer to the final beneficiaries. In cases where assistance is planned to be provided through the business associations, an additional component of donor's assistance should be included such as capacity building on transparent procedures and clear criteria in monitoring the whole process of assistance delivery.

A combination of local business services providers, consultants, and foreign expert's mentors is the best way to deliver assistance. This means that foreign experts should be involved in the planning process and training of the local consultants and local business service providers. After that, they will monitor the process of implementation and will evaluate achieved results. Business service providers will organize the process and procedures in using this assistance and will promote the interventions and deliver the services offered through the assistance. Local consultants will deliver services to concrete companies or end users.

CONCLUSIONS

The economic development of the Republic of Macedonia is a high priority of USAID toward accomplishing faster growth of the Macedonian economy, that will generate stable working places and better living standard of Macedonian citizens. In order to accomplish this long term goal, USAID is focusing on supporting better results for a sound business environment that stimulates the private sector's growth, promotes investments that widen the possibility and the employment of the private sector, increases the export capacity of the private sector on the foreign markets and improves access to knowledge and entrepreneurship skills that will contribute to the competitiveness of the Macedonian economy on the global market.

The organized roundtable and report should steer the direction of USAID's projects toward improving the competitiveness of the private sector in Macedonia.

Based on the discussions among different parties that participated in the roundtable, and representing different institutions, an enormous knowledge of the current economic situation and proposed activities and indicators was gained and has been presented in detail within this report.

The proposed five interventions should be treated as complementary steps towards a higher level of competitiveness in the private sector in Macedonia. They can be upgraded or modified according to requirements of the final beneficiaries, but serve as a good basis on which the future donor's interests and policy decision makers should focus. This is needed in order to improve the current situation, soundness and future of the private sector in the country, especially those that are export oriented and generate additional foreign currency for the nation.

Additional, deeper analysis is recommended in the areas that impact proposed interventions to affect private sector competitiveness. Information collected by the beneficiaries about the attractiveness and desirability of assistance should be compared with expenditures to plan and deliver intervention to the end users. Preliminary cost benefit analysis could give some assistance to elaborated findings regarding priority development goals.

The interests and problems of the private sector should be addressed with comprehensive national and foreign assistance that generate a synergy that will assist with the resolving the competitiveness problems of the economy. This is especially important now, when the global world, including the Macedonian economy, is under the influence of the economic crisis.

ANNEX

Table 1.Private sector responses to main challenges

Challenges	Number of responses
Keep and sustain on the current markets given the current financial crisis;	8
Grow, secure investments from foreign and domestic partners, and access to finance;	7
Upgrade business practices and management capacity	7
Increase productivity, the value-add and quality of the products and services;	8
Find, nurture and keep qualified employees	7
Obtain government services and advocate for economic policies;	7
Penetrate regional and international markets;	7
Integrate into global supply chains *	5
Adopt new technologies, transfer of know-how and stimulate innovations	8
Access technical expertise and consulting service**	3
Other: <ul style="list-style-type: none"> ➤ Faster integration of the country in NATO and the EU ➤ Deeper Market Segmentation and diversification of products range according to defined segments. ➤ Involvement of young qualified employees in the Macedonian economy ➤ Worldwide quality , productivity and competitiveness 	

*) Low interest to integrate into global supply chains can be explained that the companies can not recognize this opportunity to improve the competitiveness and enter into world markets. Next reason is lack of corporate governance experience and fear of the managers that they could lose power in the decision making process. Lack of available long term sources of finance to meet global supply chains requirement is also reason why the invitees show low interest to this challenges.

***) The low interest for this challenge is because it is seen as less important issue in the time of financial crises. Second reason for this could be the small number of representatives from the production sector that is the most interested in technical expertise and consulting services.

Table 2. Institution's responses to main challenges

Challenges	Number of responses
Keep and sustain on the current markets given the current financial crisis;	8
Grow, secure investments from foreign and domestic partners, and access to finance;	7
Upgrade business practices and management capacity	10

Increase productivity, the value-add and quality of the products and services;	7
Find, nurture and keep qualified employees	9
Obtain government services and advocate for economic policies;	10
Penetrate regional and international markets;	9
Integrate into global supply chains	3
Adopt new technologies, transfer of know-how and stimulate innovations	13
Access technical expertise and consulting service	5
Other:	

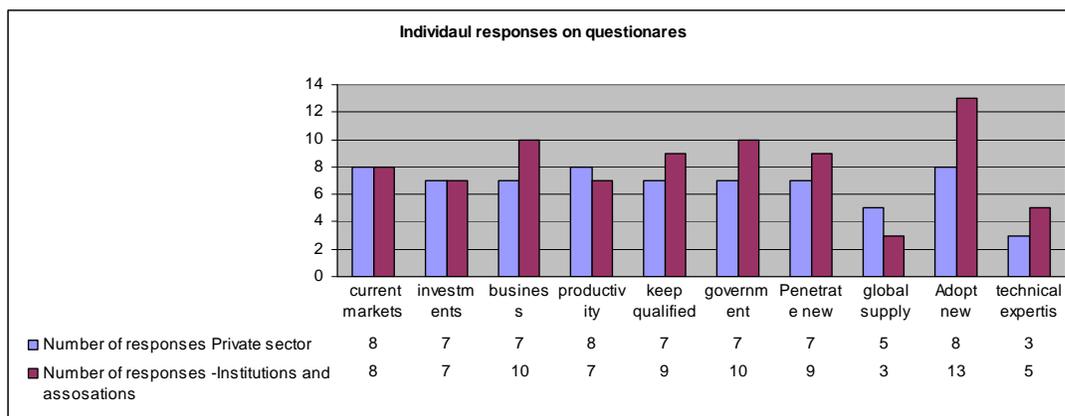


Figure 1. Ideas from the workshop and received votes

WORKGROUP 1- MARKET DEVELOPMENT

<i>goals</i>	<i>indicators</i>	<i>measures</i>
-increase the competitiveness of MK products -quality/standardization -finalization of the products -price	-Increased export - improved trade balance	- financial support for exporting businesses -fiscal stimulus and marketing -establishing instruments for safer billing
- Establishing program: “Export Macedonia”, - focus of budget financing on export promotion	Number of: -specialized consulting services - strategic markets - companies that have export business deals - companies that participate on fairs	-reorganization of the agency for entrepreneurship -Creation of programs for export promotion
-Strengthening the capacity of the institutions that support SME’s and internationalization of the businesses	-Number of regional and transregional programs - total budget of the projects -number of institutions/partners	-Transfer of know how and best practices from EU countries - identifying partners for joint projects and increased involvement in the EU funds applying
-involvement of the local authorities in “glocalization” and internationalization of the businesses	-Number of: - “twin municipalities” -programs and projects for the business sector - clients/companies involved in projects -companies/users	-creation of cities networks that can contribute to the businesses -twin cities -support during the process of application
Total points: 13		

WORKGROUP 2- ATTRACTING INVESTMENTS AND ACCESS TO FINANCE

1. Creation of efficient mechanisms for billing
2. Development of mechanisms for on time informing
3. Fund for development support
4. Development of credit bureau
5. Industrial zones
Total points: 9

WORKGROUP 3 – MANAGEMENT CAPACITY BUILDING, QUALIFIED PERSONAL AND EMPLOYEES

Challenge	1. Regulation of the non-formal education
Development goals	Establishing standards-certificates
Indicators	-Number of certified programs - Number of certified institutions - Number of companies that use certified programs
Actions/Interventions	-law for non-formal education -accreditation body -implementation of international curricula -standardization of programs, institutions and training providers
Donators	- fund for supporting certified programs -technical support, experts, NGO
Total points: 19	
Challenge	2. Workforce development
Development goals	Promoting the concept “long life learning”
Indicators	spending on training/net income number of certified employees/total employees number of training days/total working days
Actions/Interventions	- Tax deductions for trainings (taxable profit) - obligation for at least 10 days training to the employees annually, -establishing system for professional education - reforms in the educational system (formal and non-formal)
Donators	Technical support
Total points: 1	
Challenges	3. Low level of managerial knowledge and skills
Development goals	Increased capacity of the managers trough specialized and tailored trainings: (delegating, team work, project work, leadership, good governance, CSR)
Indicators	-Number of CEO’s (attended certified programs/ total number of CEO’s) - Number of companies that have HR departments
Actions/Interventions	-Exchange of managerial skills -job shadowing - development of specialized programs for bridging the gap between the skills (team building, training, coaching etc.)
Donators	Technical support
Total points: 8	

WORKGROUP 4- ADOPTION OF NEW TECHNOLOGIES, TRANSFER OF KNOWLEDGE, TECHNICAL EXPERTISE AND CONSULTING

Challenges	1. Difficult access to financial resources and new innovations
Development goals	Access to finance for start up and innovations (business angels, venture capital, start up credits) and proper informing mechanisms
Indicators	-Number of investment projects - Number of companies that have outsourced for investments in the innovation process
Actions/Interventions	-law regulation that enables these kind of funds -PR + subsidies - founding new investment funds with other donators (Public private partnership) -matching funds for investment in companies
Donators	Assistance to companies for applying EU programs
Total points: 8	
Challenges	2. Insufficiency of networking and information for technological development
Development goals	-Forming “soft infrastructure“ (clusters, networks, associations, incubators) that facilitate technological development
Indicators	-Visibility and familiarity of the existing “soft infrastructure“ -Number of implemented researches - index of innovation and other statistics
Actions/Interventions	- Technological parks - Building capacities of “soft infrastructure“ - networking with chamber of commerce from abroad and transfer of best practices, -“ buying ideas” from abroad and transferring in Macedonia - implementation of academic researches
Total points: 5	
Challenges	3. Insufficiency of modern education (practical and exploitable)
Development goals	Educational system should satisfy demands of the private sector: 1. High quality workforce 2. Applicable research projects
Indicators	-Number of applied research projects, -graduates have skills (not only knowledge) - % of employees that have upgraded their own knowledge -institutions that promote “long life learning“
Actions/Interventions	-Stages in the companies “on the job training“ during the studies -managerial and soft skills - organization of workshops -collaboration of the academy and the businesses
Total points: 1	

WORKGROUP 5- NETWORKING AND INTEGRATION WITH GLOBAL SUPPLIERS

1. Cooperation/Coordination

Development objectives:

- Continued development of trade and producer organizations
- Promotion of enterprise consolidation
- Tax structure that supports trade associations/cooperatives

Indicators:

of established associations/cooperatives

of fees paying / % of oper.expenses internationally generated

of companies joining in procurement

Specific interventions:

- Supply side business incubator (common good asset)
- Modify tax structure
- Support joint procurement pilots

Total points: 1

2. Business practices

Development objectives:

Improved managerial capacity& practices

Indicators:

of companies internal financial specialist

of companies using e-biz tools

of companies experiencing continuous sustainable growth

of staff (key and mid level) in management practices

Specific interventions:

- Piloting utilization of modern management practices
- Mentoring programs
- Management exchange programs
- Improving/living curricula to businesses

Total points: 2

3. Supplier's capacity

Development objectives:

- Develop and use of grades & standards
- Substantial and sustainable supplier's linkages

Indicators:

-% export that have quality certifications

-purchasing done under forward contracts

Specific interventions:

- Government enforcement of int. standards
- Financial support to implement standards
- Financial support for firm level supplier
- Development and upgrading programs

Total points: 2

4. Access to finance

Development objectives:

- increased use of existing financial services

Indicators:

- # of companies using/accessing new “to them” services

Specific interventions:

- Improved communication about availability &usage

Total points: 1

Workgroup 6- INCREASE OF PRODUCTIVITY AND QUALITY OF THE PRODUCTS AND SERVICES

Challenges	Education and training to the employees and the managers
Development goals	Promotion of the importance for professional development of the employees
Indicators	-Increased number of employees that have attended trainings - Exchange of employees among the companies - Increased number of company owners that have employed professional managers -Increased demand for consulting services -Increased communication among employees and the management -Motivating employees to ask for training
Actions/Interventions	- Co financing trainings (donators, state) - Change of the legislative
Donators	-Organization of seminars, trainings, workshops - foreign experts
Total points: 6	

Challenges	-Technology - IT technology
Development goals	Implementation of new sophisticated technology in the production process and/or services
Indicators	-internet statistics - increased production of new equipment or importation -software sells (ERP, CRM) - Level of automatization (CAD, CAM)
Actions/Interventions	-Reduced taxes for new technologies -Improvement of the IT infrastructure - Investment in research centers.
Donators	-free of charge internet connection, - R&D schools, research centers, - exchange of professionals -Dissemination of knowledge for new technologies
Total points: 4	

WORKGROUP 7 – EFFICIENT GOVERNMENT SERVICES, ADVOCATE FOR ECONOMIC POLICIES AND SUPPORT OF SELF REGULATION OF THE BUSINESS

1. Economic policy

Low level of coordination among policy makers

Activities (measures)

- Strengthening the dialog among: state, business community and science,
- measuring the efficiency of the projects,
- ex ante and ex post analysis
- financial and political independence of the regulatory bodies,
- clear vision and development

Indicators:

- number of established functional mechanisms for dialog
- Number of completed analysis
- ratings from the international institutions
- prepared and implemented plans and programs

Total points: 10

2. Efficiency of the public services

Not efficient, not transparent and expensive public services

Activities (measures)

- Development of e-services
- Simplification of the legislation
- Reducing the influence of the political parties in the public administration
- Increase the capacities of the public administration

Indicators:

- Number of information and services via e-services
- Rate of satisfaction of the business community
- Ranking by the international community
- Number of trainings/rate of satisfaction

Donators:

Financial and technical support

Total points: 11

3. Support to the business sector

Activities (measures)

- Institutional support (innovations, clusters, SME's, FDI's)
- Access to information (domestic and foreign legislatives and other)

Indicators:

- Number of completed interventions by the institutions
- Number of available services

Total points: 8

WORKGROUP 8-DONORS' ASSISTANCE AND EU FUNDING

<i>1. Grants and favorable credits</i>	
Challenges	- Nonprofessional filled applications - Non functional banking system - Complexity in the process of applying
Development goals	- Increased employment - export - technology - human resources
Indicators	- high criteria for applying - adjustment along domestic conditions
Actions/Interventions	- training professionals - lobbying
Type of support	- reliable informing
Total points: 3	

<i>2. New markets</i>	
Challenges	- Organize and set up groups - Fairs - No networking
Development goals	- more finance on research activities
Indicators	- new markets acquired - Strategic markets acquired - export on global markets
Actions/Interventions	- memberships - associations - access to information
Type of support	- donator's programs - promotions - participation on fairs
Total points: 1	

<i>3. Technical support, seminars, trainings and consulting</i>	
Challenges	- Qualified experts - Low education level of the employees
Development goals	- Increased productivity - -//- quality - -//- efficiency
Indicators	- successfully organized seminars - usefulness
Actions/Interventions	- Co investing in human resources
Type of support	- Co financing trainings, - Co financing projects for practical use
Total points: 2	

4. Informing for partnerships, tenders and grants

- info points
- networking
- on time informing

Total points: 2

APPENDICES

I. COPY OF THE SCOPE OF WORK;

The contractor should organize a roundtable discussion with relevant stakeholders in order to:

- a. Identify key challenges faced by the private sector to:
 - i. keep and sustain on the current markets given the current financial crisis;
 - ii. grow, secure investments from foreign and domestic partners, and access funding;
 - iii. upgrade business practices and management capacity;
 - iv. increase productivity, the value-add and quality of its products and services;
 - v. find, nurture and keep qualified employees;
 - vi. obtain government services and advocate for economic policies;
 - vii. penetrate regional and international markets;
 - viii. integrate into global supply chains;
 - ix. adopt new technology, transfer know-how and stimulate innovation;
 - x. access technical expertise and consulting service..
- b. Define 4-5 priority objectives that USAID should consider for its next private sector growth strategy based on criteria such as importance, impact, feasibility, commitment from partners/businesses, etc;
- c. Identify performance indicators that will most adequately measure progress toward the selected objectives and propose targets for the next 5 years;
- d. Specify lessons learned from assistance provided in the past by USAID and other donors:
 - i. What type of assistance to companies and private sector in general had biggest lasting impact
 - ii. Do's and Don't for donor assistance;
 - iii. Is focus on selected sectors (through clusters, chambers/associations, supply chains) more productive than direct assistance to individual firms?
 - iv. Should assistance be delivered through local business service providers / business consultants or foreign experts or both?
- e. Recommend specific interventions that can lead toward the achievement of the selected objectives.

Specifically, the Contractor will perform the following:

- A) Propose a methodology for conducting the brainstorming sessions at the roundtable that will result in collecting the relevant information;
- B) Assist USAID in compiling list of invitees that can contribute substantially toward the discussion and provide for balanced representation of views;
- C) Provide administrative support such as sending out invitations, producing nametags, providing flipcharts, post-it pads and other materials for the round table, registering attendance, note taking, etc;
- D) Facilitate the discussions at the roundtable with support of Economic Growth Office staff;
Produce an analytic report that will capture the participants' responses and discussion and elaborate on the points stated above in a summarized and prioritized manner.

DELIVERABLES

1. Draft Methodology and Agenda for the Roundtable (due on or about 2 weeks prior the roundtable event)
2. Draft Report (due 1 week following the roundtable event)
3. Final Report (due 1 week following the USAID's feedback)

II. TEAM COMPOSITION AND STUDY METHODS

Name	Position	Degree & Certifications	Experience/ References and Report
Risto Ivanov	Team leader	Master of economic sciences and Certified Management Consultant(CMC)	◆ 12 years consultant experience ◆ Attached References from USAID/BEA, UNDP and Municipality Gorce Petrov ◆ Attached two “relevant” reports
Shenaj Hadzimustafa	Second Team Member	Master of economic sciences	◆ 7 years consultant experience ◆ References from SEEU, CEA and UNDP ◆ Attached two “relevant” reports
Aleksandar Kostadinov	Administrative staff	Master of economic sciences	◆ 5 years consultant experience
Hristijan Risteski	Logistics	Bachelor's Degree in economics	◆ 2 years consultant experience

METHODOLOGY for conducting brainstorming sessions at the roundtable “Challenges of the private sector’s growth and strengthening of the Macedonian economy’s competitiveness”

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The Technical approach aims at providing an initial understanding of the challenges that the private sector is facing toward achieving greater economic growth and identifying priority objectives as well as recommendations for interventions that can lead towards the selected objectives.

III. A LIST OF INVITEES AND PARTICIPANTS IN THE ROUNDTABLE

Enclosed to this report

IV. GENERATED IDEAS WITHIN WORK GROUPS' SESSIONS

Work Group 1: Market Development

1. Reorganization of the Agency for Entrepreneurship Support in the Republic of Macedonia
2. Legislation in other countries, support in translation of concrete laws
3. Enterprise capacity
4. Specific markets export support, (direct financial support for export companies, consultancy, B2B forums, presentations on fairs)
5. Twinning with foreign cities towards business opportunity
6. Low competitiveness of the Macedonian traditional products (quality/standards, level of finalizations, price)
7. Institutional capacity building dealing with a SME support, good EU practice transfer
8. Lack of public investments towards the export promotion of the Macedonian products
9. Program "Export from Macedonia"
10. Increasing the industrial sector's capacities through joining in clusters/consortiums
11. Financial support for the first entrance on the foreign market
12. Subsidizing export programs (lower credit interest rates for export projects)
13. Supporting export projects
14. Providing information for the industrial segment (quantities, portfolio etc)
15. Consultancy network for penetration on the new markets, consultancy specialization
16. Instruments for securing payments from export, secure export
17. Legal and financial stimulating measures
18. Low marketing capacities of the companies (human and financial)

Work Group: 2 Attracting investments and access to finance

1. Creating mechanism for securing receivables
2. New financial funds for development support
3. Fostering the steps for credit biro design
4. Development of the existing and new industrial zones initiative
5. Developing mechanisms for mutual informing between potential domestic and foreign investors and SME's (through associations, chambers, municipality economic projects)
6. Alternative financial mechanisms for development support
7. Easier access for financial resources (information)
8. Better financial analyses leading to better management of the financial resources
9. Business angels
10. Securing collateral problems
11. Weak capacities (financial management)
12. Lack of transparency in the private sector
13. Problems with cash flow/receivable payment

14. Financial problems concerning primary products and resources redeem
15. Administrative problems in providing financial resources
16. Increasing interest rates trend
17. Connecting companies with potential investors

Working Group 3:

Management capacity building, qualified personal and employees

1. Implementing international accepted curriculums in the area of informal education
2. Standardization of the training centers, trainers, training programs and the law for informal education
3. Support the activities of the Macedonian association for human resources towards implementing standards in the area of HR
4. Developing of systems for improving the level of qualifications and their evaluation.
5. Training providers improvement by implementing certificates
6. Few companies invest in their own employee education
7. Tax release for the reinvested income in the HR sphere
8. Employee stimulation for innovations and work organization
9. Real competition in the education
10. Study visits of professors and students in USA and from USA
11. Soft skills
12. Training in the area of career consulting & career coaching
13. Company and institution support towards development of innovativeness between employees
14. Export and global appearance trainings
15. Lack of team work within companies
16. Lack of management delegation within companies
17. Companies don't have system for motivation of employees
18. Lack of interest within employees for active involvement in the problem solving process
19. Reform in the system of education in the "working universities"
20. Strengthening the vocational education
21. Gap between education and business (PROACTIVITY)
22. Educational system must be change radical, change of the paradigm, projects in the education
23. Stimulating the scientific research work within universities and institutes and increasing the number of licenses, patents and innovation
24. Permanent education of the managers in the area of IAS, IFRC managerial approach, human resources management and their future development
25. Separating the owner from the manager
26. Work improvement system
27. Improving managerial capacities and qualifications
28. Weak dynamic in the labor market, requalification.
29. Creating a professional education funds
30. Taking over qualified employees and their further education in the working environment
31. Promotion of the life long learning concept
32. Implementing obligation for permanent training of the employees, at least 10 days per year

Work Group 4:

Adoption of new technologies, transfer of knowledge, technical expertise and consulting

1. Professors/assistants are very theoretical and not pragmatically (do not give results)

2. Weak relationship between the industry and academy/R&D institutions
3. Mentality (lack of trust, old habits, conservative mentality that doesn't accept changes, mentality that the owner knows everything, researches are not transfer in the business, mentality can't be changed)
4. Weak coordination between ministries in implementation of programs/policies
5. Clear policy for industry development, SME's Supported by the Government and municipalities.
6. Locations for incubators, infrastructure for innovations support (clusters, technological parks)
7. Uninformed
8. Lack of specializations and access to consultants and experts
9. Professionalization of the chambers, in order to become a networking places
10. Cluster cooperation between companies (www.eco.at)
11. Hard availability of case studies from the Macedonian successful companies
12. Closed in Macedonia, need for following the experiences from the leading companies in the world
13. Underdeveloped culture for building relationship with the customers
14. Lack of investments
15. Investments in R&D are connected with extra costs, habits and uninformed
16. Investments in R&D are seen as cost not an investment
17. Low access to finance for innovations and venture capital
18. Minimal level of human resources
19. One employee working on several issues in one time
20. Focus on day to day problems, lack of time for finding solution
21. Computer support on the minimal level
22. Lack of internet usage, MIS in accounting planning and managing

Working Group 5:

Networking and integration with global suppliers

1. Lack of well organized supply chains (mk origin)
2. Need for continued suppliers upgrade operation
3. Lack of use international standards in product quality
4. Lack of contract enforcement and use of contracts
5. Lack of ongoing partnerships with suppliers
6. Macedonia is raw materials import dependent & equipment
7. Lack of good infrastructure (roads, rails)
8. Storage capacity
9. Challenge to finance suppliers
10. Awareness and appropriate services
11. Difference in type (definition) of investing in small & big companies
12. Lack of internal analyses
13. Lack of accounting skills
14. Lack of forecasting
15. Lack of companies to commit to continued investing in becoming consolidators
16. Lack of cooperation between companies in same business re: purchase of raw materials
17. Lack of cooperation with Macedonian competitors
18. Need for strategic partnerships abroad

Work Group 6:

Increase of productivity and quality of the products and services

1. Difficulties in developing local brands
2. Training of managers and employs

3. Better cooperation with Macedonian Diaspora
4. Lack of finances
5. Insufficient usage of capacities
6. High competitive foreign products that stimulate the domestic ones toward quality improvement
7. Lack of consultants
8. Low morale of employees for innovations and improvements
9. Lack of production technology and ICT
10. Lack of infrastructure

Work Group 7:

Efficient government services, advocate for economic policies and support of self regulation of the business

1. Slow, ineffective and corrupted courts
2. Inefficient institutions related to the business sector, slow and expensive public services
3. Ad hoc changes in policies without consulting the business community
4. High political influence in the implementation of economic policy
5. Before every action a related research has to be publically presented
6. More analyses and consultations with the business community when policies are being created
7. Increasing the controlling function of the state
8. Decreasing the regulative activity from the state
9. Lack of regulation and control of the foreign capital in the governmental policy for FDI, especially in crisis periods
10. Electronic access to all public information, public services, information for their efficiency
11. Reform in the public administration
12. Implementation of economic policies (lack of concrete ideas for implementation, lack of long-term and medium-term plans)
13. Lack of coordination in the economic policy and setting goals
14. Clear vision for the development of competitiveness
15. Efficiency in the public services (inappropriate staff for specific positions)
16. Introducing simpler processes for access to specific services, inappropriate management and lack of control in the work
17. Efficiency in public services (unprofessional employees, innovation and development stagnation, policy for structural support, trainings, seminars, available EU laws on Macedonian language.)
18. Financial and political independence of the regulatory bodies.
19. Bad formulated and unclear laws used by unprofessional administration
20. Proper implementation of the system for evaluation of the legislation influence
21. Lack of surveys and priority definition
22. Inter ministerial expertise group for industry policy, for consolidating and coordinating policies and dialog with other institutions and communities.
23. Existence and development of strong and efficient institutions for company support (SME's, internationalizations, FDI, innovations, clusters)
24. Establishing competitiveness committee on ministry level
25. Efficient usage of foreign aid
26. Self regulation of the businesses (appropriate implementation of the regulations, legislative regulation which is based on a prior analyses, transparent and stable regulation, high influence on the government decisions concerning their working, law and law regulation that are a working base e.g. homologation, motor vehicles etc.

Work Group 8:

Donors' assistance and EU funding

Ideas from the participants who are applying for donor's assistance:

1. Grants (money)
2. Cheap credits
3. Prolonged obligations
4. Technical support/ consultants/seminars/ trainings
5. Markets
6. Decreased taxes
7. Usage of EU standards (small percentage are fulfilling EU standards, regulation of CO2 emissions)
8. Stock exchange for transport
9. Donations for investments in own production
10. Equipment
11. Web and marketing
12. Programs for energy efficiency
13. Funds for energy efficiency (EU, USAID)
14. On time information

Ideas from donors:

1. Technical support
2. 50 % grants for SME's for consultancy, projects ecology etc
3. Business plans (certificates, ISO)
4. Production improvement
5. New markets
6. Access to finances
7. Building of consulting sector
8. Training
9. Matchmaking
10. Tailor made programs

METHODOLOGY

for conducting brainstorming sessions at the roundtable

“Challenges of the private sector's growth and strengthening of the Macedonian economy's competitiveness”

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The Technical approach aims at providing an initial understanding of the challenges that the private sector is facing toward achieving greater economic growth and identifying priority objectives as well as recommendations for interventions that can lead towards the selected objectives.

Skopje, 22nd of May 2009

a) Organization of the roundtable

a.1) Selection of Invitees

Macedonian economy has shown its weaknesses especially during the period of the crisis by increasing gap of trade deficit, shrinking of industrial production volume, increased number of unemployed and less available credits to the companies. Hence the invitees should represent as much as possible aspects of private sector growth (private sector, chambers of commerce, industry associations, relevant governmental institutions, Donors). Whole list of invitees will not exceed 300 people.

The List of invitees shall be prepared by selection of representatives from the main sectors of Macedonian economy (metal processing industry, dairy, vine, tourism, IT, apparel) emphases will be toward the representatives of export oriented industries. We are planning to select around 150 companies and 10 representatives from the other institutions (chambers of commerce, industry associations, relevant governmental institutions and donors). The draft list will be prepared in excel and send for approval to EG staff.

a.b) Sending invitations

The invitations will be prepared in hard copy and electronic version and the telephone confirmation of attendance will be required. Some of the important representatives will be contacted by our administrative staff as they will participate with their opinion about the relevant topics. CEA team will produce questionnaire in order to collect opinion from invitees that would not be able to participate at the round table. The questions will be focused on the main problems for private sector's growth, possible supports and experience with previous donors' assistance. The same questionnaire will be used during the roundtable sessions in order to collect individual opinions about donors' assistance.

The draft version of the invitation and the questionnaire will be approved by the EG staff.

a.3) Receiving confirmation

Confirmation of attendance will be received via e mail, telephone or fax situated at the CEA premises. The last day for confirmation will be 1 of June as the CEA administrative staff will undertake appropriate actions in regard to better organization of the roundtable.

b) Course of the roundtable

The introduction of the one day roundtable will encompass elaboration of the roundtable objectives, the schedule and methods that will be used to meet the expectations.

At the beginning the participants will be introduced to the main objectives of the round table by the USAID EG representative. . The current situation related to the competitiveness of the Macedonian economy, the instruments for measuring and how Macedonian economy competitiveness is ranked based on the last Global competitiveness report will be presented by CEA representative Mrs. Shenaj Hadzimustafa (second team member). The team leader Mr. Risto Ivanov will introduce to the participants the working part of the round table, the agenda and the working methods.

b.1) Objectives

The objectives of the round table will be to generate as much as possible ideas related to the challenges of the main topics, strengthening of the private sector's growth and improvement of the Macedonian economy's competitiveness.

b.2) Organization of the working groups(WG)

Discussions will be organized in two parts. The first part refers to collection of different opinions within working groups' sessions. Discussions will be split in eight groups:

1. Market development,
2. Attracting investments and access to finance,
3. Management capacity building, qualified personal and employees,
4. Adoption of new technologies, transfer of knowledge, technical expertise and consulting,
5. Networking and integration with global suppliers
6. Increase of productivity and quality of the products and services
7. Efficient government services, advocate for economic policies and support of self regulation of the business,
8. Donors' assistance and EU funding

Participants will decide in which group they would like to contribute. In case some topics are more interesting then other facilitators will provide each group to have minimum 5 members.

b.3) Methods of the group work

Each working group will be composed of Facilitator, presenter and members. Working group facilitator will be selected by USAID or CEA staff (see below matching). Facilitator will monitor WG session and, if it is necessary, will undertake actions so that the work produce required outcomes:

1. List of generated ideas for challenges private sector faces in the specific areas
2. Identified 4-5 priorities challenges and formulation of development objectives
3. Recommendation of specific interventions that would lead toward achievement of each objective
4. Identification of performance indicators to assess progress in reaching goals

From WG member will be selected presenter. His/her role is to lead WG sessions , give the flow, help with sorting and grouping of ideas, lead the voting process and selection of priorities. Presenter will also present WG outcomes during plenary session.

Within the brainstorming sessions in aforementioned working groups, the participants (WG members) will present their individual problems or solutions related to chosen topics. Each group's member will have piece of paper on which will be written minimum three challenges he/she means are important for the group's topic. After that he/she will present the generated ideas within the

WG. All ideas will be collected on flipcharts (paper with random ideas) so that presenters (with facilitators help) can group ideas by the field they concern (second paper with affinity diagram-grouping ideas by theme).

The next part of the group work will be selection of priority's areas where interventions are the most needed and actions must be undertaken. The method of voting will be used for identification of working group's topic priorities. Every WG member has 5 points (small stickers) which should be distributed to grouped ideas. After priorities selection WG session will continue with formulation of development objectives. Presenter & facilitator will lead discussions to formulate objectives for selected priorities. This discussion will be followed with proposals and identification of performance indicators that would measure the achievement of objectives. The last part of the WG sessions will be to recommend specific interventions that would lead toward achievement of each objective

Selected priorities will be presented from each group on flip charts. Each working group will be led by one facilitator (four from CEA and additional four should be provided by the EG staff).

b.4) Identification of priorities-Plenary session

Plenary session will be second part that will concern to presentation and discussion of the findings from the working groups sessions. Presenter from WG will present, in 20 minutes time, main outcomes from WG sessions: - priority challenges, - development objectives, performance indicators and recommended interventions.

After each presentation the floor will be given to participants to pose questions and Presenter and other WG members will answer appropriately and explain WG opinion about identified priorities.

This part will be organized as plenary session in order to understand proposals, identify priorities, to build consensus about main challenges and attitudes towards the types of interventions and donors' supports.

Identification of 4-5 priorities will be identified by voting in the same way as WG sessions. Each participant in plenary sessions will have 5 point (small sticker) and distribute them to WG priority challenges and development objectives.

The discussions will be wrapped up with conclusions derived from the discussions. Risto Ivanov, CEA, will present result of voting process, the rank of priorities and will expose what 4-5 priorities with higher score are.

Tanja Markovska USAID will conclude round table and expresses gratitude to participants for their contribution.

c) Facilitators of the groups

c.1) USAID Economic growth staff

WG1. Ivica Vasev

WG2 Margareta Lipkovska-Atanasov

WG4. Tanja Markovska

WG5 Meri Cuculoska

c.2) CEA expert's staff

- ◆ Risto Ivanov- team leader WG.3
- ◆ Shenay Hadzimustafa- second team member ,WG.7.
- ◆ Aleksandar Kostadinov- administrative staff WG.8
- ◆ Hristijan Ristevski- logistic staff, WG.6

WG. 1. Market development, USAID EG

WG.2. Attracting investments and access to finance, USAID EG

WG.3. Management capacity building, qualified personal and employees- RISTO IVANOV

WG.4. Adoption of new technologies, transfer of knowledge, technical expertise and consulting USAID EG

WG.5. Networking and integration with global suppliers, USAID EG

WG.6. Increase of productivity and quality of the products and services, HRISTIYAN RISTEVSKI

WG.7. Efficient government services, advocate for economic policies and support of self regulation of the business - SHENAY HADZIMUSTAFA

WG.8. Donors' assistance and EU funding, ALEKSANDAR KOSTADINOV

This group is specific so that in the WG sessions refers to recommendation of specific interventions that would lead toward achievement of each objective some additional questions will be point out: - What type of assistance to companies and private sector in general had biggest lasting impact?- Do's and Don't for donor assistance? - Is focus on selected sectors (through clusters, chambers/association supply chains) more productive than direct assistance to individual firms? - Should assistance be delivered through local businesses service providers/ business consultants or foreign experts or both?

D) Rules of the working groups

1. Consider people with different backgrounds and degrees of expertise are included in the working groups.
2. A brief explanation of the problem and its history. Focus on and point out the main outcomes that required from WG session: challenges, objectives, performance indicators and recommended interventions.
3. The more specific and focused a session, the better the results will be.
4. The rules of the brainstorming sessions are:
 - ◆ Criticism of ideas isn't allowed,
 - ◆ All ideas, no matter how wild are encouraged,
 - ◆ The more ideas, the better,
 - ◆ Every participant should try to build on or combine the ideas of others.
5. The ideas generation shouldn't last longer than 30 or 40 minutes.
6. At the beginning of the session, explain that some behavior will not be allowed: to butt and interrupt, age discrimination, to stop writing ideas to say no or bad idea. It should be emphasized that won't be permitted.
7. Provide two cards for each participant of the group. One is a green circle, and other a red circle. If someone breaks the rules, all of the other participants must hold up the red cards. This helps the group identify its not allowed behavior and lets participants know when they should be more supportive of others' input.
8. Write the objective of the sessions.
9. Be sure to capture all of the group's ideas. Taking note
10. If the flow of ideas begins to fizzle or there is lack of ideas , the facilitator should step in and:

- ◆ Re-read every third idea. This may spark additional ideas.
 - ◆ Ask a participant to select an idea and give reasons why he likes it. This will generate conversation around the idea and provide an opportunity to build on it.
 - ◆ Facilitator, keep an idea or two to yourself. When the conversation dies, share these ideas to initiate more discussion.
11. After the session, edit the brainstorming notes, arrange the ideas in related groups and write the to paper as they will be prepare for prioritizing
12. Selection of priorities from group and plenary session
- ◆ Each participant obtain 5 small stickers which are equal to 5 points
 - ◆ Request that he distribute points to generated ideas,
 - ◆ He decide how many points will give to idea he/she means it is high priority
 - ◆ Presenter count the points given to each ideas
 - ◆ The 5 ideas with higher score are identified.

ROUNDTABLE AGENDA:

“Challenges of the private sector’s growth and strengthening of the Macedonian economy’s competitiveness”

**Thursday, 4 June 2009
Skopje, Hotel Bellevue**

9:30-10:00	Opening and Introduction session
	<ul style="list-style-type: none"> • Welcoming remarks, Tanja Markovska USAID • Overview of the competitiveness of the Macedonian economy according to the Global Competitiveness Report, Shenay Hadzimustafa CEA expert • Agenda and working methodology for the roundtable, Risto Ivanov, CEA team leader
10:00-11:00	Brainstorming groups sessions
	<ul style="list-style-type: none"> • Presentation of the groups and forming • Generation of ideas for challenges private sector faces in the specific areas • Presentation of generated ideas within the groups • Grouping of the ideas
11:20-12:30	Brainstorming groups sessions
	<ul style="list-style-type: none"> ◆ Selection of priority challenges and formulation of development objectives ◆ Identification of performance indicators that would measure the achievement of objectives ◆ Recommendation of specific interventions that would lead toward achievement of each objective
13:30-14:40	Plenary session- Presentations by the working groups 1-4
	<ul style="list-style-type: none"> ◆ Presentation of groups’ work and priorities ◆ Questions and answers
15:00-16:30	Plenary session- Presentations by the working groups 5-8
	<ul style="list-style-type: none"> ◆ Presentation of groups’ work and priorities ◆ Questions and answers ◆ Selection of five priorities

16:30-17:00

Wrap up sessions