



2009/November NEWSLETTER



Vineyard in Macedonia

“Helping Agribusinesses Learn How to Access IPARD Funds

While in the process of EU accession, Macedonia is eligible to seek funds through the Instrument for Pre-accession Assistance (IPA). One option, the IPA Rural Development Program (IPARD) which is expected to become available by the end of 2009, has been designed to contribute to the sustainable development of rural areas and the modernization of agriculture and agribusiness so participants can meet European Community standards. But to obtain these funds, applicants not only must have viable projects, they must get through a very stringent application process. Accordingly, the USAID AgBiz Program is working with companies to address those needs.

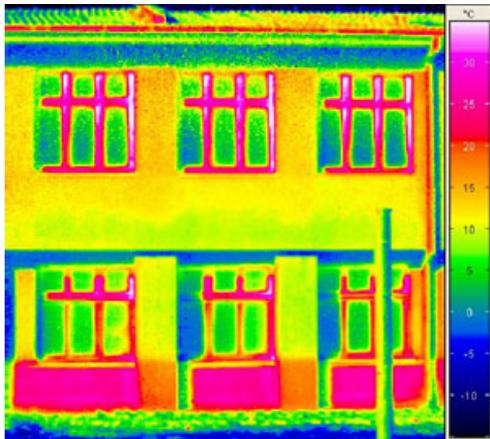
To increase the chances of receiving IPARD support, Macedonia must stimulate greater awareness of the IPARD requirements and build the capacity of potential beneficiaries and their consultants to meet those requirements. AgBiz therefore organized two IPARD workshops for participants from three of the program's value chains. In July and August 2009, 47 participants from Macedonian vegetable processing, wine and fresh produce companies attended two-day intensive training sessions on "How to Design Proposals, Apply For and Manage IPARD Funds."

The IPARD workshops helped customers in those value chains to better understand the eligibility criteria, procedures and types of projects that can qualify for IPARD funding, and to increase the capacity of managers to utilize IPARD benefits when they become available. The workshop for Processed Vegetables value chain participants was organized in partnership with the Macedonian Association of Processors. In addition to AgBiz customers, several local consultants participated in the workshop. Highly relevant workshop sessions provided company managers and potential IPARD consultants with comprehensive and up-to-date information on IPARD guiding documents, business plan models, technical criteria, and the food safety and environmental requirements that successful applicants must follow. Moreover, they covered details such as the role and responsibilities of participants, eligible and non-eligible costs, the need for up-front commercial financing, project evaluation criteria, and the reimbursement process.

Following the workshops, participants were asked to complete anonymous evaluations of what they had gained from the training. One processed vegetables company participant wrote "Accessing IPARD funding is an excellent opportunity to upgrade my operations to meet EU standards, but obviously applying for some of the EU40 million in IPARD funding will not be easy. Most likely, we will have to work with a consultant to develop a winning application. However, the good news is that those costs are reimbursable if the application is successful."

Workshop participants were encouraged to start preparing soon so that once the call for IPARD proposals is announced; they will be able to submit high quality applications.

The USAID AgBiz Project will continue to identify the most competitive and suitable sources of financing for its program customers, to help them increase their export market competitiveness. Since 2007, AgBiz has been working to increase economic growth in Macedonia through expanded and environmentally sustainable production and sales of value-added agricultural products. It assists with Macedonia's preparations for accession to the EU by enabling local producers and processors to compete regionally and globally.



A thermal scan of a primary school building measures the heat loss from old window frames and poor insulation (picture from USAID MLGA Project)

USAID Assists the Energy Sector

USAID has assisted the Ministry of Economy on a variety of issues in the energy sector since 2000. Among recent capacity building activities, USAID provided two local consultants who are embedded in the Ministry to work on the secondary legislation and possible amendments to the Energy Law that derive from the Energy Community Treaty, of which the Republic of Macedonia is a signatory.

USAID assisted the Energy Department and the Minister of Economy to develop the Energy Action Plan which was instrumental in gaining government support for responding to the requirements of the Energy Community and the EU. This plan provides for further development of the energy law and related secondary legislation in the areas of electricity and natural gas. USAID supports the continuing efforts to

harmonize national legislation with that of the EU.

The Energy Action Plan was adopted by the Government on September 29th, 2009. The full implementation of the Energy Action Plan will bring Macedonia's energy related legislation in compliance with the one of the EU and the Energy Community Treaty. At a meeting with US Embassy and USAID Representatives on October 2nd, Minister of Economy Fatmir Besimi stated that the USAID experts who had assisted the Ministry had played an important role in getting the plan approved, and also in ensuring there was consultation with the EU and the energy community. The Minister noted that, if implemented as written, he believed this plan would work.

In addition, USAID is working with the Government on developing Electricity Market Rules that will regularize the responsibilities and relationships among and between market participants, areas which up to now have been quite contentious. USAID's strong advocacy for a transparent and inclusive process of developing the Rules led to a public discussion in Aug 2009 where all stakeholders could present their comments and recommendations. The ensuing document will be finalized soon and is expected to be adopted by the ERC by the end of 2009. Other efforts include assisting the Ministry to develop the National Energy Efficiency Action Plan (NEEAP) and updating the Energy Efficiency Strategy. Macedonia's first draft of the NEEAP was commended at the Energy Efficiency Task Force within the Energy Community. The draft update of the EE Strategy is expected in Nov. 2009.



Macedonian automotive Pavilion at the 2009 European Automotive Component (EAC) Expo in Stuttgart, Germany

European Automotive Component Expo- Stuttgart 2009

Macedonia's automotive sector promoted itself at the 2009 European Automotive Component (EAC) Expo in Stuttgart, Germany in the first ever Macedonia Automotive Pavilion from June 16 – 18. USAID's Macedonia Competitiveness Project (MCP) organized and provided financial support for the Pavilion, in collaboration with the Automotive Cluster of Macedonia (ACM) and the German organization GTZ. This activity was part of MCP's initiative to support market linkages for exports and strategic partnerships within Macedonia's automotive sector.

MCP supported participation in the Expo to raise the profile of Macedonia's automotive sector among Original Equipment Manufacturers (OEMs) and different levels of suppliers, while providing nine individual exhibitors the opportunity to network with potential buyers, strategic partners and investors. At the Expo, MCP participants also gained information on the current status of the market as well as different sourcing and investment strategies for the automotive sector within the context of the economic downturn.

MCP also pre-arranged more than 20 meetings between its exhibitors and buyers/potential partners who were at the Expo, and provided networking and exhibition support through on-site MCP staff. In addition, MCP submitted an article that was included in the Expo newsletter on CIRKO, a Macedonian organization that supports over 75 tool and die companies with an e-library of technical drawings, Computer Aided Engineering, Design and Manufacturing services, and other value added services to help members in their businesses.

The Pavilion was considered a success by MCP and its exhibitors. Despite a relatively low number of visitors to the Expo overall (most likely due to the crisis in the sector), the Pavilion enjoyed robust traffic, revealing significant interest in Macedonia. Moreover, MCP exhibitors benefitted by the fact that the EAC Expo occurred together with three other automotive shows (dynamics, engines, and testing) whose exhibitors could also be potential customers for Macedonian companies.

Together, the Macedonian exhibitors made 100 new contacts at the show, 25 of which will likely result in follow-up discussions and possibly business deals. Already, two companies have received requests for quotation from their Expo contacts, and one expects to sign a deal with a European buyer that could lead to an initial export order of more than \$US 500,000.

Te-Te Plast, a company that manufactures molded plastic components and plastic packaging, and has its own tool and die workshop, used the Expo to establish contacts with companies in the automotive industry that use die casting tools and pressure aluminum casting, as well as those interested in molded plastic products.

"It is very difficult to begin dealing with a foreign company when you are from a country that isn't known abroad as a producer in the automotive industry. That is why this joint presentation of Macedonian companies and of the entire Macedonian industry was very good." Tomislav Zdravkovski of Te-Te Plast stated. "We presented ourselves to foreign companies as a country with the necessary capacities and know-how to guarantee successful future cooperation." He also stressed that significant time might pass between an initial contact and the time a concrete business deal was reached, so it is important not to build too high hopes on meetings at events such as the Expo, but rather to maintain the new contacts over time.

USAID's Macedonia Competitiveness Project improves Macedonia's competitive position within the global market place. The project works closely with selected industry sectors to provide technical assistance to improve the productivity and technological capabilities of private enterprises and the business environments in which they operate.



Cross-Border Trade is Faster & Cheaper with EXIM

EXIM – the Single Window for Export/Import Licenses and Quotas - is a powerful tool that gives businesses an opportunity to engage in cross-border transactions more quickly and at a much lower cost than ever before. EXIM is part of the Trade Facilitation Single Window initiative implemented by the Government of Macedonia, developed in close cooperation between the USAID-funded e-Government (e-Gov) Project, the Customs Administration, and fifteen other government institutions.

EXIM was officially launched in November 2008 to streamline Macedonia's lengthy and complicated export/import licensing and quota procedures. It enables businesses to electronically submit applications and obtain export, import and transit licenses. It also permits them to apply for tariff-rate quotas which are distributed daily on a "first come, first served" basis. Moreover, EXIM tracks the process of issuing and usage of licenses and quotas, thereby providing performance information to the 16 user institutions and the 316 registered user companies. EXIM is available at www.exim.gov.mk.

EXIM implementation included software development, harmonization and simplification of legal and administrative procedures, and transformation of the entire application and approval process from paper to an electronic system. Now in the second stage of development, e-Gov will assist in establishing new features as well as integrating EXIM with the new Customs Declarations Processing System (CDPS) and other electronic systems managed by the Customs Administration.

EXIM is already serving as a model for other countries. When members of the Central European Free Trade Agreement (CEFTA) Subcommittee on Customs and Rules of Origin learned about Macedonia's implementation of EXIM at their regional meeting in May, they wanted an opportunity to learn more about it. In response, on September 22nd and 23rd, Macedonia's Customs Administration hosted a "Meeting on the Single Window Experience" in Skopje for delegations from CEFTA countries, including Serbia, Kosovo, Bosnia and Croatia. They presented some theoretical, but mostly practical information on the national experience, including what activities were necessary in the areas of legislation, design, and the process of introducing the system.

The development of the EXIM system is an example of the excellent cooperation between the e-Gov Project and the Government of Macedonia in implementing e-government solutions, which enhance the efficiency and transparency of public institutions, improve the quality of government services and make Macedonia more attractive to the investment community. The e-Gov Project has been operating since 2004, and includes work in such areas as e-procurement, e-tax and e-budget.

For more information about USAID programs on economic growth, education, democracy and governance please visit <http://macedonia.usaid.gov>