



USAID MACEDONIA SMALL BUSINESS EXPANSION PROJECT

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STRATEGIC OVERVIEW

In the third quarter of Year 2, USAID's Small Business Expansion Project (SBEP) continues to utilize the strategies which have proven to bring results in terms of generating sustainable economic growth and creating impact across a number of industries in Macedonia. SBEP's adopted approach is, on the one hand, to invest further in areas, programs and partners which have proven successful and show potential for creating value at multiple levels, and on the other, to replicate and expand activities in current geographic regions as well as outside.

SBEP maintains its focus on initiatives driven by the market, stimulating MSME growth and enhancing weak value chains, in order to substitute import and re-direct purchasing power in-country. At the same time, it strives to actively engage local partners, including public sector institutions, lead firms and civil society organizations, thus ensuring sustainability of activities on the ground. By fostering public-private dialogue, it brings stakeholders together to address complex issues through identifying needs, facilitating market linkages, implementing initiatives and taking them to scale. SBEP's efforts aim at adding value in all interventions, which typically include a combination of investment, workforce development, business service organization (BSO) enhancement, improved access to financing, and institutional capacity-building at regional and local levels.

In this phase, SBEP is expanding operations in the Northeast region and having initiated some programs in the Vardar region, it is setting the base for implementing additional initiatives, in view of the pending SECO (Swiss government) funding.

The Grow More Corn remains SBEP's flagship initiative, and together with the wild-gathered products, light manufacturing, rural tourism, construction, and women's entrepreneurship, represent initiatives which are all based in real market opportunities. In addition, this quarter, SBEP continued implementing some newer activities, such as the apple value chain optimization project in Prespa, or the development of local or regional studies and strategies.

As local partnerships are strengthened and their capacities built, SBEP is increasingly better positioned to stimulate and promote innovative strategies for local economic growth. This increases confidence and stimulates private sector partners to consider long-term investment, thereby creating sustainable value chains and stimulating local economies.

QUARTER OVERVIEW

During the third quarter of FY2014, SBEP and its local partners continued implementing and supporting a number of activities within both the supply chain and the public-private dialogue areas. Some of the highlights of this quarter include:

- **Grow More Corn Initiative (GMCI)**
 - Drip irrigation equipment was delivered to the 80 new farmers in this years' program;
 - Promotional events were organized in all four regions;
- **Light Manufacturing**
 - Consultants continue identifying matching opportunities between buyers and suppliers and facilitating new local production development for import substitution;
 - In cooperation with USAID IDEAS Project, the consultants developed a database of 160 light manufacturing companies from Macedonia;
- **Wild-Gathered Products**
 - Nine trainings in sustainable collection of wild-gathered products took place, six of which in the Northeast region;
 - Since the beginning of the initiative a total of 962 collectors have been trained;

- Rural Tourism
 - The *AdventureWeek*, a specialized nine-day familiarization (FAM) trip was announced for the end of August, beginning of September;
 - Some 20 tour operators and five media outlets are expected to participate, including the Editor in Chief of National Geographic Travel.

- LEADER/LAG
 - In Pelagonija, 2 of the 3 LAGs were officially registered with the Central Register of Macedonia;
 - An official Letter of Cooperation was signed with the Regional Development Center of the Northeast Region, and an official launch of the LEADER/LAG initiative for that region was held on June 23;
 - PointPro presented the Feasibility Study on “Business Opportunities for Processing Apples” in Oteshevo, Prespa;
 - A meeting with the Council of Polog Mayors held about introducing the LEADER/LAG in Polog;
- Irrigation issues
 - A draft version of a Pre-Feasibility Irrigation study for the municipality has been developed by consulting company PointPro
 - PointPro is working with Strezevo, the regional water supply company, on improving their technical as well as organizational aspects
- Strategic Plan for Local Economic Development of Prilep Municipality
 - Five working groups led by experts in the areas of infrastructure and investment, SME/supply chain, workforce, tourism, and agriculture held a total of 11 working sessions, developing Action Plans;
 - The final document is currently being consolidated, with inputs from the municipality;
- Diaspora Investment
 - A study trip to Norway (May 20-23) was organized for a select group of Polog stakeholders, with the purpose of educating them on the importance and potential of a Technological and Industrial Zone;
- Workforce Development in Construction
 - A round table on the VET certification center took place in Tetovo, gathering a number of stakeholders, including the Tetovo Municipality, the Tetovo VET School, the Economic Chamber of Northwest Macedonia, as well as major companies from the region, such as Renova and Ecolog. Participants agreed to sign Letters of support for the initiative
- Women’s Entrepreneurship
 - Two of the supported initiatives were publicly promoted: the Children’s Education Center REA in Tetovo and the opening of the Women’s Club FM in the village of Kamenjane;
 - The Women Advisory Board has had two meetings and a total of 8 new initiatives were supported;
 - The Municipality of Bogovinje has decided to allocate US\$10.000 for the Fund to be used to co-finance Polog based women and youth businesses identified in cooperation with SBEP, ARLD and the Women Advisory Board.

Following are details about each of these activities in distinct value chains, as well as in the area of public-private dialogue.

VALUE CHAINS

Agriculture, Grains and Dairy

Grow More Corn Initiative (GMCI)

During this quarter, SBEP signed Memorandums of Understanding with and delivered drip irrigation equipment to 80 farmers from the four regions who joined this year's Grow More Corn program. This spring, heavy rains delayed the sowing of the crop and consequently, the installation of the equipment began later than planned, as the plants need to sprout first. The 80 plots will be finalized in the beginning of July. In the coming period, SBEP, in cooperation with the National Extension Agency, will conduct regular site visits to monitor the growing season.

This year, a portion of the farmers have bought drip irrigation equipment in addition to the one provided through the GMCI. In the group, there are those who benefited from the program last year and also those who are current participants. In total, these small farmers have bought equipment for additional 18 hectares. It is also worth mentioning that a larger agribusiness in Gradsko has bought equipment for 30 hectares for irrigating corn and industrial tomatoes.

Value Chain	Activities this quarter
Grow More Corn	<ul style="list-style-type: none"> • Drip irrigation equipment has been delivered to the 80 new farmers in this years' Grow More Corn program and installation will be completed by early July • Equipment for an additional 18 hectares was purchased by farmers beside the one provided by the Project • Grow More Corn events organized in all four regions, to promote the benefits of growing corn with drip irrigation

Kick-off events with mayors for GMCI

Concurrently, the Project carried out a promotion campaign to kick-off the new season of the Grow More Corn Initiative. The campaign started with a field visit to the village of Gorno Orizari in the Municipality of Veles in the Vardar region at the corn field of Ferhan Biberovic, one of the biggest farmers in the region, growing numerous cultures including corn and dairy farming. In the presence of the Mayor of Veles, Mr. Slavcho Chadiev, and the Head of the Center for the Development of the Vardar Region, Mr. Marko Kolev, the irrigation system was officially put into operation. Both local and national media covered the event.



Mayor Chadiev of Veles giving a statement to the media at one of the drip irrigated corn fields in the Vardar Region

In addition to the field visit, Mayor Chadiev, who also serves as President of the Council of Mayors of the Vardar Region, spoke with all the mayors from the Region and shared his enthusiasm for the project, accentuating the potential for further economic development of the Vardar Region. Mr. Biberovic, being a very progressive farmer, was given an extra hectare of drip irrigation that was installed in an adjacent plot where he grows sunflowers to export to Turkey. The pilot initiative was designed to demonstrate that the same drip irrigation system can also be used for growing sunflower, and given the necessity for crop rotation, especially sunflower-corn; Mr. Biberovic fields demonstrate the true potential of drip irrigation.

The second event was held also in the Vardar Region, in the village of Erdzelija in the Municipality of Sveti Nikole. Tosho Efremov, whose drip irrigation was inaugurated, called the system “god given” because corn farming is especially laborious in Sveti Nikole due to the disadvantageous structure of the land and the relatively poor quality of the soil. The Mayor of Sveti Nikole, Mr. Zoran Tasev, an agronomist himself, attended the event and reiterated that the introduction of drip irrigation for growing corn is an absolute must if the Macedonian dairy industry is to stand a chance against competition.

The third event was part of a larger occasion – the kick-off of the introduction of the EU LEADER Approach in the Northeastern Region which will be addressed in greater detail further in the report. At this event, four Mayors, the Mayor of Kumanovo, Mr. Zoran Damjanovski, the Mayor of Staro Nagorichane, Mr. Milovan Stojkovski, the Mayor of Rankovce, Mr. Momchilo Aleksovski, and the Mayor of Kriva Palanka, Mr. Arsencho Aleksovski, visited the corn field of Dragan Ilic, the biggest dairy farmer in the Northeastern Region, owning over 150 heads of cattle, 100 of which are dairy cows.

SBEP also organized an event with Dushko Markoski, a farmer from the Municipality of Brvenica. Mr. Markoski’s corn field was visited by the Mayor, Enver Pajaziti, who is also very well acquainted with the Grow More Corn Initiative as a result of the successful efforts by SBEP last year.

Kick-off events with mayors and US representatives for GMCI

To continue promoting the GMCI nationally, the Project organized field visits in four different municipalities. Field visits were attended by farmers from within the program, and also others who are interested in this technology, including municipal officials, MPs, NEA representatives, farmers’ organizations, among others. These events were also attended by US Ambassador to Macedonia, Mr. Paul Wohlers, the Head of Political and Economics Department at the US Embassy, Mr. Ryan Stoner, and USAID Mission Director, James Stein respectively, who visited some of the farmers and learned more about the drip irrigation technology and its impact on farmers and livelihoods.

The first visit was in the village of Romanovce in the municipality of Kumanovo, at the field of Agim Fejzulahu, a corn and dairy farmer. At the event, which was attended by local authorities as well as the local MP, Mr. Mirvan Xhemaili, and local and national media outlets, Ambassador Wohlers officially launched the drip irrigation system. The group continued Ferhan Biberovic’s field in the village of Gorno Orizari, where the



US Ambassador to Macedonia, Mr. Paul Wohlers discussing drip irrigation with farmer Ferhan Biberovic and SBEP staff

Ambassador was joined by the mayors of Gradsko and Rosoman, two rural municipalities where drip irrigation is widely used for orchards, but not for corn – up until this year. The two mayors immediately recognized the potential of the system and gave their unconditional support to the Initiative but also to the idea of introducing the drip irrigation system in all regions where corn is, or can be grown.

The other two events were organized in the Polog and Pelagonija regions, respectively. The Polog event was held at two fields, those of Nasuf Xheladini and Biljana Saveska, and was attended by USAID Mission Director James Stein and the mayor of Jegunovce, Mr. Toni Koceski. Ms. Saveska is the youngest farmer in the entire group that is supported by SBEP; she has only been involved in farming for four years but has managed to grow corn at impressive rates. She is an example other for other young farmers.



At 25-years of age, Ms. Biljana Saveska from the village of Janchishte is the youngest corn farmer in this year's group

The event in Pelagonija, was held in the village of Malo Konjari, at the field of Ilcho Daskaloski, who is a corn grower, a dairy farmer, and producer of traditional Macedonian “beat cheese.” The event, attended by Mr. Ryan Stoner and the Mayor of Krivogastani, Mr. Toni Zatkoski, covered the entire Grow More Corn Initiative and was widely covered by local press, where all interviewees hailed the Initiative as a revolutionary method for significant economic regional development.

Kristijan Daskaloski, the son of corn farmer Ilcho Daskaloski, is a young farmer and high school graduate who intends to continue studying agriculture in university. When asked if the drip irrigation system that USAID installed on his father's corn field would have any value in his education, he said: "Of course. Theory must be combined with practice. This will help me become a successful agronomist."

When asked why he decided to stay in his village and work on the farm, he said: "Farming has been a family tradition in my household. I wanted to continue that tradition in a way that is more effective and efficient."

National Program for Support to Agriculture (50/50 for drip irrigation)

SBEP's promotional campaign for growing corn with drip irrigation coincided with the Public Call for the so-called '50/50 Program' within the National Financial Support Program for Agriculture. This year's program includes a measure for the procurement of drip irrigation systems for growing corn, partly because of the success SBEP achieved with last year's Grow More Corn Initiative. The SBEP team helped 10 farmers complete applications for the 50/50 program for a total of 45 hectares. Four of those farmers received additional help to apply for water rights for usage of wells (which is a requirement for approval of the 50/50 applications).

Also during this quarter, SBEP staff in cooperation with PointPro started developing a White Paper on Agribusiness Innovation in Macedonia, focusing on a cost-benefit analysis for a Government Financial Support program for introducing drip irrigation for corn production in the country. The purpose of the White Paper is to demonstrate the potential economic benefits of the introduction of drip irrigation for growing corn in the Republic of Macedonia based on a detailed and cross-cutting analysis and appropriate policy proposals. The White Paper should serve as a key policy document to the Macedonian government in the design, creation and implementation of a Financial Support Program for the introduction of drip irrigation for corn production.

Light Manufacturing

Dejan Janevski and Goce Peshev the supply chain consultants hired by SBEP continue their work, following two main directions: *local supply chain development* through continuous search for matching opportunities between buyers and suppliers, and *new market development* through identification and facilitation of projects aimed at new local production development designed for import substitution.

In regards to new market development: the consultants are in communication with Ecolog from Tetovo and are trying to identify local companies that will be able to plug into Ecolog's supply chain. Ecolog has shared a list of products that they could procure locally, along with the quantities, so the consultants are proceeding with matching potential local suppliers with capacities and pricing. With some of the suppliers, the consultants are getting into more details on the existing products and at the same time, are identifying more potential suppliers.

In May, the consultants continued visits and meetings with new suppliers with a specific focus on the Ohrid and Veles regions. They have identified more than a dozen companies that show potential for cooperation, working in various areas, including production of high pressure vessels, water heaters, solar panels, metal construction, metal parts, wires, sheet metal, automotive parts, food packaging, GRP (Glass Reinforced Plastic) products, injection molded products for the pharmaceutical and food industries, tool production, and more.

During this reporting period, Swisslion, a company that the consultants had visited earlier, contacted them again, with a request to explore the possibilities of procuring a type of packaging locally. The company plans to launch a new product, and currently has one identified supplier from Turkey. The consultants have facilitated communication between Swisslion and a couple of local suppliers, which have potential for cooperation.

Value Chain	Activities this quarter
Light Manufacturing	<ul style="list-style-type: none"> • Consultants continue to work on <i>new market development</i>: identifying and facilitating new local production development for import substitution. • <i>Local supply chain development</i> is the other main direction in which the consultants work – this quarter they focused on companies from the Ohrid and Veles regions • The project in cooperation with USAID IDEAS Project completed – a database of some 160 light manufacturing companies from Macedonia has been developed • Consultants participated in the development of the Prilep Strategic Plan • Companies have started approaching the consultants for other services, as well, for example for facilitating access to financial instruments

The consultants continue their collaboration with the Tetovo TIDZ as well. In communication with the manager of the Tetovo TIDZ, the consultants have offered their services for facilitating negotiations with potential investors. In addition, at the request of the TIDZ manager, the consultants produced a short outline of the light manufacturing industry in the country, as there is little available information about it. This document will assist the TIDZ management in identifying possible local supply capacities early in discussions of opportunities with potential investors. It was also agreed that the consultants will be included in early stage discussions with potential investors, if required by the TIDZ and requested as an information service by the investors.

The consultants also continue working on the development of the IML business case, in which some of the imported IML products (especially for the food industry) would be substituted with a local supply. As a result of the analyses of the market and the promotion of this information to the companies initially identified as potential producers, one of the plastic processing companies is now developing a new IML injection molding tool. The tool is for production of a container for the dairy industry and would enable serial production. It is expected that the tool and the injection molding machine should be set up by mid-September 2014.

Considering the potential of IML packaging production in the country, SBEP organized a meeting between the consultants and the consulting company Point Pro, in order to identify possible mechanisms to boost the IML initiative with a local producer. One line of development would be the possibility of increasing the range of IML usage (research for other industries that could be using IML packaging, i.e. pharmaceutical). A developed business case proposal could support and motivate local companies in the whole supply chain (tool production, plastic injection molding, and label production by local producer). The consultants will prepare a rough draft of the business case for the IML, which they will share with PointPro.

During this quarter, the consultants completed the screening and cataloguing some 200 companies from the light manufacturing sector in Macedonia. This activity was conducted in coordination with USAID IDEAS Project, and the result is a database of 160 light manufacturing companies. The database will be presented in front of the investment promotion authorities, after which it will be given to them for use. Additionally, this data will be used by the consultants to develop value chain maps with concrete information regarding the main players and stakeholders in the chains. This will enable a better overview of the sector and provide visibility to potential new opportunities for development and growth.



A light manufacturing company producing metal parts

In May, the consultants also worked on the action plan for the Economic and SME Development Work Group, a part of the overall Local Economic Development Plan of the municipality of Prilep. After taking part in the initial Stakeholders Group review of the general strategy for LED, they led the workshops on supply chain and SME development, participated in creating and conducting the survey among the local companies, and helped draft the action plan for this area.

The consultants are continuously looking for possibilities for new product development with local producers. As they have come across many companies producing wood pellet stoves, they are looking to make a business case where a non-existing product that is being used in these stoves can be developed by a local manufacturer. After analyses of the parts imported for the production process and knowledge of the domestic companies, the consultants will start with the initiative for production of fan coolers for the stoves. At the moment, in Macedonia, the consultants are targeting around 10,000 units per year, a number which could be bigger as the business case would also include exporting markets such as Serbia and Bosnia. In the coming period, a pilot company will test a sample fan cooler, and work on a pricing strategy. If the pilot company does not find an economical model for developing this product, the consultants will target some other tools and plastic processors in the country.



Visiting a pellet stove producing company

As the project progresses, the consultants constantly meet more and more companies informing them of the goal and services of their activities. Increasingly, companies are contacting the consultants with requests for support that are not specific to lead generation but do directly impact the local supply chain. In the last quarter, a couple of companies approached the consultants with a request for assistance in accessing project financing. The consultants proposed a couple of financial products and services known to them, finally jointly deciding that the institution that can assist both companies is the MBRD. They facilitated meetings between the company managers and the Bank manager and as a result, one of the light manufacturing companies is in the final process of ensuring the financial instruments that will enable them to respond to the buyer's request and export their products. It is important to mention that without the support and financial instruments from the MBDP, the company would not have been able to respond to the buyers' request. This approach could be replicated to a number of companies from the LM sector that have export potential and deals, but could not respond to the buyers needs due to financial constraints.

Wild-Gathered Products

This quarter, as SBEP moved into the Northeast region with activities, it encountered high interest among the local population for the trainings in sustainable collection of wild herbs and mushrooms. Between April and June, in addition to the three trainings in the Pelagonija and Polog regions, SBEP organized six trainings in the municipalities of Rankovce, Kratovo and Probistip. This quarter, nine trainings were attended by 257 collectors, of whom 95 were women.

Value Chain	Activities this quarter
Wild-Gathered Products	<ul style="list-style-type: none"> • The first trainings in the Northeast region took place this quarter • The number of trainings since the beginning of the initiative has reached 38, with a total of 962 collectors trained

Due to high demand, SBEP plans to organize more sessions in the coming months. In the municipality of Rankovce, SBEP is following up on leads to determine whether there are individuals who might be interested in opening a collection center. In Kratovo, where there is already a functioning collection center, SBEP is helping the center and the collectors to formalize their cooperation by promoting and supporting the signing of contracts between them. This is a key step in the stabilization of the wild herbs and mushrooms collection market, since it binds both parties to the rules they have agreed upon. Where these contracts are not in place, bidding wars and unfair competition may happen, and legitimate businesses are undercut by middlemen which aggregate and resell the goods at a higher markup, without adding any value to them in the process.

Biljana and Ljube Cvetanovi, the owners of the “Banbi” Collection Center in Kratovo, were very enthusiastic that SBEP is working to improve the situation with the wild herb and mushroom collection. In a letter to SBEP, they wrote:

“We would like to express our sincere gratitude to the Project for organizing the trainings which teach the collectors how to collect, transport, dry and store the wild herbs and mushrooms.”

They further explained that the trainings helped them a great deal in recognizing their own knowledge gaps pertaining to proper collecting and handling the wild-gathered products. In order to improve the quality of their products, the Collection Center owners suggested that they could use additional equipment for the center and for their collectors, such as a drying machine, a cold storage and drying panels. SBEP is taking these issues under consideration and will look for ways to support the center.



From one of the trainings held in the Northeast region

MACEDONIA TRAVEL ADVENTURE INITIATIVE

Preparatory activities continued for the *AdventureWeek*, the second in a series of steps for promoting Macedonia as an adventure travel destination. This specialized nine-day familiarization (FAM) trip will take place at the end of August and the beginning of September, and in addition to Macedonia, it will feature Albania and Kosovo. The *AdventureWeek* was announced by ATTA on all of their communication channels, in order to inform and attract interested tour-operators. A total of 20 international buyers and representatives of five travel media, including the Editor in Chief of National Geographic Travel have confirmed attendance. In June, SBEP staff and in-house tourism consultant Kirk Smock conducted a dry run of the itinerary, visiting all the sights, locations and service providers that will be included in the tour.

Value Chain	Activities this quarter
Rural Tourism	<ul style="list-style-type: none"> • The <i>AdventureWeek</i>, a specialized nine-day familiarization (FAM) trip was announced for the end of August/beginning of September • The tentative list of participants includes some 20 international tour operators and five media outlets, including the Editor in Chief of National Geographic Travel

In parallel to the preparations for the tour, SBEP undertook other activities in the sphere of adventure travel, primarily for supporting infrastructure development that is necessary for certain activities. Namely, in Krushevo, SBEP supported the marking and GPS mapping of hiking and biking trails, as well as the development of a web-site and a promotional brochure for the town’s offer, highlighting it as an adventure travel destination. In cooperation with the Aviation Federation of Macedonia, SBEP started the process of providing essential equipment for the take-off and landing locations for four paragliding sites. The equipment includes meteorological stations necessary for providing information on the current weather conditions, which is of high importance to paragliders, as well as racks for putting up the paraglider and info-boards for each location. As there are a number of international tourists coming to Macedonia for this kind of activity, equipping the sites with necessary infrastructure will raise the level of the service provided.

Another promotional activity is currently being planned for the end of July in Krushevo. Having supported a number of infrastructure interventions in adventure tourism offer and having mobilized a number of locals to participate in the micro-regional LAG, the tourist products of Krushevo have been consolidated. Even though it has a lot to offer, the number of tourists is still modest. The purpose of the event planned for July 27th is to attract a big crowd of people and showcase all the various activities that one can engage in while visiting Krushevo, enticing them to come back.

The one-day event will include tastings of traditional Krushevo food, exhibitions of hand-made knitting and embroidery, folk dances, a tour of the town and its surroundings with the cable car and on horses, paragliding, hiking, biking, visiting traditional artisans – a barrel maker and Turkish delight maker - and a concert of two well-known Macedonian bands on Mechkin Kamen, a famous Krushevo landmark.



SBEP staff together with colleagues from RDC Pelagonija and the Tourism Agency discussing the Krushevo event

PUBLIC-PRIVATE DIALOGUE INITIATIVES

Regional and Local Capacity Building

LEADER / LAG

After signing a Letter of Cooperation with the Center for Development of the Northeastern region in April, SBEP started with the preparatory period of the project, where four info days were held to raise awareness in the entire region about the commencement of the EU LEADER Approach. The official kick-off event was held on June 23rd in the Municipality of Staro Nagorichane. Some 150 people from all six municipalities in the region attended the event, including municipal officials, businessmen, farmers, NGO representatives, etc. The LEADER project is now on-going, and a planned baseline needs assessment will occur at the end of July.

PPD	Activities this quarter
LEADER/ LAG	<ul style="list-style-type: none"> • Letter of Cooperation signed with the Regional Development Center of the Northeast Region on April 11 • Official launch of the initiative in the Northeast region on June 23 • In Pelagonija, 2 of the 3 LAGs officially registered with the Central Register of Macedonia • PointPro presented the Feasibility Study on “Business Opportunities for Processing Apples” in Oteshevo, Prespa



Mr. Mladen Protikj, Director of the Regional Development Center for the Northeast Region addressing the audience at the launch of the LEADER / LAG in the Northeast region

In Pelagonija, two of the three LAGs were officially registered with the Central Register of the Republic of Macedonia – the one in the Prespa micro-region and the one in the Pelagonija region. The registration of the third one – in the Prilep micro-region - is still being processed. Even though it was registered only recently, the Prespa LAG, with the support of SBEP has received a foundation to start working on strategies for development. Namely, the consulting company PointPro, developed a Feasibility Study on “Business Opportunities for Processing Apples.” On June 9, PointPro presented the study, which proposes channeling apple farming in the region into producing apple products with higher value, such as apple vinegar, apple cider, apple chips, etc., which could significantly boost economic development in the region. The study will be beneficial to the PRESPA LAG as it will help shape future growth strategies.



Presentation of the Feasibility Study on apples in Prespa

Polog is another region where SBEP is planning to introduce the LEADER / LAG. As a region, it has its own specificities, so SBEP is looking to devise the best approach which will bring the desired results. This quarter, SBEP staff had a meeting with the Council of Mayors of the Polog Region and discussed two things: the LEADER / LAG and water and irrigation infrastructure. The meeting was attended by the mayors of Tetovo, Gostivar, Mavrovo and Rostushe and Jegunovce, and the Polog RDC director. The other municipalities had sent representatives of their LED offices. SBEP shared the experience and results of both initiatives in the Pelagonija region and discussed how to implement the same initiatives in Polog. All the mayors who were present agreed to support SBEP's proposal and to assign two persons from their respective municipalities, who would participate in the upcoming activities. An additional meeting was held with the Mayor of Tearce, who also agreed to support the initiatives.

In the coming period, a coordinative meeting on the irrigation infrastructure will take place together with consultants, who will start gathering necessary information for research.

Irrigation issues

SBEP's efforts in introducing drip irrigation for growing corn have inevitably touched upon water, i.e. irrigation issues, which are closely related to any agricultural production. Since each region faces some kind of difficulty irrigation-wise, SBEP has engaged local consulting company PointPro to look into these issues, and devise studies about the irrigation capacities and potential for the Pelagonija region. Initially, PointPro developed an Irrigation Feasibility Study for the municipality of Novaci, which was presented before stakeholders in December of last year. It was received very well by the Ministry of Agriculture, and it is expected for the project to start implementation this year.

PPD		Activities this quarter
Irrigation issues	<ul style="list-style-type: none"> • A draft version of a Pre-Feasibility Irrigation study for the municipality of Mogila has been developed • PointPro is working with Strezevo, the regional water supply company, on improving their technical as well as organizational operations 	

As a subsequent step, PointPro started developing a Pre-Feasibility study for Mogila, a neighboring municipality to Novaci, for 2000 hectares under irrigation. To date, all the analyses have been

conducted and a draft study has been prepared, containing alternatives for solving the irrigation issues in this municipality. In the coming period, the draft will be presented before the Mayor of Mogila, as well as other stakeholders, in order to gather feedback and finalize the document.

In parallel to this, PointPro has been working with Strezevo, the regional water supply company, on defining a long-term strategy for improving the irrigation system in the technical sense. At the same time, the organizational aspects of the company are analyzed with the purpose of improving its operations. This study should be completed by the end of August of this year.

As there are water issues in the Polog region, SBEP and PointPro will start investigating the specificities of the region, such as water capacities and potential, so that appropriate studies are developed.

Strategic Plan for Local Economic Development of Prilep Municipality

This quarter, the bulk of the groundwork was done on the Municipality of Prilep’s Strategic Plan for Local Economic Development. Consultant Gabriela Micevska has been leading the project, coordinating the work of the five working groups, led by experts in the areas of infrastructure and investment, SME/supply chain, workforce, tourism, and agriculture. The members of the working groups were defined in close cooperation with the municipal staff, and they included representatives from all relevant stakeholders. As preparatory work, Ms. Micevska conducted desktop research on the existing local economic development strategy and action plans of the Municipality of Prilep, updating statistics and checking which of the activities have been implemented.

After the first plenary session, at which the Mission, Vision and Values of the Municipality of Prilep were defined and a SWOT Analyses completed, 11 working sessions were organized with the target representatives

from April to June. In addition to workshops and focus groups, a survey was conducted among the local population and businesses in the municipality to compile comprehensive information on the current situation and the needs of the community. On the basis of all of the info, each of the working groups developed a draft detailed action plan. All of the groundwork has been completed, and currently, the consultant is consolidating the gathered information into the Strategic Plan. Once there is a draft version of the final document, the Municipality and the Stakeholder Group will need to provide final feedback, before the Municipal Council officially approves it.

PPD	Activities this quarter
<p><i>Strategic Plan for Local Economic Development of Prilep Municipality</i></p>	<p>A total of 11 working sessions were organized with all target representatives:</p> <ul style="list-style-type: none"> ▪ One joint workshop defined the Mission and Vision, and completed a SWOT Analysis for the Municipality of Prilep ▪ Eight individual workshops with representatives from each of the 5 areas: infrastructure and investment, SME/supply chain, workforce, tourism, and agriculture; ▪ Two focus groups: one on Agriculture and one on Workforce Development

Diaspora Investment

The most prominent event this quarter within the Diaspora Investment Initiative was the study trip to Oslo, Norway, that SBEP organized for members of the Regional Action Group (RAG). The purpose of the trip was to educate the local stakeholders on the importance and potential of a Technological and Industrial Development Zone (TIDZ) in attracting diaspora investment. The trip also included a meeting with the substantial Macedonian-Albanian Diaspora community in Norway, where the initiative was explained in the hope of stimulating interest and investment in their home country.

PPD	Activities this quarter
Diaspora Investment	<ul style="list-style-type: none"> A study trip to Norway (May 20-23) was organized for a select group of Polog stakeholders, with the purpose of educating them on the importance and potential of a Technological and Industrial Zone

The group included the Mayor of Tetovo, Ms. Teuta Arifi, the President of the Chamber of Commerce of Northwest Macedonia, Mr. Menderes Kuqi, as well as Mr. Dritan Krifca and Mr. Aki Etemi of the Normak Investment Group. The Ambassador of the Republic of Macedonia in Oslo, Mr. Enver Abdullahu, also accompanied the group to the meetings.

SBEP's partners in the initiative, who also helped organized the trip are the NORMAK Investment Group, which manages TIDZ – the Tetovo industrial park currently under development; SIVA IM, the Norwegian industrial development firm investing in the park's infrastructure, and Innovation Norway, Norway's main instrument for innovation and development of Norwegian enterprises and industry.

SBEP considers the Tetovo TIDZ to be a major growth opportunity for the local economy, as the local companies will be able to plug into the supply chains of the park tenants with goods, services, and also provide a labor force. In that context, SBEP and RAG have strategically positioned Tetovo TIDZ to be a major focal point for attracting diaspora investment to the area.

The visit to Norway included meetings with the Department of International Trade Cooperation of VIRKE, the Enterprise Federation of Norway, SIVA and Innovation Norway, the Oslo Science Park, as well as some 40 companies owned by diaspora members.



During the trip to Norway, members of the RAG met with diaspora members

To follow-up with the contacts established during the meetings, Normak will continue liaising with interested diaspora members to facilitate investment in the TIDZ. The RAG and the Chamber of Commerce of Northwest Macedonia will follow up on the communication established during the study tour and analyze potential cooperation avenues, with the purpose of stimulating diaspora investment in the country.

In addition, information about investment opportunities is being gathered from all the municipalities in the Polog region, which will be incorporated in the web-site currently under construction, along with information about the necessary administrative procedures. Also, the opening of two Diaspora Offices – one in the municipality of Tetovo and one in the Chamber of Commerce of Northwest Macedonia – is still under preparation.

Workforce Development in Construction

SBEP's initiative to contribute to increased employability and help address the needs of the construction industry in the Polog region for skilled workforce continues.

This quarter, SBEP organized a round table in Tetovo, at which it presented the concept for the VET certification center before a number of stakeholders. Representatives of the Economic Chamber of Northwest Macedonia, the LED office from Tetovo Municipality, the VET School in Tetovo, a couple of the major companies in Polog: the Renova Foundation and Ecolog, as well as the USAID YES Project, which works on youth employability, participated in the round table.

All the participants agreed to join the initiative, provide support and work together with the SBEP team and consultants in further developing the concept. The Municipality of Tetovo is very much interested in the initiative, especially because one of the priorities of the local government is to focus on improving and strengthening the secondary/VET education. It is also in line with the municipality's strategy for developing the workforce in the region, which would boost the local economic development. At the same time, the Economic Chamber will work on identifying other companies interested in joining the initiative, thus widening the support base.

In the coming period, the stakeholders will be signing letters of support, as a sign of commitment to work together. They will also be looking to engage additional resources that will help realize the idea. At the same time, SBEP will be working towards creating a project proposal that will enable the group to search for more donors and funding.

Value Chain	Activities this quarter
Workforce development in construction	<ul style="list-style-type: none"> • A round table regarding the VET certification center took place in Tetovo, gathering a number of stakeholders, including the Tetovo Municipality, the Tetovo VET School, the Economic Chamber of Northwest Macedonia, as well as major companies from the region, such as Renova and Ecolog. • Participants agreed to sign Letters of support for the initiative



The stakeholder meeting took place in the municipality of Tetovo

Women's Entrepreneurship

This quarter, the Women's Advisory Board identified a number of new initiatives, which were put up for discussion at the two meetings. A total of 6 new initiatives were supported, in addition to the 2 that were already in the pipeline. Ecolog, one of the major companies in the region with international coverage, agreed to support the initiative last quarter by allocating US\$15,000 for a fund to match USAID SBEP's contribution, prompted others to make similar contributions.

The Municipality of Bogovinje decided to join the fund and allocated US\$10,000 to help support small businesses owned or managed by women or youth. SBEP's partner organization for this initiative and local NGO, the Association for Local and Rural Development (ALRD), has already started managing the fund, and the support for the newly approved initiatives will be implemented through the joint Fund and administered by ALRD.

PPD	Activities this quarter
Women's Entrepreneurship	<ul style="list-style-type: none"> • The Women Advisory Board has had two meetings during this reporting period and a total of 8 new initiatives were supported • The Municipality of Bogovinje has decided to allocate US\$10,000 for the Fund to be used to co-finance Polog based women and youth businesses identified in cooperation with SBEP, ARLD and the Women Advisory Board. • Outreach activities have included TV appearances and a Facebook page, promoting the Fund and the work of the Board. • Two of the supported initiatives were publicly promoted: the Children's Education Center REA in Tetovo and the opening of the Women's Club FM in the village of Kamenjane.



The Mayor of Bogovinje, Mr. Hazbi Idrizi, SBEP DCoP, Ms. Mirjana Makedonska, and ALRD Executive Director, Ms. Sanela Shkrijelj signing a tripartite agreement for cooperation on the initiative

On June 1st, two of the small businesses supported by SBEP were promoted before a wider audience and the media: the Children’s Education Center REA in Tetovo, owned and managed by Ms. Qanije Selimi, and the Women’s Club FM in the village of Kamenjane, owned and managed by Ms. Medina Sinani. The former received SBEP’s support last year, and since then Ms. Selimi’s business has grown very quickly. With the initial support by SBEP, she was able to accommodate up to 30 children in her daycare, which was double from when she first started. Since demand for daycare in Tetovo was high and the word spread quickly, Ms. Selimi decided to expand her business even further. She took out a loan and moved in a bigger space, which could receive some 100 children. Renovation was completed by the end of May and opening celebrations coincided with the International Children’s Day. The guest of honor to the event at the Center was Ms. Mary Joe Wohlers, the US Ambassador’s wife. The Ambassador was accompanying her, and both were happy to learn more about the business itself, and interact with the staff as well as the parents who send their children to the facility. The local media provided coverage for the event, spreading the word even more.

Later on the same day, the US Ambassador and his wife attended the official opening of the first Women’s Club in the village of Kamenjane. The founder, 22-year old Ms. Medina Sinani, a medical student, had the idea of opening a place where women could socialize together, but also wanted a place where local women working at home – making pastries and cakes, sewing dresses, etc. – could showcase their products and attract clients. This initiative has caused a lot of interest in the local community as well as in the media, and the opening event was well attended.

In the period April – June 2014, the following small businesses in the Polog region managed or owned by women or youth were identified and will be supported, as recommended by the Women Advisory Board:

- *De Graf Studio graphic design and print, in the village of Gorno Sedlarce, owned and managed by 19-year old Faton Ismaili*
- *Women’s Club FM, a coffee shop in the village of Kamenjane, owned and managed by 22-year old Medina Sinani*
- *Design Studio Shine, a tailoring studio in Tetovo, owned and managed by 22-year old Nuriman Ahmedi*
- *Hairdressing and cosmetics studio in Zhelino, owned and managed by 28-year old Lindita Celebi*
- *Gama Accounting, in Tetovo, owned and managed by 23-year old Besnike Ademi*
- *Design and engraving studio in the village of Bogovinje, owned and managed by 30-year old Ganimete Alimani*
- *Flower shop and event decoration, in the village of Sedlarce, owned and managed by 33-year old Sebahete Sinani*
- *Cosmetic studio/preparation of creams, in the village of Kamenjane, owned and managed by 21-year old Jehona Ibraimi*



From the opening of the Women’s Club FM in the village of Kamenjane

The public promotion of these small businesses also promotes the existence of the Fund, which means that there will be increased interest among businesses applying for funding. The coming period will see the implementation of the support for the additional six small businesses that were approved the Board's last session. At the same time, Board members will identify similar opportunities, which will be put up for consideration at their next regular bi-monthly meeting.



19-year old Faton Ismaili from the village of Gorno Sedlarce has inherited the graphic design and printing business from his father, who passed away when he was 15

MONITORING AND EVALUATION

SBEP staff continues to track results from its activities according to the indicators in its Performance Monitoring Plan (PMP). Alongside continuous documentation of all field visits, activities and events, SBEP staff makes sure that baseline data is gathered for each new initiative/opportunity/beneficiary.

During this quarter, SBEP staff gathered baseline information from the 80 corn farmers who are part of this year's Grow More Corn initiative. The questionnaires from last year were revised as necessary, adding or deleting questions, in order to gather information which would be relevant in order to measure the results from the interventions. The next round of surveying the corn farmers will take place at the end of the season, after the harvest has been completed. As for the other initiatives, the monitoring of the activities is ongoing, with frequent visits in the field, and continuous collection of data, as well as anecdotal evidence of the impact that SBEP's activities have on the ground. Attached are the summarized figures for this quarter (Annex I).

ADMIN UPDATE

In terms of local staff, the LEADER/LAG activity in the North East region has added two staff on Board: Ms. Danijela Trajkovikj as a full time Project Coordinator, and Ms. Sandra Georgievska as a part time Project Assistant.

We have submitted various rate and credential approval requests to the Contracting Officer that, as of this quarterly report, are still outstanding. These approval requests are for the following SBEP staff members: Mirjana Makedonska, Emilija Zdravkovska and Harun Ajdini.

CALENDAR

Attached is the calendar of SBEP activities that took place during this reporting period. (Annex II)

ANNEXES

[Annex I: SBEP Performance Monitoring Plan table for current reporting period](#)

[Annex II: SBEP Calendar of Activities for current reporting period](#)