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# SMALL BUSINESS EXPANSION PROJECT

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Quarterly Report

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TO:

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## STRATEGIC OVERVIEW

At the beginning of its third year of implementation, the Small Business Expansion Project (SBEP) continues to build on achievements to date, furthering and expanding successful initiatives in all of the regions where it operates.

Enhancing weak supply chains through market-driven interventions, with the support and involvement of local partner institutions remain the modus operandi of the Project. This strategic approach of ensuring more efficient use of existing but underutilized assets and capacity to promote economic growth in depressed rural economies is yielding both short- and long-term results, including improved incomes for underemployed people, creation of jobs and increased investment in the long run. The increased income and purchasing power have further multiplier effects in the economy.

The value chains in which SBEP's interventions take place remain agriculture (grain and dairy), wild-gathered products, light manufacturing and rural tourism. In parallel, SBEP is striving to foster public-private dialogue, in order to pool resources and ideas to identify opportunities, facilitate market linkages and implement initiatives to enhance local economic development.

One of SBEP's major goals is supporting local institutional partners to internalize, develop and expand our market-oriented methodology for sustainable long-term benefits. The capacities of the Regional Development Centers (RDCs), the Economic Chamber of Northwest Macedonia, the Macedonian Agency for Promotion of Tourism, the business service organizations (BSOs), and other Project partners, which are essential to the implementation of SBEP's initiatives, are being built in the process. A number of initiatives have resonated well with the Government of Macedonia, which has expressed interest to help expand them; SBEP is ready and eager to begin scaling these programs to the national level.

Other features of SBEP's strategy include evaluating the economic viability of each opportunity, as well as leveraging local and external resources, thus laying the basis for sustainable local economic development and MSME growth. Each intervention entails a multifaceted approach comprised of a number of cross-cutting activities, including investment promotion, workforce development, business service organization (BSO) enhancement, improved access to financing, and institutional capacity-building at regional and local levels.

An intrinsic part of SBEP's strategy is making sure that there is excellent media coverage of Project activities. It is not only a way to make information more accessible to interested stakeholders beyond the regions where SBEP operates, but also allows for long-term presence of the best practices produced as a result of the Project's interventions.

## QUARTER OVERVIEW

During the first quarter of its third year (FY2015), SBEP and its local partners continued to implement and support a number of activities developing local supply chains and/or advancing public-private dialogue. Some of this quarter's highlights include:

- **LEADER/LAG**
  - In the Northeast Region, four rounds of workshops for the LEADER approach took place in each micro-region.
  - In the Polog region, individual meetings were held with representatives of each municipality. A kick-off event will take place in late January or early February 2015.
- **GROW MORE CORN INITIATIVE (GMCI)**
  - The 2014 corn season yields exceed those of the previous year.
  - Preparations for the 2015 season have begun, including the procurement of drip irrigation equipment for 160 hectares across the four regions where SBEP operates.

- SBEP continues to lobby the Ministry of Agriculture to increase the funds allocated for the 50/50 measure for buying drip irrigation equipment to 15,000.000 MKD (approximately US\$300.000).
  - The Ministry of Agriculture and the Government committed to support the Development Credit Authority (DCA) Guarantee fund.
- WILD-GATHERED PRODUCTS INITIATIVE
    - A total of 153 new collectors participated in seven trainings on sustainable collection of wild-gathered products in the Northeast and Polog regions. Since the beginning of the initiative, a total of 1202 collectors have been trained.
- LIGHT MANUFACTURING
    - Plastic producing companies Demastil from Kriva Palanka and Plamteks from Skopje invested in equipment for IML packaging production with support from SBEP supply chain consultants.
    - Consultants continued to identify matchmaking opportunities for import substitution, cooperating with government institutions in charge of FDI to identify local suppliers for foreign companies.
- MACEDONIA ADVENTURE TRAVEL INITIATIVE
    - Several inbound tour operators and SBEP/Tourism Agency representatives attended the annual Adventure Travel Trade Association World Summit in Killarney, Ireland, between 6-9 October.
    - At the Summit, Macedonia was declared the host of the first ever Western Balkans Adventure Summit – the Adventure Connect Regional Event (ACRE) to occur in the spring of 2016.
    - In preparation for the ACRE event and to promote Macedonian adventure sports, a Paragliding Cup in precision landing took place in Treskavec, near Prilep. Similar sports events and competitions are planned for 2015.
- IRRIGATION ISSUES
    - SBEP and experts from PointPro met with representatives from the Ministry of Agriculture about irrigation.
    - In line with the Ministry's plans, the initiative will prioritize reconstruction of the existing Strezhevo hydro system and expansion of the Lisiche hydro system.
- STRATEGIC PLAN FOR LOCAL ECONOMIC DEVELOPMENT OF PRILEP MUNICIPALITY
    - The Prilep Municipal Council adopted the completed Strategy on December 26, 2014.
- DIASPORA INVESTMENT
    - SBEP team members made another visit to Kosovo to learn about the Kosovar experience in attracting diaspora investment.
    - SBEP will prepare a policy paper outlining the necessity and benefits of an improved diaspora investment environment.
- WORKFORCE DEVELOPMENT IN CONSTRUCTION
    - The project proposal for renovating the Tetovo VET school is being further developed.
    - There is an opportunity to apply for funding with the Norwegian Embassy.
- WOMEN'S ENTREPRENEURSHIP
    - The Women's Advisory Board met twice this quarter – once to review new initiatives and again to discuss operational issues and next steps for 2015.

Following are details about each of these activities.

## LEADER / LAG

This quarter, SBEP continued implementing the LEADER approach in the North-East region and preparing for its introduction in the Polog region. SBEP has also been discussing with Ministry of Agriculture representatives how to coordinate the activities in the field with national policies related to LEADER.

In the discussions, particular attention was given to the necessity of funding LAG activities under the LEADER approach, until the European Commission accredits its financing through the IPA component for Rural Development (IPARD). To ensure that the LAGs created through SBEP's activities can start implementing projects in the meantime, SBEP will assist the Ministry to prepare secondary legislation securing 2015 funding through a measure in the National Program for Rural Development.

As for the activities in the field, this quarter SBEP worked in parallel in the North-East and the Polog regions. In Polog, SBEP and the consulting company MDC-TI.NET, hired to administer the process, held meetings with each of the municipalities to set the stage for the info days and workshops that will follow. An official kick-off event is planned for late January or early February 2015.

In the North-East region, where the process began in mid-2014, a total of eight workshops were organized from October to December. Four sessions took place in the micro-region covering the municipalities of Kumanovo, Lipkovo, and Staro Nagorichane, and another four in the micro-region covering Kriva Palanka, Kratovo, and Rankovce. Each session was attended by approximately 40 people, all enthusiastic to participate in the process and generate and implement specific ideas for rural development. While implementing the workshops, the North-East Regional Development Center (RDC) found that young women were highly underrepresented among the participants; therefore, the RDC staff made additional efforts to organize separate sessions for women entrepreneurs.

PPD	Activities this quarter
<b>LEADER/LAG</b>	<ul style="list-style-type: none"> <li>• In the Northeast Region, four rounds workshops for the LEADER approach took place in each of the micro-regions.</li> <li>• In the Polog region, individual meetings were held with representatives of each of the municipalities in the region.</li> <li>• A kick-off event in Polog will take place in late January or beginning of February 2015.</li> </ul>



Group work at a LEADER workshop in Kumanovo



## LEADER workshops in the North East region in QR I - 2015

	Number of participants	Topic
7 October 2014 Kratovo	44	Establishment of partnerships based on the territory and creation of LAGs
8 October 2014 Staro Nagorichane	43	Establishment of partnerships based on the territory and creation of LAGs
12 November 2014 Kumanovo	45	Building networks between local stakeholders / Area Based Development, PEST/SWOT analyses
13 November 2014 Rankovce	45	Building networks between local stakeholders / Area Based Development, PEST/SWOT analyses
25 November 2014 Kumanovo	30	Acquiring skills to conduct analysis and assessment of the local stakeholders
26 November 2014 Kriva Palanka	40	Acquiring skills to conduct analysis and assessment of the local stakeholders
11 December 2014 Lipkovo	25	Building networks between local stakeholders
12 December 2014 Kratovo	38	Building networks between local stakeholders

Training local stakeholders in the principles and methods of the LEADER approach leads to the creation of Local Action Groups (LAGs), local partnerships advancing rural development through the development and implementation of regional development strategies.

SBEP is also working to introduce the LEADER approach in the Vardar region.

## Grow More Corn Initiative (GMCI)

During the first quarter of FY2015, SBEP reviewed the results of the 2014 corn season and began to prepare for the upcoming 2015 season. Events celebrating the successful completion of the season and corn yield increases were held in the Northeast and Vardar regions. Both were used to publicize the remarkable results of growing corn with drip irrigation and familiarize as many farmers as possible with the benefits of this technology. In addition, farmers from both regions visited their Pelagonija counterparts to learn about their experiences and exchange ideas and best practices.



Farmer Gorancho Pavlovski from Pelagonija, who is the record-holder in silage yields from 2013 giving a press statement

Value Chain	Activities this quarter
<b>Grow More Corn</b>	<ul style="list-style-type: none"> <li>• Results of the 2014 corn season exceed those of the previous year.</li> <li>• Preparatory work is being done for the 2015 season, including the procurement of drip irrigation equipment for 160 hectares, which will be distributed in the four regions where SBEP is operating.</li> <li>• SBEP is lobbying the Ministry of Agriculture to increase the funds allocated in the National Program for the 50/50 measure for buying drip irrigation equipment to 15,000.000 MKD (around 300.000 USD).</li> <li>• The Ministry of Agriculture and the Government support the Development Credit Authority (DCA) Guarantee fund.</li> </ul>



Deputy US Ambassador, Mr. Barton Putney with Ms. Zhaneta Chaushevskaja, Mayor of Gradsko, and farmers from the Vardar region

US Ambassador, Mr. Paul Wohlers, with farmer Zoran Damjanovikj from the North-East region, discussing this season's corn yields

In addition to organizing events to gather farmers and inform them about the drip irrigation technology, SBEP continues its collaboration with *Moja Zemja*, the monthly magazine published by the Federation of Farmers of Macedonia. The magazine's circulation is 2500 copies; more importantly it reaches farmers in regions where SBEP does not operate. More farmers are thus able to learn about new technologies, protocols and best practices.

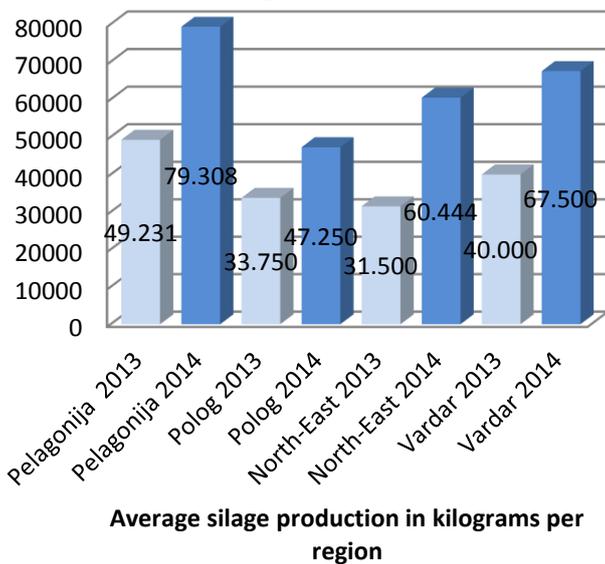
**Македонија може да го замени увозот на ПЧЕНКА СО ДОМАШНО ПРОИЗВОДСТВО ДО 2021**

ИЗВЕШТАЈ ЗА ГОДИНАТА ПОСРЕДСТВОМ НА КОЈА	ПРОИЗВОДСТВО	2014		2015		2021	
		ТОНА	ТОНА	ТОНА	ТОНА	ТОНА	ТОНА
ИЗВЕШТАЈ ЗА ГОДИНАТА ПОСРЕДСТВОМ НА КОЈА	1000	1000	1000	1000	1000	1000	1000
ПРОИЗВОДСТВО НА ПЧЕНКА	1000	1000	1000	1000	1000	1000	1000
УВОЗ НА ПЧЕНКА	1000	1000	1000	1000	1000	1000	1000
ПРОИЗВОДСТВО НА ПЧЕНКА	1000	1000	1000	1000	1000	1000	1000
УВОЗ НА ПЧЕНКА	1000	1000	1000	1000	1000	1000	1000
ПРОИЗВОДСТВО НА ПЧЕНКА	1000	1000	1000	1000	1000	1000	1000
УВОЗ НА ПЧЕНКА	1000	1000	1000	1000	1000	1000	1000

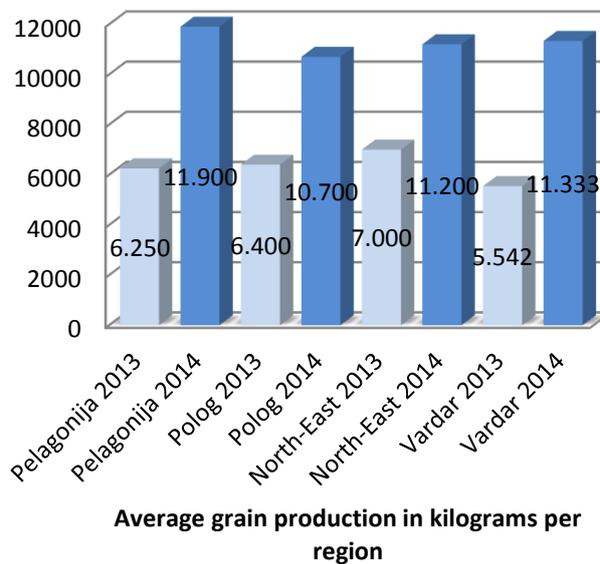
SBEP continues to publish articles in the agricultural monthly magazine, *Moja Zemja*, which has a circulation of 2500 copies



### Increase of silage production in SBEP's regions



### Increase in grain production in SBEP's regions



In addition to collecting this yields data, SBEP has been working to identify the new group of farmers to participate in the 2015 Grow More Corn program. The third iteration will distribute the largest number of new hectares under drip irrigation yet: 160 across the four regions. In addition to corn, a number of farmers will use this technology to grow sunflower, also used for animal feed and a good rotation crop with corn. In December, SBEP organized a number of meetings with farmers in the Northeast, Vardar and Pelagonija regions who will participate in the 2015 program. These gatherings provided farmers with information about the drip irrigation systems they will receive and the importance of the recommended protocols.



*Farmer Ferhan Biberovikj from the Vardar region was the first one to grow sunflower with drip irrigation and the results were visible with the naked eye*

Combined with the hectares from the two previous years, the total area covered by drip irrigation will reach 400 hectares. This trend is expected to continue separate from SBEP land grants, as more farmers realize the benefits of the technology. While identifying and selecting the participating farmers, SBEP continued to communicate with dairies and sunflower processing plants; improvements at the farm level will also positively influence their supply chains.

On the policy side, SBEP has been working to secure governmental support for the introduction of drip irrigation for corn and sunflower by promoting the findings and recommendations of the White Paper developed earlier in the year. National corn production strategies are beginning to reflect the results of the Grow More Corn initiative and the White Paper findings. The increased cooperation with the Ministry of Agriculture this quarter is expected to result in increasing the 50/50 measure funds in the National Program for Rural Development to 15.000.000 MKD (approximately US \$300.000). More farmers, especially those outside SBEP's regions, will then be able to benefit. SBEP is also urging the Ministry to adjust the timeline for implementing the measure, to enable farmers to acquire the equipment before planting season. The draft National Strategy for Agriculture and Rural Development for the period 2014-2020, released for comments and suggestions from stakeholders, specifically refers to using drip irrigation to stimulate increase in corn and sunflower yields, and suggests increasing direct payments to farmers investing in this technology. The document also cites SBEP's direct support for this measure and is expected to be adopted early next year.

Another proposition discussed with the Ministry is also underway: USAID's Development Credit Authority (DCA), which would encourage private lenders to extend credit to farmers through a risk-sharing strategy. The Ministry of Agriculture and the Prime Minister's office have shown support for the DCA guarantee, indicating that they would allocate 1 million EUR (approximately US \$1.1 million USD) for this purpose. With the government's support, four financial institutions are very interested to participate in the guarantee program.

All of these activities aim to support as many farmers as possible to invest in new technology for corn and sunflower production; increased yields satisfy local needs, strengthen local supply chains, and diminish import dependency.

## Wild-Gathered Products Initiative

This quarter, SBEP continued to train wild-gathered product collectors in sustainable collecting practices. Seven trainings were held in the Northeast and Polog regions, qualifying additional 153 collectors for licenses. The certification enables them to sign contracts with official Collection Centers and thereby secure a regular income for most of the year, as the Centers operate according to market demand. Due to high interest in the Northeast region, SBEP is investigating opportunities to open additional Collection Centers. The Project will also investigate expanding into areas of the Vardar region where the local population's livelihood depends on wild product collection.

Value Chain	Activities this quarter
<b>Wild-Gathered Products</b>	<ul style="list-style-type: none"> <li>A total of 153 new collectors participated in seven trainings on sustainable collection of wild-gathered products, which took place in the Northeast and Polog regions. Since the beginning of the initiative, a total of 1202 collectors have been trained.</li> </ul>



*Macedonian mountains are rich in various medicinal herbs and mushrooms, which are in high demand by the food, pharmaceutical and cosmetics industry*

## Light Manufacturing

SBEP's supply chain consultants continued to *develop the local supply chain* (matching opportunities between buyers and suppliers) and *expand the market*, (identifying and facilitating projects for new local production to substitute imports).

They continued working with the plastic producing company Demastil from Kriva Palanka, which engaged another project partner – PointPro – to help with financial modeling. Demastil has committed to their planned investment, purchasing a state-of-the-art injection molding machine to produce IML packaging for the food industry producing and a new line of toys. Demastil is becoming one of the best equipped companies for this industry in the Balkans. The consultants will further support the company by developing matching opportunities with the Macedonian dairy, pharmaceutical and cosmetic industries as well as along the equipment production value chain.

The consultants also helped Plamteks from Skopje enter the IML business through investment in new IML equipment. Though high quality, the machinery is second-hand and will require some re-adjusting and re-configuring. The consultants will also provide Plamteks with market data and arrange meetings with local buyers.

With the new equipment, these two companies will be able to compete with foreign IML packaging suppliers on the domestic market.



*Demastil from Kriva Palanka invested in new IML equipment which will expand their business into production of food packaging, in addition to the existing production of toys*

### Value Chain

### Activities this quarter

#### Light Manufacturing

- Plastic producing companies Demastil from Kriva Palanka and Plamteks from Skopje invested in equipment for IML packaging production with support from SBEP supply chain consultants.
- Consultants continue to identify match making opportunities for import substitution, and cooperate with government institutions in charge of FDI to identify local suppliers for foreign companies.



*A number of Macedonian dairy companies already use IML packaging, but they import it*

Consultants have also supported the local company Man-Dra to develop a product wireless controlling (through a smart phone or web-based application) wood-pellet stoves. With an initial market entrance of 10% of the whole local business, the financial potential is estimated to be around 40-50.000 EUR (US\$45-55.000) of import substitution. The company is researching their competition, to better understand the features and functionalities of the product, the cost of production, and the possibilities of lowering the prices and thereby refine their product offering. The consultants are also facilitating meetings between the company and a

potential buyer and will track the next steps including developing a prototype, product testing, promoting it among regional buyers, and establishing links with the biggest Italian electronic controller producer.

On the local supply chain development side, the consultants are pursuing an opportunity to link ice cream sandwich producer Cermat with local producers such as Vitaminka and Donia to replace their currently imported biscuits with a local product.

In addition to the consultants' ongoing support to the aforementioned companies, this quarter they met with two international companies operating in Macedonia: Johnson Matthey and Wabtec, an American brown field that produces braking systems for railways. Both expressed interest in replacing imports with locally sourced products.

The consultants also met with representatives of Invest Macedonia, the government institution charged with attracting foreign investment, currently in the process of developing an online tool to inform investors about potential local suppliers. SBEP consultants will start cooperating with the Invest Macedonia aftercare department to answer detailed enquiries about local companies. Foreign companies seeking to replace Chinese or Indian imports have begun to enquire about potential European supplier; the consultants will provide necessary information and facilitate further communication in pursuit of concrete linkage opportunities.

The Vardar RDC suggested organizing training and re-qualification sessions to help unemployed individuals respond to the needs of the business sector. The local business sector, Invest Macedonia and foreign companies' representatives, as well as the USAID YES project have all indicated their support. Since welders are currently in high demand, the consultants have identified a professional training provider in this sector. Before moving onto implementation, the consultants will outline a project proposal and specify partners, beneficiaries, activities, and a final budget.

## Macedonia Travel Adventure Initiative

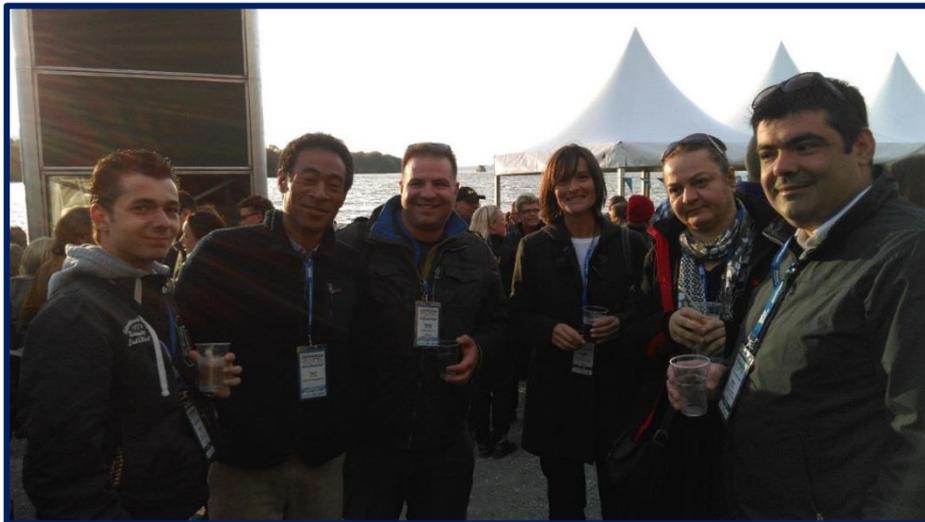
The highlight of the Macedonia Adventure Travel Initiative this quarter was the announcement of Macedonia as the host of the first ever Western Balkans Adventure Summit – the Adventure Connect Regional Event (ACRE) in the spring of 2016.

The announcement took place during ATTA's Adventure Travel Summit in Killarney, Ireland at the beginning of October, an annual gathering of members of the global adventure travel industry. The summit was attended by over 700 delegates from all over the world, including SBEP and National Tourism Agency representatives and several Macedonian inbound tour operators. For the Macedonian participants, it was another opportunity to network and build upon the work and communication established during the AdventureEDU trainings in March and the AdventureWeek Familiarization trip in August/September.

Value Chain	Activities this quarter
<b>Rural Tourism / Adventure Travel</b>	<ul style="list-style-type: none"> <li>• Several inbound tour operators, SBEP and Tourism Agency representatives attended the Annual ATTA Adventure Travel Summit in Killarney, Ireland, between 6-9 October.</li> <li>• At the Summit in Ireland, Macedonia was announced as the host of the first ever Western Balkans Adventure Summit – the Adventure Connect Regional Event (ACRE) in the spring of 2016.</li> <li>• A Paragliding Cup in Precision Landing took place in Treskavec, near Prilep, on 1-2 November, as part of promoting adventure sports in Macedonia in preparation for the ACRE event. Similar sports events and competitions will follow in 2015.</li> </ul>



*Highlights from ATTA's World Summit in Killarney, Ireland*



Experiencing an event of that caliber was important for the Macedonian representatives to understand what is necessary to organize a successful regional summit. The Macedonian regional summit is expected to bring around 300 tour operators and media representatives from across the world.

The potential regional returns of this project are considerable; neighboring countries will collaborate to organize the event. The Macedonian Government is fully supportive of the initiative, allocating funds and other resources for its implementation.

Over the coming year, ATTA, SBEP, and the National Tourism Agency will work with Macedonian adventure travel industry stakeholders, including adventures sports associations, National Parks, and adventure travel destinations to build capacity and prepare to host such an event according to international standards. Activities will include coaching and training events (e.g. risk management and guide training) as well as regional competitions in various adventure sports. One such event, a paragliding competition in accuracy named the Prilep Open, took place in November. The event gathered more than 80 competitors from the region and was used to promote the newly equipped paragliding take off site. The Mayor of Prilep and US Ambassador to Macedonia tried out tandem-paragliding at the ribbon-cutting event, an additional promotion for this adventure sport.

*Prilep Open Paragliding event gathered more than 80 competitors from the region*



A mountain biking race in Mavrovo is currently being set up, scheduled for June 2015. The local cycling club Energi, National Park Mavrovo, Municipalities of Mavrovo and Rostushe, and SBEP are working towards organizing this event, which is expected to attract a crowd of 300 international participants.

SBEP is working on identifying similar events to support in 2015 – competitions and gatherings for paragliding, hang-gliding, cycling and other adventure sports – to showcase Macedonia's adventure travel potential.

Also this quarter, ATTA produced the final report from the AdventureWeek Western Balkans (AWWB) 2014 activity. The document<sup>1</sup> outlines which steps were undertaken to prepare the familiarization trip, as well as its implementation and outcomes to date. Even though it will take at least two years to measure the success of the trip, the report includes some of the intentions for investment of AWWB participants. Most importantly, the partnerships that were built in the course of the preparation and implementation of the trip between ATTA and the Western Balkans will continue, and will only be strengthened through the upcoming cooperation on the regional summit. The findings and experiences from this document are a valuable lesson for the adventure travel industry stakeholders in Macedonia, to learn about international standards and expectations.



*ATTA's final report on the AdventureWeek Western Balkans, which took place at the end of August, beginning of September 2014*

All of these efforts are aimed at improving Macedonia's tourism industry offerings and services and putting Macedonia on the international map of adventure travel destinations, in order to attract more tourists.

<sup>1</sup> For the full document, please visit: [https://www.scribd.com/doc/254455504/2014-AdventureWeek-Western-Balkans-Final-Report-3-Dec-2014?secret\\_password=YeivUgp8u0wjgdxQQatu](https://www.scribd.com/doc/254455504/2014-AdventureWeek-Western-Balkans-Final-Report-3-Dec-2014?secret_password=YeivUgp8u0wjgdxQQatu)

## Irrigation Issues

Recognizing the importance of irrigation for agricultural production, SBEP continues to help improve the irrigation situation in the country. This quarter, SBEP and PointPro experts met with Mr. Blagoja Stoilov, State Advisor for Water Management at the Ministry of Agriculture, Forestry, and Water Economy. Through a discussion of potential cooperation strategies between the Project and the Ministry concerning, it was agreed that priority should be given to reconstructing the Strezhevo hydro system in the Pelagonija valley and expanding the Lisiche hydro system in the Veles area. SBEP will support the Ministry's efforts by preparing appropriate technical documentation for Strezhevo and a feasibility study for Lisiche. Since the Ministry has already allocated funds for these two projects, PointPro will work in coordination with the Ministry to prepare the necessary documentation. Both projects are expected to start in 2015.

### Activities this quarter

#### Irrigation issues

- SBEP and experts from PointPro met with representatives from the Ministry of Agriculture concerning irrigation
- It was agreed to give priority to the reconstruction of the existing Strezhevo hydro system and expansion of the Lisiche hydro system.



*The Strategy for Business Turnaround and Sustainable Operations of the Public Enterprise Strezhevo, developed by PointPro experts within SBEP's initiative on irrigation*

## Diaspora Investment

SBEP team members made another visit to Kosovo in December to meet with Mr. Naim Dedushaj from the Kosovar Ministry of Diaspora and Mr. Ardian Spahiu from the UNDP Diaspora Engagement in Economic Development Project (DEED). SBEP hoped to better understand how Diaspora Investment is facilitated and handled in Kosovo, to incorporate some of these experiences in a policy paper lobbying for an improved diaspora investment environment in Macedonia. The Kosovar experience includes a number of useful investment promotion instruments and measures that could be of benefit to Macedonia and the Macedonian Diaspora, especially for lobbying for changes in the Macedonian investment promotion policy. Some elements of the Kosovo diaspora strategy include Municipal Diaspora Liaison Officers, a municipal front desk to help streamline the process, diaspora business networks in 20 countries, a Diaspora Investment Fund, and a 50-50 matching grants program.

From the Kosovar experience, potential diaspora investors need an anchor in their home country, a local partner who understands the local context and will take care of issues on the ground. Another one of the most important aspects of a good diaspora investment policy is an open, streamlined national approach enabling access to information and facilitating, not burdening, the investment process.

In 2012, Macedonian remittances from abroad were at 1.6 billion EUR (US \$1.8 billion), whereas FDI amounted to only 113 million EUR (US \$127 million).

It is in this context and with the purpose of creating an enabling environment for promotion of Diaspora Direct Investment (DDI) in Macedonia that SBEP will produce a policy paper addressing the current status of DDI, existing impediments, and possible solutions based on best practices in other countries. The paper will be shared with all relevant authorities in Macedonia to promote the institutionalization of DDI on par with FDI.

PPD	
	Activities this quarter
<b>Diaspora Investment</b>	<ul style="list-style-type: none"> <li>• SBEP team members made another visit to Kosovo to learn about the Kosovar experience in attracting diaspora investment</li> <li>• SBEP will prepare a policy paper outlining the necessity and benefits of an improved diaspora investment environment.</li> </ul>

## Workforce Development in Construction

SBEP's initiative to renovate part of the Vocational Education and Training (VET) School in Tetovo and establish a training center for the construction and building trades is being further developed. The Municipality of Tetovo, responsible for secondary education, has confirmed the location for the school. After receiving formal support for the project from a number of public and private stakeholders, including the VET School Moshja Pijade in Tetovo, the Economic Chamber of Northwest Macedonia, the Renova Foundation, and Normak/the Tetovo Technological Industrial Development Zone (TIDZ), consultant Argjent Karai has been working on finalizing the project proposal. In the coming period, the project proposal will be submitted for funding at the Norwegian Embassy.

Value Chain	Activities this quarter
<b>Workforce development in construction</b>	<ul style="list-style-type: none"> <li>• The project proposal for renovating the VET school in Tetovo is being further developed.</li> <li>• The project proposal will be submitted for funding at the Norwegian Embassy.</li> </ul>

Vocational education is an effective way to help workers develop relevant skills and satisfy employers' requirements, thus contributing to direct employment and the economy more broadly. However, the current VET system is ineffective; and a program establishing a standardized educational curriculum and certification system will help make the industry more competitive on a larger scale.

The proposed location of the training center is within the existing VET school in Tetovo; construction will require approximately US \$500,000 and 15 months to complete including all design, procurement, and construction processes.

## Strategic Plan for Local Economic Development of Prilep Municipality

Prilep, one of the leading municipalities in the Pelagonija region, has been working on the development of its Strategic Plan for Local Economic Development for most of 2014. This quarter, the final draft was presented before the public and their comments and suggestions were incorporated into the document. On December 26, the Municipal Council officially adopted the Plan, covering the period 2014 - 2020.

The strategy was developed through a participatory process and led by experts in five areas: *economic development, tourism development, agriculture, infrastructure, and workforce development*. Five strategic goals were identified in the process, and sets of activities were defined for achieving each of them. The five goals are:

1. Fostering business development and creating new jobs;
2. Promoting Prilep as an attractive tourist destination;
3. Introducing new technologies and practices in agriculture and improving rural development;
4. Improving the existing and developing new infrastructure in the Municipality of Prilep;
5. Improving the quality of education and attuning it with the needs of the labor market in the Municipality of Prilep.

PPD	Activities this quarter
<b>Strategic Plan for Local Economic Development of Prilep Municipality</b>	<ul style="list-style-type: none"> <li>• The final draft of the Strategic Plan was presented before the public and open for comments and suggestions during a Public Hearing on November 25, 2014</li> <li>• Prilep Municipal Council adopted the Strategy on December 26, 2014.</li> </ul>



*The Public Hearing on the Strategic Plan gathered a number of citizens from Prilep*

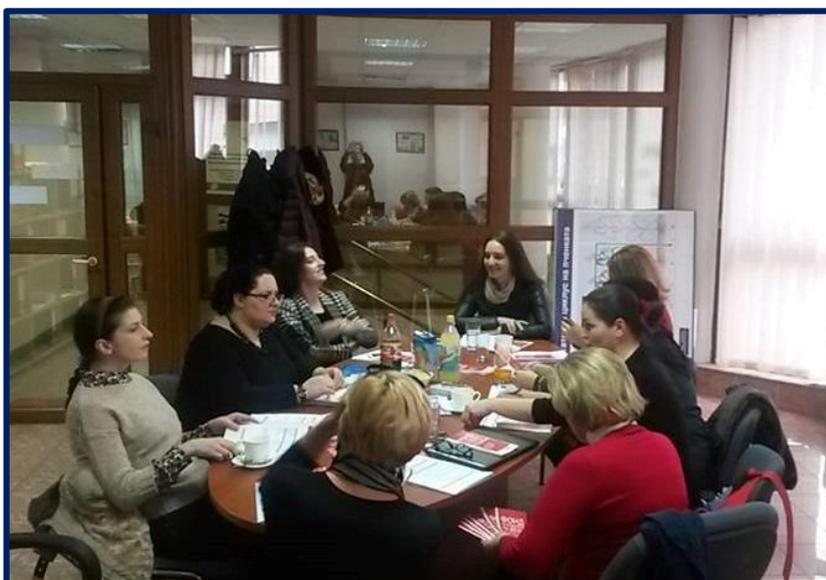
A solid Strategic Plan will enable the Municipality of Prilep to approach developmental issues in a concerted way, focusing on priority issues. In addition, it will facilitate support and funding from various governmental and international sources.

## Women's Entrepreneurship

The Tetovo children's daycare center REA, one of the women-owned small businesses supported through SBEP's Women in Business Initiative will be the first to receive consulting advice from a local consulting company, with support from the European Bank for Reconstruction and Development (EBRD). This non-financial support is the result of the discussions this quarter among SBEP, the Association for Local Rural Development (ALRD), and EBRD, about how the small businesses in Polog can benefit from EBRD's services. The main

focus will be improving cost management through analyzing current profitability potential, defining a model for tracking costs, as well as identifying new services to increase company income.

PPD	Activities this quarter
<b>Women's Entrepreneurship</b>	<ul style="list-style-type: none"> <li>The Women's Advisory Board met twice this quarter – once on December 2<sup>nd</sup>, to review new initiatives, and another time later in the month to discuss operational issues and next steps for 2015</li> </ul>



*The Women Advisory Board during their regular meeting on December 2<sup>nd</sup>, 2014*

In addition to implementing the initiatives approved at the Board's previous meeting, this quarter ALRD identified six small businesses eligible for support through the Fund for Supporting Women and Youth Businesses. Four fulfilled the basic criteria and were reviewed by the Board. Of these, one was selected for support: a consulting and translating firm located in Tetovo, owned by 26-year old Hristina Vasilevska from the village of Dzepchishte.

The Board met again at the end of the 2014 to discuss the upcoming year. One of the topics addressed was how to

approach the start-ups applying for support from the Fund, as there has been considerable interest among women entrepreneurs in the region. It was decided that those already operational must first formally register at the Central Registry, with the help of some of the other donor programs working in that area. Those with only a business idea must pitch it to the Board members. In 2015, the Board will seek to develop a sustainable model for the Fund's operations. In addition to the existing financial contributions from Ecolog and the Municipality of Bogovinje, ALRD and SBEP will approach the rest of the Polog municipalities and other private companies and invite them to join the Fund. The Board also agreed to intensify PR activities for promoting the Fund, primarily through local TV stations, so as to reach a larger number of potential small businesses.

## MONITORING AND EVALUATION

SBEP staff makes sure to track the results from its activities according to the indicators in its Performance Monitoring Plan (PMP). In addition to documenting field visits, activities and events, data is continuously gathered for each initiative and/or beneficiary.

In its third year of implementation, SBEP activities have already provided sufficient results to enable substantial analysis and projections about the developmental trends of certain activities. In the light of this, SBEP has further amended a few PMP indicators' targets to reflect more realistic goals. Specifically, the targets for the following two indicators were modified as follows:

**Indicator 1 (Number of new jobs created as a result of SBEP linked activities):** The target of 5,000 jobs by the end of the Project was reduced to 2,000. Given that SBEP focuses on long-term, structural changes, the results and impact in terms of jobs will continue beyond the life of the Project. Therefore, the 2,000 job target is more realistic for the given timeframe.

**Indicator 2 (Value in dollars of public and private investment mobilized for Economic Growth of the regions):** The target for this indicator was increased from \$10 million to \$20 million, feasible because of the nature of SBEP initiatives on the ground. For example, activities within the Irrigation Infrastructure initiative have already leveraged government funding for Novaci and Strezhevo; we expect a similar tendency in the coming period for all the other regions. In addition, activities related to Diaspora Investment in Polog and the Tetovo TIDZ are also expected to bear fruit in the medium-term. Therefore, we feel that mobilized public and private investment will certainly exceed the \$10 million target.

### The Value of the Media Coverage Generated by SBEP in 2014

One of SBEP's strategies is to have excellent media coverage, so that its activities and results resonate with as many beneficiaries as possible, both within and beyond the regions where SBEP operates.

Since the beginning, SBEP has relied on media outreach as a strategic tool for enhancing the reach of its initiative, from to informing rural populations about new wild-gathered products collection opportunities to educating farmers on the benefits of drip irrigation technology. In order to measure the rough value of this outreach in Macedonia, SBEP conducted an Advertising Value Equivalency (AVE) analysis for the period between 03/26/2014 and 11/30/2014.

An AVE analysis measures the monetary value of earned Public Relations (PR) texts based on the advertising or paid PR cost for the same space/time. An earned PR text (sometimes called a "free PR text") is any editorials media content that generates publicity through promotional efforts other than advertising, as opposed to paid PR texts, which refers to publicity gained

Крушево открива голем туристички потенцијал  
Највесело беше на Мечкин камен, каде што групите "Љубојна" и "Супер хикс" се погрижија за сеопшта веселба на домашните и странските туристи.

05.11.2014 18:16:04



Со безбројни пешачки патеки на планински предели и разгледы што мамат воздишки, со тура за разглед на жичара и на коњ, со дегустација на традиционални крушевски јадења, со раскошот на староградските носии, со живописните ракотворби, песни и ора, денеска Крушево, покажа дека има голем туристички потенцијал и шанса да се извлече од летаргијата. За тоа, денеска се погрижија неколку асоцијации- УСАИД, Агенцијата за промоција и поддршка на туризмот, Центарот за развој на Пелагонискиот плански регион, Карана корпорацијата и Општината Крушево, кои го реализираа проектот "Откриј го Крушево".

*Discover Krushevo - Alfa TV: A story about SBEP's "Discover Krushevo" event that ran on the news of the Alfa TV channel and was also published on their website (an example of an earned PR text)*

through advertising. For the most part, this includes news articles in print or web media and news stories on TV or radio. For example, whenever the Project sends out a press release or invites the media to an event, any media content that results from that press release or event is counted as an earned PR text.

The calculation for online news publications is based on rate cards for paid PR texts, while the calculation for TV, radio and print media is based on advertising rate cards. A rate card is a document containing prices and descriptions for the various ad placement options available from a media outlet. To account for the fact that editorial content is considered to be on average 3 times more valuable than advertising content, a multiplier of 3 is applied to the AVE value of PR texts in TV, radio and newspapers, where rates for PR texts were not available. A paid PR text is any editorials media content that generates publicity and was published as a result of a direct payment from the Project. It differs from advertising only in that the content is made to sound and look like it was written independently by a journalist (a sort of “hidden” advertising). For example, most episodes of the agriculture trade TV show “Agrar” that include segments about drip irrigation on corn are counted as paid PR texts because they follow a typical journalistic structure, but are in fact paid for by the Project, just like advertising content.

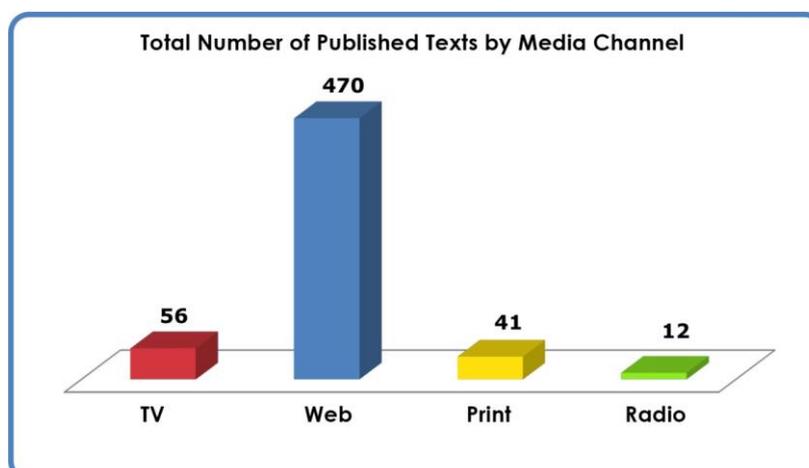


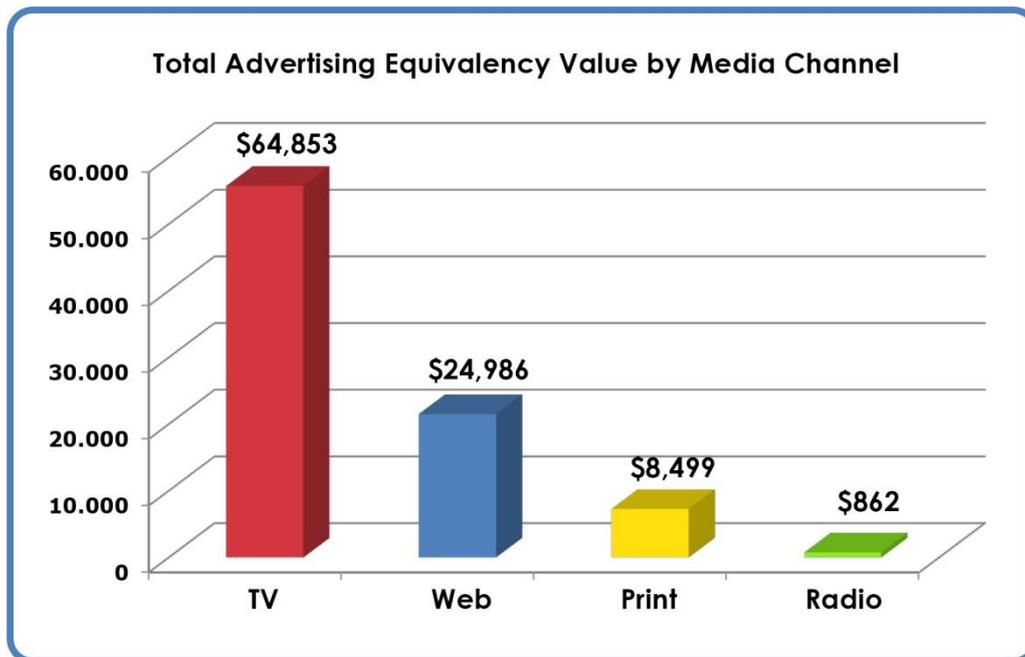
*Agrar GMC segment – MRT: A freeze frame from a segment from the agriculture trade TV show "Agrar" that included interviews with corn producers supported by SBEP (an example of a paid PR text)*

The analysis covers a total of 579 earned PR texts about the activities of the project, across 18 newspapers, 7 national TV

stations, 2 national radio stations, 100 internet news portals, and numerous local TV and radio stations. Of the 56 published TV news stories, 37 (66%) were on national television. The total earned TV and radio air time amounts to three and a half hours, the majority of which is divided between the TV stations MRT (public national broadcast), Tera (most viewed TV station in Pelagonija) and Sitel (most viewed national TV station). The total paid air time equaled 16 hours on the three biggest TV stations in Pelagonija and approximately one hour on the national radio station Metropolis.

An analysis of the value of paid PR texts and advertisements is also included for the media where the Project purchased advertising and PR space/time to promote a variety of activities: The national TV station MRT (\$4,250), the Pelagonija TV stations Tera, Orbis and Vizija (\$6,860), the national radio station Metropolis (\$2,580), the national trade magazine Moja Zemja (\$2,708), and the websites time.mk (\$162) and motika.com.mk (\$347).





The total value of earned media for the period of measurement was \$88,744 (84%), compared to \$16,907 (16%) of paid media. Of the earned media, 81% was online, 10% was on TV, 7% was in print and 2% was on the radio. In terms of the division of the monetary value of earned media among the different channels, 71% is from TV, 15% is from print media, 8% is from online media and 6% was from the radio.

According to a separate media analysis for the period between 03/20/2014 and 07/31/2014, 289 (34%) of the total 862 earned PR texts about USAID activities from 18 different projects were about SBEP activities. That's 175% more coverage than the second most prominent project covered by the analysis.

SBEP is also in the process of measuring the value of international media coverage related to adventure travel in Macedonia. While a significant portion of that content is expected to be published in the spring of 2015, SBEP has calculated the AVE of the published or soon to be published PR texts from the media outlets that shared their rate cards with the Project up to this point. Based on a total of two published and one upcoming PR texts National Geographic Traveler and Wanderlust, the monetary value of the analyzed media coverage resulting from the Western Balkans AdventureWeek is \$421,640.

This value was generated by only a small portion of the content that has been or will be published. It includes a half page photo of Ohrid Lake in the December 2014 Editor's Note of National Geographic Traveler, a half page Editor's Welcome in the November 2014 issue of Wanderlust and an upcoming full page Western Balkans feature in Wanderlust. Seven online articles (one in Wanderlust, two in Yahoo! Travel and four in Lonely Planet) that talk about adventure travel in Macedonia have also been published as a direct result of the Western Balkans AdventureWeek, but SBEP is still in the process of gathering the rate cards on which the AVE analysis will be based. A more complete analysis will be included in a future monthly report.

## ADMIN UPDATE

On October 21 and 22, SBEP staff and partners spent two days discussing SBEP's activities to date and developing the Work Plan for FY2015. Subsequently, the Work Plan was submitted to USAID. The additional funding of around US\$ 1.7 million from the Swiss State Secretariat Economic Affairs (SECO) for SBEP has become official, and therefore incorporated in the Work Plan.

## **ANNEXES**

*Annex I: SBEP Performance Monitoring Plan table for current reporting period*

*Annex II: SBEP Activities and Events Calendar for current reporting period*