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INVESTMENT DEVELOPMENT AND EXPORT ADVANCEMENT SUPPORT PROJECT

IDEAS PROJECT YEAR V WORK PLAN
NOVEMBER 1, 2014 – DECEMBER 27, 2015

NOVEMBER, 2014

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This publication was produced by Booz Allen Hamilton for review by the United States Agency for International Development

Prepared for the United States Agency for International Development
USAID Contract Number 165-C-00-11-00-102-00
Macedonia Investment Development and Export Advancement Support

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

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LIST OF ACRONYMS

BA	Business Association
BAH	Booz Allen Hamilton
CA	Customs Administration
CEFTA	Central European Free Trade Agreement
CIA	Council of Inspection Authorities
CoC(s)	Chamber(s) of Commerce
COR	Contracting Officer Representative
CRM	Customer Relationship Management
DOC	Development Outreach and Communications
DPMEA	Deputy Prime Minister for Economic Affairs
ENER (EHEP)	Unique National Electronic Register of Regulations
EU	European Union
FY	Fiscal Year
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (The German Society for International Cooperation)
GoM	Government of Macedonia
ICT	Information and Communications Technology
IDEAS	Investment Development and Export Advancement Support
IGD	Inclusive Growth Diagnostic
IT	Information Technology
MASIT	ICT Chamber of Commerce
MISA	Ministry of Information Society and Administration
MLSP	Ministry of Labor and Social Policy
MoE	Ministry of Economy
M&E	Monitoring and Evaluation
NECC	National Entrepreneurship and Competitiveness Council
NGO	Non-Governmental Organization
PA	Public Administration
PMP	Performance and Monitoring Plan
PPD	Public-Private Dialogue
PR	Public Relations
RCI	Regional Competitiveness Initiative
REG Project	Regional Economic Growth Project
RIA	Regulatory Impact Assessment
SECO	Swiss State Secretariat for Economic Affairs
SoW	Scope of Work
SME	Small and Medium Enterprises

TFA	WTO Agreement on Trade Facilitation
USAID	United States Agency for International Development
US/USG	United States/United States Government
UNCTAD	United Nations Conference on Trade and Development
Y4/Y5	Year 4/Year 5
WCO	World Customs Organization
WTO	World Trade Organization

EXECUTIVE SUMMARY

This document represents the Work Plan for the Investment Development and Export Advancement Support (IDEAS) project (referred to hereinafter as the “project”) for the fifth and final year of its implementation. This Work Plan covers a period of 14 months, from November 1, 2014 until the completion of the Project on December 27, 2015 (representing a one-year extension from the original Period of Performance through December 27, 2014).

To date, the activities of the IDEAS Project have been divided under the following components: (1) Industrial Policy Implementation and Investment Aftercare, (2) Export Promotion, (3) Enhancement of Public Private Dialogue and (4) Public Procurement (finalized in the first two years of the project). All activities as defined under the primary Scope of Work in the first, second and fourth components, as noted above, were completed as planned. The project was successful in implementing various activities in all of the components that have been effective and led to enhanced capacity of GoM in supported areas.

Upon USAID’s recommendations and requirements, and based on USAID/Macedonia Inclusive Growth Diagnostic (IGD) and the submitted Scope of Work for the extension period, there are two new areas of intervention identified by USAID as well as continuation of the support in the PPD component. Namely, the work on institutionalized public private dialogue is a long process and it needs time before becoming effective and sustainable.

Hence, in the period covered by this Work Plan (Year 5 of the Project) additional work under the PPD component shall be undertaken, as well as in the areas of trade and inspections, as those areas were identified by USAID as most critical for economic growth.

In addition, in order to advance one of the objectives of the USAID Forward strategy, to “Promote sustainable development through high-impact partnerships and local solutions,” during this period of extension, IDEAS intends to support the establishment of a local organization. The intention is to represent the legacy of the Project, with an organization formed by representatives from the IDEAS Project local staff, and build its institutional capacity during the remaining life of the IDEAS Project. This will assist USAID in achieving long-term sustainable development, by strengthening local partners and organizations that will serve as engines of growth and progress.

Year 4 implementation - The project has completed the implementation of the fourth year Work Plan. All of the implemented activities were in-line with the project’s scope of work and USAID’s recommendations. During this period, the Project undertook activities to help implement economic development policies, build institutional capacity of Project partner organizations, and promote the public-private dialogue in the country. The activities were discussed, agreed upon and implemented in close cooperation with Project stakeholders from the public and private sectors (Deputy Prime Minister for Economic Affairs, Ministry of Economy, InvestMacedonia, Directorate for Technological Industrial Development Zones, Ministry of Information Society and Administration and all four Chambers of Commerce). Two out of three active components were finalized: Industrial Policy Implementation and Investment Aftercare and Export Promotion component. Both components were completed successfully, accomplishing the tasks stipulated in the project’s scope of work, as well as fulfilling the counterparts’ expectations for providing quality advisory and deliverables throughout the implementation of the activities.

These components and the indicators achieved will be archived and, based on USAID’s recommendation for the following extension period, will be substituted with the following components: *Component 1 - Enhanced international trade integration and trade facilitation* and *Component 2 - Streamlined business enabling environment for inspections*. The efforts in the PPD component will be continued in the extension period, as requested. All of these areas of intervention were carefully selected and prioritized by USAID, emphasizing the need for support aimed at improvement of the overall business environment.

Preparation of the Year 5 Work Plan – The components and types of activities are based on the guidelines and findings of the draft SoW submitted by USAID to Booz Allen on August 12, 2014, as well as based on internal Booz Allen and IDEAS Project and its counterparts' analysis of the implementation of the activities under the current IDEAS mandate and also taking into consideration the new developments in the economy of the country as a whole. Coordination and consultation meetings with several stakeholders were held in the past period discussing the priority needs for assistance, based on which, IDEAS proposes the activities in this Work Plan. However, due to the nature of the activities, some of the activities were defined in detail and others were more broadly defined in order to provide flexibility to accommodate stakeholders' priority needs with appropriate resources while accomplishing the Project's objectives, contractual obligations and agreed indicators. In any event, per practice to date, all activities will be additionally specified in several scopes of work that will be submitted to USAID for formal approval after additional consultations with relevant stakeholders.

The IDEAS Project, in the implementation of the activities under this extension period, will coordinate its activities with other donors and USG bilateral and regional programs, such as the World Bank, EU, SECO and REG Project. Special emphasis will be given to the activities that might have a regional aspect and impact. Therefore, IDEAS will seek collaboration with similar regional donors/projects.

The overall objective of the IDEAS extension will contribute towards increasing returns to economic activities, reducing total trade costs, strengthening the capacities of the existing public-private mechanisms, which at the end will foster an improved environment for participation of Macedonian companies in international value chains. Having in mind the successes during the past four years of implementation, the Project will build on that impetus, teaming it with the expertise of an organization established by the project's local staff. Implementation will contribute to the achievement of the USAID Mission's Economic Growth Assistance Objective Three: Increasing Job-Creating Private Sector Growth in Targeted Sectors, Intermediate Result IR 1: Improved Business Environment in Critical Areas for Investment, and Sub-IRs: 1.1 Strengthened Government Capacity to Implement Economic Policies and Programs and 1.2 Public-Private Dialogue Improved.

I. COMPONENT I – ENHANCED INTERNATIONAL TRADE INTEGRATION AND TRADE FACILITATION

I. Current Situation

As a small economy with a limited domestic market, Macedonia has no other choice but to pursue an open foreign trade regime. Recognizing this fact, trade integration initiatives were at the heart of all Macedonian economic policies implemented in the past two decades of transition. Trade integration efforts have been taking place on the multilateral and regional fronts.

Macedonia acceded to the World Trade Organization (WTO) in 2003. During the accession negotiations and in the period immediately after the accession, the country implemented an impressive number of reforms aimed at establishing a more open, transparent and efficient foreign trade regime. As a member of the WTO, Macedonia is committed to implement all new trading rules adopted under the auspices of the WTO and to make sure that its domestic policies fully comply with the legal principles set by the organization.

Macedonia's regional trade integration efforts have taken place on two levels – with the European Union and with the countries in the region of Southeast Europe.

As a country with strong trade links to the EU market and due to the fact that trade liberalization and integration are a cornerstone of approximation to the European Union, Macedonia has been harmonizing its trading regime with the EU for more than a decade. Activities in this field have taken place as part of the stabilization and association process launched with the Stabilization and Association Agreement signed between the Republic of Macedonia and the European Union in 2001. The implementation of this agreement, as well as other concurrent activities for harmonization of Macedonian trading regulations with the EU body of law are preparing Macedonia for eventual full membership to the EU Customs Union, which should take place when the country becomes a member of the Union.

Last, but definitely not least, during the past two decades Macedonia has continuously focused on increasing its level of trade integration with the countries in Southeast Europe. The process began with signing of bilateral free trade agreements with all countries in the region, which made Macedonia the leader of trade liberalization efforts in SEE. As the network of bilateral FTAs in the region was growing and becoming too complex and complicated to implement, it was decided to transform it into a comprehensive regional integration initiative known as Central European Free Trade Agreement (CEFTA). CEFTA was signed in 2006 as an inclusive regional association that sets the rules and principles for far-reaching cooperation among its parties that in addition to trade includes an array of other economic issues, such as investment, intellectual property rights, public procurement, and free movement of people and capital.

The assistance that will be provided by IDEAS to the Government of Macedonia under this component is closely linked to Macedonia's current need to continue to advance crucial global and regional trade integration efforts for the benefit of its traders and the overall economy.

In this context, all activities presented below are specifically designed to help the country and its institutions to successfully face the challenges of complying with and meeting the commitments and obligations towards the WTO, EU and CEFTA. Activities have been identified in light of the following recent developments that directly affect Macedonia's relationship with these organizations:

- At the last Ministerial Conference held in December 2013 in Bali, the WTO adopted the Agreement on Trade Facilitation (TFA). As a multilateral agreement, TFA is obligatory for every WTO member; thus Macedonia will soon be required to initiate activities for its ratification. With the assistance of USAID, in March 2014 Macedonia carried out a self-assessment to determine the level of compliance of its trade facilitation regime with the provisions of TFA. Even though the compliance level was respectably high, the self-assessment findings identified a few areas that Macedonia's institutions will need to tackle in order to be able to fully comply with the Agreement.
- Full harmonization with the EU customs regime is one of the key pre-conditions for the eventual membership of Macedonia to the EU Customs Union. An important segment of the harmonization efforts is the development of efficient and seamless transit of goods between Macedonia and the EU. As result of significant efforts carried out in the last several years, in March 2014 the Macedonian Customs Administration (CA) put into operation the New Computerized Transit System – NCTS, a software that enables integrated and uninterrupted tracking of goods in transit through the territories of Macedonia and the EU. The full implementation of the common transit procedure between Macedonia and the EU will be complete when the country signs the EU Convention on Common Transit, which is expected to take place in the course of 2015.
- According to the rules for a rotating chairmanship with CEFTA set in Article 41 of the Agreement, Macedonia is CEFTA's Chair in Office for 2014. The role of Chair requires from a country an engagement of exceptional resources to perform all related activities. One of the most challenging ones is the organization of the main annual CEFTA event – the CEFTA Week.

II. Planned Activities

The main counterpart institutions to the IDEAS Project for implementation of activities under this component of the scope of work are the Ministry of Economy (MoE) and the Customs Administration (CA).

(I) Organization of CEFTA Week 2014

CEFTA Week is a key annual event that is organized every year by the incumbent CEFTA Chair in Office. It takes place during the last quarter of the year and it features a series of panel discussions/workshops during the course of two days leading to the annual meeting of the CEFTA Joint Committee (committee of ministers of trade/economy of CEFTA Parties). The event provides a forum for discussion and exchange of opinion on trade-related topics among various stakeholders from all CEFTA Parties, such as government officials, international and donor organizations, private sector representatives and academia.

As Macedonia holds this position for 2014, CEFTA Week 2014 will be organized by the Macedonian Ministry of Economy. It is scheduled to take place on November 19 – 21, 2014 in Skopje. The event will consist of two days of panel discussions (November 19 – 20) leading to the Joint Committee meeting (closed meeting of ministers of trade/economy of CEFTA Parties - Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Moldova, Montenegro and Serbia) planned for November 21.

Upon specific request from MoE, IDEAS staff will provide comprehensive assistance for the organization of CEFTA Week 2014 in all aspects crucial for its successful realization. All activities will

be implemented in cooperation, coordination and consultations with the MoE and the CEFTA Secretariat in Brussels.

To this end, IDEAS staff in collaboration with the MoE will provide:

- Expert assistance to create the concept of the event, identify topics and speakers, draft the invitation and compose the list of participants. An effort will be made to create an inclusive event that will bring together government and private sector representatives from all CEFTA countries, relevant international organizations working in the region, such as the Regional Cooperation Council - RCC, OECD, World Bank, IFC, GIZ, UNCTAD, WTO, International Trade Centre – ITC, etc., and academia. Particular emphasis will be put on exploring all USAID trade-related activities in the CEFTA region and presenting them at the event to create implementation synergies with existing and future CEFTA efforts for boosting economic interaction among the countries in the region. In this context, IDEAS plans to include in the program for CEFTA Week a separate session on the implementation of the recently adopted WTO Agreement on Trade Facilitation in CEFTA countries. This session will be a valuable opportunity to present the findings of the TFA self-assessments carried out with USAID support in five countries in the region and discuss all joint compliance challenges. In addition, IDEAS will make an effort to include in the CEFTA Week program other relevant USAID work, e.g. activities implemented by the Regional Economic Growth Project (REG) aimed at increasing investment and competitiveness of specific regional value chains.
- Design the program. IDEAS will develop the concept of the program for the event, identifying the main topics that will be addressed, their distribution into segments and sessions/panels and potential participants – institutions and/or individuals. The program concept will be sent to the Ministry of Economy and the CEFTA Secretariat for their review and input.
- Speaking arrangements. Arrange and coordinate with individual speakers the details of their participation, i.e. respective session, content and subject of the presentation, duration, and mode of delivery.
- Support the logistical aspects of the event. Selection and reservation of an appropriate venue, lunches and refreshments, event materials, interpretation services, technical equipment and related logistical details.
- Prepare the CEFTA Week 2014 final report. As final product of the event, the report must include information on the key topics discussed, the speakers and the issues that require future action. In addition to substance, the report must contain appropriate photo illustrations. Once printed, it will be distributed to the participants of the event. IDEAS will arrange that all necessary notes and photographs are taken, as well as draft and print the CEFTA Week 2014 final report.
- Cover a significant share of the organization costs. Though IDEAS will cover a significant share of the expenses related to the above activities, it will insist on MoE's participation in the overall budget for CEFTA Week 2014. IDEAS will make an effort that the final financial arrangement strikes a fair balance between the financial capabilities of MoE and the need for demonstration of their commitment to the successful realization of this activity.

(2) Implementation of internationally recognized methodology for measuring the time for release of goods

Regular and efficient measuring of the time for release of goods in import and export procedures is an important benchmarking tool that enables monitoring of the impact and the effects of trade

facilitation measures implemented by the Customs Administration (CA) and other border agencies and helps identify bottlenecks that require future attention.

The fact that Macedonia does not use an internationally-recognized methodology for measuring time was one of the findings of the TFA self-assessment carried out by USAID in March 2014.

Recognizing the importance of this initiative, CA sought assistance for its implementation. IDEAS will provide the necessary support by carrying out the following activities:

- Identify a specific methodology. In discussions held so far, CA has expressed a preference for the WCO Time Release Study which is one of the best-known methodologies available in global terms. A final decision in this regard will be made upon deeper analysis of the details and the procedure for implementation and definitely in close consultations with CA.
- Train the relevant staff on the selected methodology. The main purpose of the training will be to strengthen the knowledge of the employees of CA and potentially other border agencies that will be engaged in the implementation of the time measuring methodology.
- Assist with the initial implementation of the methodology. Time and resources allowing, IDEAS plans to support the first measuring of export/import release times carried out following the new methodology. Assistance may be including some or all of the following activities: setting up of the internal procedures for the measuring process, establishment of the body in charge of implementation, collection of data, etc.

(3) Capacity building for Customs Administration transit coordinators

One of the key trade facilitation challenges for Macedonia is the implementation of the EU common transit procedure – a process that should be completed when Macedonia accedes to the EU Convention on a Common Transit Procedure.

The first important step in this process was the development and the launching of the New Computerized Transit System – NCTS which was done by the Customs Administration in March 2014.

The second key pre-condition was the appointment of national, regional and local transit coordinators who should serve as contact points for all transit-related issues with other customs administrations, as well as with the business community. One national, five regional and eleven local transit coordinators have been appointed with a decision of the Director of CA in April 2014.

To be able to perform their role in the implementation of the common transit procedure and the functioning of NCTS, they require a proper practical training that will help them to fully understand their responsibilities for coordination of transit operations and to perform them in an efficient and effective way. IDEAS will explore two approaches to achieve this.

The first approach will be to organize a study visit to a country that is part of the common transit area for a substantive period of time to enable the Macedonian transit coordinators to have a peer-to-peer exchange of experience on all issues of their interest. The second would encompass organization of in-country training delivered by trainer(s) who hold practical experience with the functioning of the common transit concept. The decision on the mode of assistance will be made in consultations with the Customs Administration.

Although the list of specific implementation activities will highly depend on the selected way of assistance, IDEAS will in general focus on the following:

- Identify a country, i.e. customs administration that will host the delegation from Macedonia or select appropriate trainer(s).
- Design the program for the study visit or the training, taking into consideration the particular needs and issues of interest of the Macedonian transit coordinators.
- Organize the logistics for the study visit or the training – travel and accommodation for participants and/or trainer(s).
- Cover the related expenses.

All activities relating to building the capacity of the CA transit coordinators will be carried out in cooperation and consultations with the Macedonian Customs Administration.

(4) National Trade Facilitation Committee and Trade Facilitation Enquiry Point

The establishment of a national Trade Facilitation Committee and Trade Facilitation Enquiry Point are two main requirements of WTO TFA that Macedonia must satisfy in order to achieve full compliance with the agreement and they must be met prior to its ratification. Their establishment will not only present a formal fulfillment of a WTO commitment, but will also significantly increase the quality of implementation of all trade facilitation activities in Macedonia in the future.

The Trade Facilitation Committee will enable efficient and functioning coordination and dialogue among all public- and private-sector stakeholders involved in cross-border trade in Macedonia. The role of the Trade Facilitation Enquiry Point will be to provide a single location where importers, exporters and authorities from other countries could seek and receive relevant information, thus improving the efficiency and transparency of cross-border procedures.

To support and facilitate the process of establishment of these two bodies, IDEAS plans to carry out the following two sets of activities:

- Initiate and facilitate dialogue among relevant government authorities to discuss the possible options: creation of new or transformation of existing bodies/mechanisms.
- Provide technical assistance to define the scope of work of these two bodies, their role and manner of operation.

Assistance activities will be carried out in close cooperation with the Ministry of Economy and the CA as the key institutions responsible for creation and implementation of policies in the area of trade facilitation. The outcome of the assistance will to a great extent depend on the current GoM priorities and its decision-making efficiency.

(5) Translate the WTO Agreement on Trade Facilitation

In order to be presented to the Macedonian Parliament for ratification, the WTO Agreement on Trade Facilitation must be translated to Macedonian language.

As a descendant of the USAID WTO-related projects implemented by Booz Allen Hamilton that have more than a decade ago translated the whole package of Results of the Uruguay Round of

Multilateral Trade Negotiations, IDEAS holds an expertise to produce a high-quality translation of the Agreement.

The process of preparation of the Macedonian text of the WTO Agreement on Trade Facilitation will include linguistic translation, as well as legal editing by an international trade lawyer familiar with the specific WTO terminology.

(6) Other activities contributing to enhancing international trade integration

In addition to the above specific activities, IDEAS reserves the flexibility, subject to availability of resources, to implement other activities aimed at enhancing Macedonia's trade integration as an overall objective of this component. If and when identified, such activities will be presented to USAID for review and approval.

III. Expected Results

IDEAS will support Macedonia to further enhance its global and regional trade integration efforts through implementation of concrete and targeted activities designed to directly address some of the most urgent needs of the beneficiary institutions in the identified areas.

In general, successful completion of the assistance described below is expected to help Macedonia to continue to play a constructive role in the international trading arena and to make additional progress its relations with the global and regional trade regulation partners – World Trade Organization, European Union and CEFTA.

More specifically, implementation of the activities supported by IDEAS will produce the following outcomes:

- Successful organization of the CEFTA Week 2014 under Macedonia's Chairmanship. Discussions and presentations under the four sessions of the event will enable the countries in the region and their partners from international organizations to advance regional cooperation by identifying the opportunities and the challenges for increasing investment levels, developing regional value chains, facilitating trade across borders and improving the public-private sector dialogue within CEFTA. CEFTA Week 2014 will also result in adoption and signing of numerous decisions by the Joint Committee of Ministers that will further enhance trading relations among the countries in the region. Last, but not least, the quality of the organization of the event will confirm the reputation of Macedonia as a leader of trade cooperation in the region.
- Strengthened capacity of transit coordinators in the CA. Transit coordinators fully understand the process of common transit and their role in it and are prepared to successfully and effectively perform their duties under the EU Convention on a Common Transit Procedure and the applicable customs legislation in Macedonia. The successful implementation of the common transit system will ultimately result in more efficient transit through the customs territory of Macedonia and faster movement of Macedonian goods through European transport corridors.
- Internationally recognized methodology for measuring the time for clearance of goods upon import and export implemented. This methodology will be a valuable benchmarking tool for the CA and other border agencies and will provide them with concrete data on the processing times for every border agency and for every step of the clearance procedure. By analyzing the collected data, customs authorities will be able to identify bottlenecks and plan their future trade facilitation activities.

- National Trade Facilitation Committee and Trade Facilitation Enquiry Point established and operational. Existence of these two bodies will not only present a fulfillment of commitments arising from Macedonia's membership to the WTO, but also significantly enhance the coordination among institutions involved in cross-border trade, improve the dialogue between the government and traders and facilitate the process of provision of information to importers and exporters.
- Reliable and legally correct Macedonian text of the WTO Agreement on Trade Facilitation produced as a main pre-condition for its ratification and implementation.

Component 1 – Enhanced International Trade Integration and Trade Facilitation					
	Initiative	Objective	Timeline	Partners	Budget (\$) and Additional Local/Foreign Experts
Activity 1 – CEFTA Week 2014					
	Assist the Ministry of Economy in the organization of CEFTA Week 2014: <ul style="list-style-type: none"> - Provide expert assistance to design the event program, identify topics and speakers, draft the invitation and compose the list of participants. - Design the program for CEFTA Week 2014. - Arrange and coordinate with individual speakers the details of their participation, i.e. respective session, content and subject of the presentation, duration, and mode of delivery. - Support organizational and logistic aspects of the event. - Prepare CEFTA Week final report. - Cover significant share of the organizational costs. 	Help Ministry of Economy to fulfil an important obligation arising from CEFTA Chairmanship and enable a diverse and valuable regional discussion on various trade-related topics among multiple stakeholders from countries in the region.	November 2014 – January 2015	Ministry of Economy	Total budget: \$20,000 <ul style="list-style-type: none"> - Organization and logistic costs - Printing of conference materials and final report
Activity 2 – Measuring the time for release of goods					
	Assist the Customs Administration to introduce and fully implement internationally recognized methodology for measuring the time for release of goods: <ul style="list-style-type: none"> - Identify a specific methodology in close consultations with the Customs Administration. - Train the relevant staff from the Customs Administration and other border agencies to familiarize them with the selected methodology and strengthen their understanding of the implementation steps and details. - Assist with the initial implementation of the methodology. 	Introduce reliable benchmarking tool that will increase the quality of implementation and monitoring of trade facilitation efforts carried out by border agencies.	January – September 2015	Customs Administration Other border agencies	Total budget: \$10,000 <ul style="list-style-type: none"> - Foreign expert
Activity 3 – Capacity building for Customs Administration transit coordinators					

Component I – Enhanced International Trade Integration and Trade Facilitation					
	Initiative	Objective	Timeline	Partners	Budget (\$) and Additional Local/Foreign Experts
	Organize study visit or in-country training for the Customs Administration transit coordinators: <ul style="list-style-type: none"> - Identify a country, i.e. customs administration that will host the delegation from Macedonia or select appropriate trainer(s). - Design the program for the study visit or the training. - Organize the logistics – travel and accommodation of the study visit participants or the trainer(s). - Cover the related expenses. 	Enable efficient and smooth implementation of the EU common transit procedure in Macedonia.	March – June 2015	Customs Administration	Total budget: \$9,000 - Organization costs - Foreign expert
Activity 4 – National Trade Facilitation Committee and Trade Facilitation Enquiry Point					
	Support the establishment of the National Trade Facilitation Committee and the Trade Facilitation Enquiry Point: <ul style="list-style-type: none"> - Initiate and facilitate dialogue among relevant government authorities to discuss the possible options: creation of new or transformation of existing bodies/mechanisms. - Provide technical assistance to define the scope of work of these two bodies, their role and manner of operation. 	Assist the Government of Macedonia to establish mechanisms that will increase the quality of trade facilitation initiatives and to meet mandatory commitments set in the WTO Agreement on Trade Facilitation.	January – June 2015	Ministry of Economy Customs Administration	n/a
Activity 5 – Translation of the WTO Agreement on Trade Facilitation					
	Produce a reliable Macedonian language version of the WTO Agreement on Trade Facilitation: <ul style="list-style-type: none"> - Linguistic translation of the text of the Agreement from English to Macedonian. - Legal editing of the text by an international trade lawyer familiar with WTO terminology. 	Facilitate the process for ratification of the WTO Agreement on Trade Facilitation by the Macedonian Parliament and provide Macedonian institutions and experts with a credible version of this important legal text.	February – March 2015	Ministry of Economy	Total budget: \$1,000 - Translation costs
TOTAL BUDGET FOR COMPONENT I – \$40,000					

II. COMPONENT II – STREAMLINED BUSINESS ENABLING ENVIRONMENT FOR INSPECTIONS

I. Current Situation

Although Macedonia is a recognized business environment reformer, undertaking serious reforms and rising in the World Bank rankings in several categories, businesses are still facing numerous regulatory and compliance obstacles and challenges in their daily operations. One particularly important area for business is inspections. Businesses face numerous types of inspections almost daily while at the same time relevant legislation changes frequently and without appropriate consultation with the private sector. In addition, these changes are without proper training, institutional capacity or a clear understanding and appropriate interpretation of the subject legislation. Although in certain cases compliance is a problem for the business sector, the penalties for non-compliance are extremely high and seem unreasonable. Some of these findings correspond with the USAID/Macedonia inclusive growth diagnostic (IGD) report that was presented to the Government in Macedonia in spring of 2014.

In order to address these constraints, the Government of Macedonia established the Council of Inspection Authorities (CIA) in February 2014. The introduction of this new body was included in the changes to the Law on Inspection Surveillance (Official Gazette no. 147 of October 28, 2013). The CIA has a mandate to protect the competitiveness of the economy, improve the rule of law, improve the fiscal state of the government, and to protect the health and wellbeing of citizens. The CIA is chaired by a President and has six other members who are also professionally employed in the Council. Some of the most relevant competencies of the CIA include, *inter alia*: (a) coordinate the inspection surveillance and monitor the operations of inspectorates and their performance; (b) develop and monitor methods for inspection surveillance; (c) provide comments to relevant legislation; (d) adopt and implement annual training and educational programs of inspectors and issue licenses to inspectors, and (e) conduct international cooperation in the field of inspections.

The CIA President prepared a Work Program of the CIA for the period 2014 – 2016 (Program) which was adopted by the Government. The comprehensive Program contains more than 200 different measures and action items listed under 9 different categories. The Program represents the core document based on which the operation and functioning of the CIA will be handled in the next two years and serves as a baseline document for potential assistance to be considered and provided by the IDEAS Project to the CIA. In regard to this, the IDEAS Project, with close consultation and upon approval by USAID shall determine additional activities that may be supported, or already defined activities to be accommodated with the current situation, given there are sufficient funds and timeframe for implementation of the contract.

The CIA is a newly formed body that lacks human resources and knowledge to deal successfully with this new important mandate. In addition, there is a substantive lack of knowledge among approximately 800 inspectors working at 15 inspectorates and another 29 government bodies that have certain scope to perform inspections. Some of the important problems include also the lack of appropriate and up to date methodology to perform inspections and the lack of clear division between central and local government inspections. Several of these problems are based on the fact that there is a complicated set of primary and secondary legislation existing in practice. The IDEAS Project will work closely with the CIA and, where appropriate, with the respective inspectorates, in order to address some of these most important challenges and hence to contribute to improving the operations of the CIA and some of the most relevant inspectorates and also to ensuring a better business climate for the private sector. The focus will be primarily on facilitating the implementation

and execution of the authorizations specified by the Law to CIA, such as: coordination of the work and performance of the inspection authorities; reviewing and resolving issues with regard to the performance of the inspection authorities; professional capacity building and continuous education of the inspectors; overseeing the application of the Law on Inspection Surveillance and other relevant legislation required for appropriate implementation and execution of inspection surveillance. The efforts of the IDEAS Project shall contribute to the overall goals of the inspections *i.e.* to protect the competitiveness of the economy, improve the rule of law in this area, improve fiscal state of the government, and to protect the health and wellbeing of citizens.

II. Planned Activities

In order to address the above-mentioned constraints and to achieve certain level of enhancement of the functioning of the inspection systems in the country, IDEAS will work on two sets of activities: (1) Assist in streamlining the relevant regulatory framework and (2) Help CIA building its institutional capacities.

These two sets of activities are explained in more detail below.

(1) Assist in streamlining the relevant regulatory framework

The system of inspections is a rather complicated and comprehensive system that involves one main law (Law on Inspection Surveillance), as “Lex Specialis” and numerous other laws “Lex Generalis” and secondary legislation (app. 200 pieces of legislation) that deal with different and specific aspects of inspections. IDEAS, together with CIA, will work on a comprehensive Regulatory Framework Report to address the issues such as:

- Review of the existing Law on Inspection Surveillance, as the most important Law concerning CIA and defining its scope of authorities and organization, and suggest changes if appropriate
- Approximate the compliance of other relevant laws and secondary legislation with the Law on Inspection Surveillance and other relevant laws and suggest types of changes where appropriate
- Determine the need and main scope of other laws and/or secondary legislation that should be adopted for the purpose of operation of the CIA and
- Conduct brief analysis of other countries’ legislative framework best practices and experiences with similar inspection systems. This Regulatory Framework Report shall be submitted formally to the CIA for consideration and possible further action.

In order to provide a comprehensive and quality report IDEAS, in close cooperation with CIA, will consider engagement of expert(s) to produce the Report. The IDEAS Staff, having legal background and experience with this type of effort, will also be substantially involved on a day to day basis. One of the options considered is to engage and consult with the Macedonian Lawyers Association (MLA) and/or the Law Faculty in Skopje. These two institutions represent the most relevant institutions in the country with regard to reviewing and providing opinions for regulatory amendments and enhancements. The MLA (formerly known as the Macedonian Business Lawyers Association), should provide quality insight into the legislation covering the inspections area and produce valuable findings and suggestions aimed at improving the business environment. We believe that this Report will represent a baseline for all other undertakings of both IDEAS and CIA that will be targeted towards strengthening the role of this body, as well as towards better implementation of the Law on Inspection Surveillance.

(2) Help CIA building its institutional capacity

USAID, BAH and the IDEAS staff have previous experience working with newly established bodies, or organizations with a new mandate, setting up their organization and frameworks and/or prioritizing the areas of support that need it most. Some of the institutions that have received our support in the past few years are: the Agency for Electronic Communications (AEC), the Public Procurement Bureau (PPB), the Credit Bureau, InvestMacedonia, and NECC. As noted before, the CIA is a recently established body that lacks human capacity to undertake such an important task in full capacity at this stage. In addition, the knowledge of the inspectors working under the auspices of other inspectorates is also rather low and outdated. For that reason and in order to increase the knowledge and capacity of the CIA and inspectors in relevant inspectorates and other bodies, IDEAS will design several capacity building programs that will enhance the quality of inspections in general and secure a transparent and predictable climate for businesses.

Such capacity building programs may include:

- Design and conduct general and specific tailor-made trainings and educational programs for CIA and relevant inspectorates; based on the meetings held with CIA, one of the main focus areas for these trainings should be the proper usage and implementation of the Law on General Administrative Procedure, a law that provides the basis and runs the functioning of all public/governmental bodies. Other areas that need immediate consideration are Intellectual Property rights, Ecology and Health, and Consumer Protection. Based on the Report and the consultations with CIA, areas for support will be closely defined, after which a comprehensive approach for implementation of the trainings and educational programs will be developed
- Organization of a study visit in another country with similar and relevant experiences and/or organization of in-country meeting/conference with countries from the region that have experience setting up inspection surveillance systems. This would enable the CIA to learn about best practices and share experiences, especially in areas such as methodologies of coordination and surveillance of different inspection bodies; also, based on the budget, and to ensure comprehensiveness of the regional experience, a regional tour may be organized, instead of a one-country visit. If this is the case, than the Conference will be held as a follow-up to the experience exchange and it will be focused on implemented solutions and practices learnt, as well as in guidelines and suggestions for further improvement of the inspection surveillance systems in the region.
- Introduction of new and/or improvement of existing e-Gov and other relevant IT solutions that will improve the operation of CIA and relevant inspectorates and enhance its coordination and monitoring, but also disseminate relevant information to the general public.

USAID, through the BEA Project, introduced software within the State Market Inspectorate (SMI) aimed at better functioning of the SMI and ensuring tracking records of both the performance of the inspectors individually, as well as the inspectorate as a body. Since one of the CIA's functions is to coordinate and monitor the performance of the inspection authorities, we believe that the previously introduced software should be appropriately adjusted and used as a pilot project for connecting the inspections and the CIA, as the coordinating body, as requested by CIA. This effort may also include other software solutions, such as introduction of a CRM system within CIA in order to improve the functioning and efficiency of the institutions. These actions will be determined based on the needs of CIA and the available budget.

All of these activities represent a fraction of actions needed to bring CIA to an efficient level of functioning. However, they represent a sound basis for setting up an inspection system that will, through a long term effort, set up a favorable and secure business environment.

III. Expected Results

- (1) CIA with strengthened human and institutional capacity in order to successfully undertake its mandate given by the law
- (2) Trained and educated inspectors that will ensure timely, transparent and quality inspections

Component II – Streamlined Business Enabling Environment for Inspections					
	Initiative	Objective	Timeline	Partners	Budget and Additional Local/Foreign Experts
Activity 1 - Assist in streamlining the relevant regulatory framework					
1.	Create a comprehensive Regulatory Framework Report that will provide an insight of the overall functioning of the Inspection Surveillance, from the legal point of view	The main objective is to harmonize the Law on Inspection Surveillance as the main Law (“Lex Specialis”), with other relevant Laws and sub-legislations, suggest relevant amendments where/if needed and make a comparative analysis with other countries’ inspection systems	December 2014 – January 2015	CIA, legal profession associations	Total budget: \$7,000.00 - Local Expert(s)
Activity 2 - Help CIA building its institutional capacity					
1.	Design and conduct general and specific tailor made trainings and educational programs for CIA and relevant inspectorates	Build CIA, inspections authorities and individual inspectors’ capacities in order to ensure proper and implementation of laws and other regulations for more efficient inspection system	March 2015 – September 2015	CIA, relevant inspectorates	Total budget: \$15,000.00 - Local Expert(s) - Organization costs
2.	Organization of a study visit in another country with similar and relevant experiences and/or organization of in-country meeting/conference with countries from the region that are practiced in setting up inspection surveillance systems	Learn about the best practices and share experiences, especially in areas such as methodologies of coordination and surveillance of different inspection bodies and obtain suggestions for further improvement of the inspection surveillance system	February 2015 – September 2015	CIA	Total budget: \$20,000.00 - Organization and travel costs
3.	Introduction of new and/or improvement of existing e-Gov and other relevant IT solutions	Improve the operation of CIA and relevant inspectorates and enhance its coordination and monitoring, but also disseminate relevant information to the general public	January 2015 – September 2015	CIA, relevant inspectorates	Total budget: \$10,000.00 - IT Company
TOTAL BUDGET FOR COMPONENT II - \$52,000.00					

III. COMPONENT III – STRENGTHENED INSTITUTIONALIZED PUBLIC-PRIVATE DIALOGUE

I. Current Situation

The environment for a sustainable PPD process in Macedonia significantly improved with the efforts of IDEAS over the past four years. We provided and maintained the necessary political momentum followed by the commitment of the business community. On one hand, NECC is established, introduced and fully operational with staff and facilities as the most relevant national dialogue platform and the voice of the business community in its relation to the GoM and the civil sector, while on the other hand, ENER as a PPD instrument was subject to radical improvement, providing a completely new portal.

Strengthened capacities of the Chambers of Commerce (CoC) and Business Associations (BA) increased their readiness to participate in the decision-making process to create a better and more competitive business environment.

This positive change is not only visible in their new approach towards dialogue through evidence-based policy papers providing better visibility and effects, but also in their participation in the policy-making process, through consultations using the ENER system. Namely, the positive trend shown when the number of visits to the system in the first 6 months of 2013 was higher than the total of the previous 4 years continued in 2014, illustrating the increased awareness and acceptance of this new and improved PPD mechanism.

Macedonia's improved standing in 2013 came after the strong recognition of our efforts in the 2012 competitiveness report from the World Economic Forum. Macedonia's strongest achievements and progress were noted also in the field of transparency in policy-making related to business. This is by definition strongly connected to our efforts and results in the past years.

As noted in the latest EU-Accession report, there is need to improve the percentage of regulatory proposals by the GoM submitted to RIA and public consultation through the ENER portal. The number of legal proposals processed as "urgent" or "in a shortened procedure" thereby not being subject to RIA and ENER, is still at an unacceptable level and we will focus on this issue.

Our established relations over the years ensure the further commitment of the GoM and public administration to continue building sustainable PPD with businesses and other stakeholders. In that sense, our counterparts remain committed to collaborating on our activities to provide assistance to build capacities in the PPD process. The position of the GoM, to build an institutionalized approach, defined by official mechanisms, for best results in mutual coordination, has not changed and will be of key importance for our team in the coming year as well.

The main challenge for the Project team ahead is to ensure our mechanisms and instruments remain sustainable in the long run, after the project ends. Having a strong and lasting impact on society at large, by enabling effective dialogue and better policies, is the best legacy we can provide.

The NECC is consensually recognized by all stakeholders as the key institutional PPD mechanism. The ENER portal and policy-papers are the national instruments for PPD as part of the Regulatory Impact Assessment (RIA) process. This mechanism and the instruments remain in line with the goals of the IDEAS project, with a focus on export and investment as a crosscutting commitment.

a. National Entrepreneurship and Competitiveness Council (NECC)

After having established and professionalized NECC, our efforts over the course of FY2014 were focused on two main issues:

- Strengthening the recognized position as the joint PPD voice of the business community, and
- Realization of phase three of the long-term self-sustainability model.

Strengthening the recognized position of NECC as national PPD platform:

Today, the NECC is recognized and well positioned. It includes 17 Chambers of Commerce, Business Associations and clusters, as well as academic institutions. The working committees include over 120 professionals from member-institutions and companies, all investing their personal time to help define decisions and proposals of interest to the business community.

In the past years of engagement, recognition came on several levels, among which,

- NECC is the business community member in the national working group at the Ministry of Labor and Social Policy (MLSP), annually defining the operational plan for employment-support measures and monitoring implementation through the state employment agency;
- The NECC human resources committee actively participates in defining the national brain-drain strategy with the Ministry of Education and Science, as a document that will define mechanisms to keep Macedonia's young intellectual potential in the country;
- A task-force of eight ministries and institutions was formed by the GoM to work with the NECC textile committee on developing solutions to the challenges in this industry;
- NECC is leading an ongoing effort of a joint working group with the MLSP and six agencies and institutions to include the business community in the area of social welfare, child care and care for older persons and people with disabilities;
- NECC is the sole partner on behalf of the business community in a successfully completed project carried out with the MLSP, employment agency and 48 municipalities, having hosted forums with employers in 48 municipalities in Macedonia, with over 600 companies attending;
- NECC represented the business community at a conference of NGOs on how to approach businesses as donors and build financial support partnerships;
- NECC is in the process of being appointed a national partner for the preparation of the WEF Competitiveness report;
- NECC established cooperation with the regional ILO and UNIDO offices and is working on the next steps on issues;
- As the sole representative of the private sector, NECC contributes to the definition of the National Project for Skills and Innovation at the Education Ministry;
- More than 90 working sessions, roundtables and seminars were organized by the NECC and IDEAS for NECC member companies on different issues and with strong attendance in Skopje and 51 municipalities in the country.

These activities were realized with the efforts of the IDEAS Project team, acting as the executive office of NECC with the inclusion of all members, as well as taking care of its administrative duties.

Realization of phase three of the long-term self-sustainability model

In the past years, all legal and operational processes were completed and all necessary documents were produced by IDEAS to assist NECC to be operational as an NGO. The NECC is now completely covered with registration, books of rules, statute and all other acts enabling it to function properly and apply for funds.

In addition, NECC now has a professional team of an Executive Director and an Administrative assistant, highly motivated and active in reviewing the current model, documents and working on the program for 2015, to be approved by the Management board no later than January 2015.

Its founding members were assisted in defining fields of common interest in which they can work together, in a way that is clearly distinct from their regular work as CoC/BA. With regard to the autonomy of the CoC/BA, it is important to stress that the NECC does not aim to become competition for CoCs. On the contrary, the NECC will only address issues all CoC's agree to work together on, when they require nation-wide action, without jeopardizing the autonomy of the CoC's in their fields of authority. This is a very important distinction for the NECC's sustainability in order to ensure the long-term support of its members.

This included a series of organizational activities, three assembly sessions as well as regular sessions of the NECC, 22 committee meetings and other tasks.

However, in order to provide long-term success, moving on to the phase that will secure NECC's long-term sustainability poses several challenges:

- Though reduced, skepticism previously present among stakeholders about the success to restore the NECC remains and must be addressed, through the political will of the GoM and our efforts.
- The need for education and best-practice exchange is still very much needed. Though our efforts have led to much progress, stakeholders remain insufficiently educated and unaware of many aspects of PPD and the NECC initiative. This issue can only be solved by continuing to work on education and the sharing of positive experiences with comparable economies.
- The impact of the financial crisis continues, and the CoCs are suffering its effects in their budgets, which influenced the level of their financial commitment with regard to membership fees and other contribution readiness.

The NECC's authority and trust remains closely tied to the level of professionalism of the executive office. For that reason, IDEAS helped NECC establish the executive office as an independent entity, with external assistance from donors but focusing on self-sustainable financing sources.

After having anticipated these challenges, we accordingly focused our planned activities on three main fields: operational support, capacity building and education and awareness.

b. ENER as a PPD instrument and RIA (Regulatory Impact Assessment)

Our ongoing assistance, carried out in coordination with other donor organizations, enabled us to provide adequate solutions to requests of the Ministry of Information Society and Administration (MISA) in charge of ENER/RIA. This is the most efficient way to increase the understanding that ENER is the best tool for the business community to access and actively participate in the policy-creation process and should therefore be considered an integral part of the PPD national process.

The consultative sessions with ENER users, the performed expert analysis and the report emphasized the need for further improvements to the web portal. The significantly increased use of ENER by a much wider community of users brought more quantity and quality in the suggestions and requests for improvements. Building on that achievement, it became necessary to provide expert assistance and invest in awareness among the broader public, as well as in promotional activities to achieve stronger acceptance. In addition, it proved to be necessary to invest in the education of the public administration, both as users or administrators of the system.

This approach yielded very good results, providing MISA with a final document from IDEAS' external consultant, including a detailed analysis of the existent ENER/RIA model and technical specifications, continuing with the software upgrade and implementation of the final recommendations in 2014. The task of radically improving and upgrading ENER was successfully finalized, aiming to achieve stronger awareness in the public on ENER and policy-consultation processes. ENER is today visibly and functionally practically a new portal, much more attractive and user-friendly.

These steps resulted in an improved commitment of public administration based on its improved knowledge and understanding of the benefits that this model offers them and society.

Our events brought the public, private and civil sectors together and helped build an inter-sectorial team of professionals collaborating in the field of ENER/RIA and PPD and helping each other in the process. This form of cooperation is of critical importance to the success of this process.

RIA must be assisted to have a higher usage rate, especially by the private sector. We will continue our efforts in coordinating with the GoM in meeting its needs, having in mind the main priorities: further improvement to the ENER instrument, and working with the CoCs and BA, which remain weak links in the PPD process from the aspect of RIA/ENER.

Main challenges ahead include:

- Despite the progress achieved and the improved use of the system, there is still an insufficient knowledge base among stakeholders and little awareness of the advantages offered by RIA and ENER or the methods to implement them.
- There is still much room for improvement in the effort to make the public administration more efficient in its use of RIA. Though mandatory, it is still not consistently used in practice, mainly because GoM ministries propose regulations in a manner that is excluded from RIA or fail to upload their plans for using RIA onto their and the ENER (www.ener.gov.mk) websites.

The measures undertaken by the GoM to put more pressure on the ministries to practice RIA remain ongoing and persistent, resulting in a notably higher commitment in FY2014. However, the political will still needs time and efforts to reduce the number of regulations proposed and give them sufficient time to be processed in the RIA process. In that sense, we continue to support this trend as the only model providing sustainability.

c. Chambers of Commerce (CoC)/Business associations (BA)

Though CoCs and BAs improved their capacities and approach to dialogue, moving from a passive to an active position commensurate with the position of a contributing party to the process, further assistance is needed for more knowledge and expertise, to make them a completely relevant counterpart of the GoM in offering solutions to problems, based on facts and systematic research and reports.

The private sector, amid its improved competitiveness and long-term sustainability, remains our key stakeholder and plays a leading role in the process. The serious challenges identified in the past continue to influence the situation in the current year as well:

- CoCs and BAs do not communicate effectively with each other and have difficulties in defining a joint strategy and/or concrete requests from other stakeholders, thus limiting their capability to become a relevant counterpart in the process. This has partially changed with NECC but it is still too early to consider this problem solved;
- Despite the efforts made in FY2013, there is still the need and the room to improve knowledge among CoCs and BAs to define and issue economic policy documents as a key condition for successful dialogue with the public sector. There is a high turnover among staff and the need for education is constant. Much was achieved with the CoCs and BAs and we will continue to build on our achievements; and

- In PPD, there is no alternative to producing high-quality policy papers. We will continue these efforts in Year 5, by using the NECC as a joint platform for the CoCs and BAs. The ability to present and advocate the business community interests is of utmost importance and will remain our focus in the year to come.

All events and activities provided are for the benefit of the business community, and are directly connected to those planned in part by a) NECC; and b) RIA/ENER since they all serve the same audience: the business community.

II. Planned Activities

While keeping our main priority in sight, the IDEAS project will continue to establish and improve PPD instruments and mechanisms in Year 5, focusing on post-project sustainability; introducing new procedures; initiating research and experience exchange on the best practice model; tracking the progress of issues; helping stakeholders achieve resolution.

Our Project will work with the new NECC staff on a daily basis, building them into a relevant and operational team, respected by the member institutions and considered to be reliable to advocate for the interest of the business community.

The Project will provide training and mentoring on various advocacy approaches for national instruments for PPD, BA and CoCs, such as sharing best practices, research, policy papers and staging conferences, public debates and other events.

In accordance with our already-realized activities from FY 2014, we will perform all of these activities by providing mentoring and capacity-building for private sector, government and civil society partners to ensure their sustainability beyond the project's end.

ACTIVITY I – Support to the NECC

As previously elaborated, in Year 5 we will build on the achievements from previous years, providing three pillars of assistance to the NECC:

I.1 Assistance to the NECC in operational issues

- Assist NECC as executive office in operational issues until operational self-sustainability is provided

Now that the executive office is completely professionalized and separated from the IDEAS project in terms of daily functioning, at the request of the GoM and the business community, the IDEAS project will support NECC's executive office performance to reach a sustainable level that would make it feasible to continue its work and financing after the end of the IDEAS project.

In order to achieve that level, a series of activities must be performed, including financial assistance for lease of facilities, salaries for the NECC Director and assistant, and related expenses until the end of 2015; assistance to the staff of the executive office in the daily functioning of the office; legal and logistical support with project resources for specific activities organized by NECC; staff, facilities, equipment; assistance in preparing the action plan of NECC and its committees for 2015; help draft the new budgeting and financing system of NECC, rules of conduct, reporting and monitoring system; upgrading the website to an interactive web portal and other activities, according to the operational plan. IDEAS will seek appropriate co-funding from GoM and NECC members.

This assistance is crucial for the new NECC team, to ensure that at Project's end they will be prepared to continue their work and status in the business community.

1.2. Education assistance

This task continues after the needed preconditions, in terms of NECC readiness for providing educational support, were met. The training department of NECC should, over the years, develop into a competitiveness center of excellence providing knowledge on a national and regional level. For this purpose, we strongly rely on joining efforts and funds with other donor organizations and the GoM funds which were already agreed upon and remain subject to legal procedure going forward.

Main NECC priority remains the creation of proposals on competitiveness issues. These proposals will be prepared by the business sector (members of NECC) and submitted to the GoM by NECC, as this body represents the main vehicle for dialogue between public and private sector. We will further strengthen the capacities of NECC members and support staff to increase knowledge, best practices, advocacy and ability to use sophisticated methods of PPD and create policy papers with the proven methods. The committees will identify priorities for policy solutions and three issues will be selected for policy paper creation. Experts will work with the committees on the policy paper to be presented to the NECC when final. In the process, staff from the CoCs and BA will work on the document and learn from the expert. Members of the committees will also be included and consulted. The CoCs and BA professionals will continue to present (and advocate for) the policy papers and relevant research and analyzed data to pertinent forums and conferences to achieve wider acceptance.

IDEAS will organize seminars, workshops, round-tables in coordination and with involvement of NECC members and support staff. IDEAS will include NECC staff at conferences and events where appropriate. We will also organize a seminar for committee chairpersons, deputies and staff from the CoCs and BA on different issues, including creating policy paper analysis and policy proposals.

This segment includes a wide variety of possibilities for assistance to significantly influence the ability of business community representatives to engage more effectively in PPD.

With an open door policy to ideas and requests coming from our beneficiaries, we will be able to give the maximum contribution to develop CoCs and BAs to a specialized and valuable counterpart with the needed level of relevance for their membership and wider society.

This includes additional forms of assistance, such as the seminars for CoC and business association staff on policy paper creation (Module 3); the legislative drafting process and their role with a focus on RIA/ENER and their participation in improving legislation; education on priority issues, such as: project management, presentation skills, marketing, planning; and supporting the participation in relevant seminars, workshops, round-tables and conferences.

For that purpose, the Project will actively communicate and coordinate with the business community, the CoCs and BAs, the other components of the project, as well as with relevant partners from the public and civil sector and the donor community to provide cost-sharing and create the best possible value for the stakeholders involved.

Additional quantities of the Handbook for the creation of policy-papers for the business community will be printed at request of the advocacy organizations, to support promotion of public dialogue in the business community.

1.3. Support the National PPD Forum/Conference hosted by NECC

Postponed to 2015 at request of the GoM because of the elections held in 2014, this new PPD mechanism will bring the PPD process to a new, more effective level. This high-level PPD mechanism completely supported by the GoM is expected to become an annual event, presenting the improved ability of the business community to actively participate in the process of building a better business environment and better conditions for exports and investments.

We are also strongly considering the possible regional dimension of this event as well as cost-sharing options with other organizations providing funding for PPD.

ACTIVITY 2 – Support to the implementation of the Regulatory Impact Assessment (RIA) and ENER as a PPD instrument

- Assistance to MISA to improve the RIA system and the ENER PPD mechanism

After having identified and verified the needed improvements to the ENER portal with expert assistance and following the consultative sessions with all stakeholders on the expert's recommendations, we finalized the process of selection of a local IT service provider and performed the radical upgrade both in design and functionalities, providing innovative solutions for better transparency and involvement. In order to provide a sustainable instrument that enables continuous improvement, an inter-sectorial team of representatives from the public, private and civil sector will be established, as a review committee authorized to review the system annually and produce recommendations for improvement. This is to ensure that all stakeholders stay active and committed to using and influencing the system in the post-project period. NECC as a crosscutting section of this activity will represent the business community in future annual review meetings.

- Continue the campaign to improve public awareness about the ENER in the business and civil community - In this group of activities, we will support the organization of a regional conference on RIA/ENER PPD instruments hosted by MISA and the NECC, in order to provide an experience-sharing event and emphasize the achievements in Macedonia on a regional level. This event will strongly improve the awareness in the Macedonian business community and result in better acceptance, but also build a regional assistance network, since local partners will be involved in all countries. This event is planned to be the result of a regional joint effort of different donor organizations and GoM funds, as well as NECC related funding since the main focus of the event is the business community's involvement in the regulatory dialogue process.

In addition, our promotion efforts throughout the country will continue, by bringing this PPD instrument closer to those for whom it was made: businesses. Previous experiences with such events yielded positive results and a strong interest to join the initiative.

Additional quantities of informative leaflets on the new ENER will be printed to support broader promotion of the public consultation process in the business community.

All these events and new developments will be promoted in the relevant media and at all relevant events with an aim to reach a strongly diversified audience.

- Improve knowledge of the public sector on ENER use - A completely successful system is only possible if all stakeholders have the needed capacities. In order to provide these capacities, the IDEAS project will help organize trainings for the public administration (PA) on the practical use of ENER and the new procedures introduced by the GoM.

Jointly with the NECC, we will support the organizing of a seminar for public administration, on the legislative-drafting process and their role, with a focus on RIA/ENER and their participation in improving legislation on exports and investments.

~~ACTIVITY 3 – Strengthening capacities of CoCs and BAs to engage in PPD~~

~~This segment includes a wide variety of possibilities for assistance to significantly influence the ability of business community representatives to engage more effectively in PPD.~~

~~With an open door policy to ideas and requests coming from our beneficiaries, we will be able to give the maximum contribution to develop CoCs and BAs to a specialized and valuable counterpart with the needed level of relevance for their membership and wider society.~~

~~This includes additional forms of assistance, such as the seminars for CoC and business association staff on policy paper creation (Module 3); the legislative drafting process and their role with a focus on RIA/ENER and their participation in improving legislation; education on priority issues, such as: project management, presentation skills, marketing, planning; and supporting the participation in relevant seminars, workshops, round tables and conferences.~~

~~For that purpose, the Project will actively communicate and coordinate with the business community, the CoCs and BAs, the other components of the project, as well as with relevant partners from the public and civil sector and the donor community to provide cost sharing and create the best possible value for the stakeholders involved.~~

III. Expected Results

All activities foreseen for Year 5 of the project are in line with the project-level goals and are mutually coordinated, creating one complex set of efforts to continue improving the PPD process to the best interest of the private sector and the competitiveness of the business community.

A stronger involvement of business advocacy organizations, building on the achievements from the past years, will continue to provide better economic policies, resulting in improved business environment and reforms. Having in mind the new components of the project, we will direct the focus of NECC and the business community to issues relating to free trade and a serious contribution to make the new inspection system better and in line with the needs of the business community, providing protection to the companies from illegal activities and competition.

To achieve these expected results and thereby ensure the support of all business advocacy organizations, we will constantly coordinate with Components I and II of the project.

The activities planned for this year aim to round up the expected results on a project-level in the field of PPD:

- ~~A fully professionalized and self-sustainable NECC, with the necessary funding and contents, as the ultimate national platform and mechanism for continuous and effective PPD, providing knowledge to the ;~~
- ~~community of business representatives (CoCs and BAs) as most relevant, educated and specialized institutions to lead and realize the national PPD, by using the most effective mechanisms and instruments, as mentioned above.~~
- A widely accepted and used ENER system, providing a transparent policy-making process on the national level, with the strong and decisive involvement of the business community; and
- ~~A community of business representatives (CoCs and BAs) as most relevant, educated and specialized institutions to lead and realize the national PPD, by using the most effective mechanisms and instruments, as mentioned above.~~

The combination of these ~~three-component~~ segments ~~of this component~~, in conjunction with the efforts undertaken in past years, will bring us to the expected result of the whole component: a new, better system of performing PPD in Macedonia as a sustainable way to achieve a constantly improving and competitive business environment in the long-term.

Component III: Strengthened institutionalized Public – Private Dialogue					
	Initiative	Objective	Timeline	Partners	Budget and additional Local/Foreign Experts
Activity I - Support to the NECC					
1.	Assist NECC in providing post-project sustainability: <ul style="list-style-type: none"> - Build capacities of the professional executive office team; - Rent of facilities, salary, legal, travel, training, materials, expert assistance in reviewing and defining goals, action plans of NECC and its committees; - Administrative and operational assistance, realization of activities and coordination with GoM; - Drafting the budgeting/financing system, rules of conduct, reporting/monitoring system; 	NECC is ready to continue its work without Project support and continue to build the needed team.	November 2014 – December 2015	<ul style="list-style-type: none"> - NECC - DPMEA - Business community 	Total budget: \$29,000.00 <ul style="list-style-type: none"> - Organization costs - Local expert
2.	Education with expert support on policy paper research. Build capacities of members, staff, DPMEA cabinet to educate, share practice, advocacy and ability to create policy papers <u>Organize seminars for CoC and business association staff on policy paper creation (Module 3) as continuation of the training held in FY13/FY 14 (Module I and II)</u>	NECC <u>and the CoC and BA organizations</u> produces policy papers without assistance and voice its opinion in an efficient way	February 2015 – April 2015	<ul style="list-style-type: none"> - NECC - DPMEA - Business community 	Total budget: \$41,000.00 <ul style="list-style-type: none"> - Local expert(s)
3.	Support the NECC's National PPD annual Forum of the public, private and civil sector. NECC presents policy-proposals on issues and PPD process is evaluated annually. This high-level PPD mechanism is an annual event enabling the business community to actively participate in building better business environment.	A new sustainable PPD mechanism is established as the most relevant PPD annual event providing solutions	February 2015 - June 2015	<ul style="list-style-type: none"> • DPMEA • Business community 	Total budget: \$1,000.00 <ul style="list-style-type: none"> - Local expert(s)
4.	Assistance in strengthening the role as PPD mechanism: Round-tables on different issues in coordination and with involvement of NECC members and support staff and participation at conferences and B2B events where adequate	NECC is a promoter of different initiatives for the businesses, a relevant counterpart to the public and civil sector.	February 2015 - August 2015	<ul style="list-style-type: none"> • DPMEA • Business community 	Total budget: \$1,000.00 <ul style="list-style-type: none"> - Organization costs
Activity 2– Support to the implementation of the Regulatory Impact Assessment (RIA) and ENER as a PPD instrument					
1.	Assistance to MISA to organize an annual reviewing session for further improvement of the solution.	The annual review session defines areas for improvement	February 2015 - June 2015	<ul style="list-style-type: none"> - MISA - Business community - Civil society 	Total budget: \$1,000.00 <ul style="list-style-type: none"> - IT services

Component III: Strengthened institutionalized Public – Private Dialogue					
	Initiative	Objective	Timeline	Partners	Budget and additional Local/Foreign Experts
2.	Continue the public awareness campaign and road-shows on ENER in the business and civil community and media presence: Support the organization of a regional conference on RIA/ENER PPD instruments with MISA	ENER is known to the public and is used by a larger number of businesses and NGOs	December 2015 – September 2015	- MISA - Business community - Civil society	Total budget: \$ 1,000.00 - Organization costs
3.	Improve knowledge of the public sector on ENER use: Organize trainings for the public administration on practical use of ENER and new procedures;	The public, private and civil sector are able to contribute to improve legislative process.	November 2014 – December 2015	- MISA - Business community - Civil society	Total budget: \$ 3,000.00 - Local expert(s)
Activity 3 – Strengthening capacities of CoCs to engage in PPD					
4.	Organize a seminar for CoC and business association staff on policy paper creation (Module 3) as continuation of the training held in FY13/FY 14 (Module I and II)	CoC and business association staff is enabled to produce relevant policy papers on different issues.	January 2015 – April 2015	• CoCs • Business community	Total budget: \$ 3,000.00 — Local expert(s)
TOTAL BUDGET FOR COMPONENT III – \$40,000.00					

IV. PROJECT LEGACY

Cross-cutting component: Assist in achieving long-term sustainable development by supporting local partners that will serve as engines of growth and progress.

As discussed extensively with USAID, the IDEAS Project will support the creation of, and building the capacities of, a local “legacy” organization. In order to help accomplish one of the focus areas of the USAID Forward strategy, to “Promote sustainable development through high-impact partnerships and local solutions”, IDEAS will support the establishment of a local organization formed by local project staff and will build its institutional capacity during the remaining life of the IDEAS Project. This will assist USAID in achieving long-term sustainable development by strengthening local partners and organizations that will serve as engines of growth and progress. [The local organization will be established, with appropriate subcontracting mechanism signed with Booz Allen Hamilton, by mid-January 2015.](#) These goals will be achieved through the following activities, supported both organizationally and financially, by the IDEAS Project:

- (1) Support the process of establishing a local organization, including formal registration and preparation of necessary documents and processes. The registration and other relevant formal procedures and contracts shall be completed under the local Macedonian laws. Three of the current IDEAS staff members shall transfer their employment to the newly formed organization in order to start building its institutional and human capacity and portfolio.
- (2) Make a sub-award under the current agreement with Booz Allen Hamilton (BAH) to perform a defined scope of work in all three components (trade, inspections and PPD). In other words, the new organization will sign a contract with BAH for implementation of activities under IDEAS in this extension period. As previously discussed, it is expected that the organization’s scope of work will include partially activities under the first two components (trade and inspections) while the third component (PPD) will be fully sub-contracted/implemented by the local organization.
- (3) Provide institutional capacity-building, both administrative and program, through variety of trainings, educational and certification programs. A comprehensive Training Plan shall be developed and implemented through the lifetime of the IDEAS Project; and
- (4) Cover certain types of organizational and operational costs to ensure sustainability of the newly-formed organization

IDEAS Project Legacy Organization					
	Initiative	Objective	Timeline	Partners	Budget and additional Local/Foreign Experts
Activity – Establishment of a local legacy organization					
I.	<ul style="list-style-type: none"> - Registration of the organization (preparation of Charter of the organization, registration at the Central Registry, preparation and establishment of relevant documents and processes for proper commencement of work and future performance) - Training for the legacy organization staff (anticipated areas of training: finance and administration, management, contracting, compliance, project management) 	Establish a local legacy organization that will be capable to continue USAID's efforts in the economic growth area, pursuant to the USAID FORWARD Agenda and build staff capacity to increase efficiently and expertise	November 2014 – January 2015	Legacy organization	Total budget: \$11,400.00 <ul style="list-style-type: none"> - Registration costs and fees - Local expert(s) - Organizational costs
TOTAL BUDGET FOR PROJECT LEGACY - \$11,400.00					

V. PR / COMMUNICATION / PUBLIC EDUCATION / INCLUSIVE DEVELOPMENT

I. Current Situation

During Year 4 of operations, the IDEAS Project completed the following activities in the area of public relations:

- Enhanced media relations through developing and disseminating professional, relevant and up-to-date information related to project-funded activities.
- Improved knowledge, tools and skills for business, diplomacy, etiquette and protocol performances by the project and its stakeholders.
- Accomplished coordinated, timely and effective communication with key audiences, leading to a better understanding, coordination and appreciation of the role of IDEAS as a USAID-funded project.
- Promoted the project's areas of work – public-private dialogue, investment aftercare and export promotion – through prominent trade magazines, done without compensation.
- Prepared and released three Press Releases and gained vast media coverage in national (public and private media).
- On a regular basis updated the Project website publishing a total of 16 articles in the “News” section, and also developed web-based information for the Project-supported NECC website, where eight articles were published.
- Identified the need for improvement of the knowledge and capacity of project staff and partners regarding inclusive development.

II. Planned Activities

The activities under Public Relations/Communication/Public Education/Inclusive Development for Year 5 are organized in two groups. The first group (as presented in the table below) is for budget-related activities and the second is for activities that the Communication Manager performs on a regular and daily basis.

Activity 1 – Develop and publish interview with CoP on LoP Project results in business media outlet Kapital

In the previous years (Year 2 and Year 3), the Project established a formalized collaboration with the economic magazine “Kapital”, when eight articles on Project – related topics featuring Project staff as well as representatives of counterpart institutions were developed and published. Through this activity, important issues in the area of industrial policy implementation, export promotion, and public-private dialogue were raised to the general public, highlighting specific Project results and achievements. To complete this effort, during Year 5, the Project in coordination with Kapital, plans to develop an interview with the CoP when major Project accomplishments for the Life of Project would be featured. This interview would emphasize project efforts resulting in improvements in respective areas, which are ultimately beneficial for the whole community.

ACTIVITY II - Organize IDEAS Closeout Ceremony

At the end of Year 5, the project plans to organize a half-day IDEAS Closeout Ceremony. The event will include formal presentation of the project's five years of achievements with high-level officials addressing the audience. Invitees will include officials from: USAID/Mission; Booz Allen office; GoM institutions; agencies; private-sector associations; civil sector representatives and media. The event will have both a backward-looking and forward-looking purpose. It will be an opportunity to celebrate the accomplishments of the IDEAS project as well as promote the new local legacy organization that will be, by that time, in a position to continue to provide support to IDEAS counterparts moving forward. The ceremony is an ideal context to demonstrate one element of the FORWARD Agenda, and to highlight the evolution of assistance from US-based organizations to local Macedonian organizations.

Identify, develop and disseminate specific and targeted market information in InStore Macedonia

In Year 4, the project continued cooperation with InStore Macedonia, publishing articles on social entrepreneurship; an article featuring the NECC regarding the current business environment and providing a brief overview of the domestic and foreign investments in the country; as well as an article featuring the level of satisfaction of the Project with the mutual collaboration with InStore in the previous period. These articles were published in InStore at no cost. The project is planning to continue to cooperate with the magazine and therefore to expand its regional media relations efforts by developing and disseminating professional, relevant and up-to-date information related to project-funded activities.

The magazine is part of the regional (former Yugoslavia) "InStore" monthly trade magazine for consumer goods. "InStore Macedonia" has more than 4,000 institutional subscribers, of which 95% are companies, and the rest are Chambers of Commerce, banks and academia. It covers industry in general, from organized and traditional commerce, through manufacturers, distributors and logistics to other related activities. Recently, the magazine created its own web portal <http://www.instore.mk/>, which makes IDEAS-related articles available to a broader audience.

Regionally, the magazine is distributed free of charge by mail to more than 45,000 independent dealers, retailers, wholesalers, manufacturers, specialty shops, as well as ministries, agencies and academic institutions in Serbia, Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Kosovo and Macedonia.

Develop and Release Project Success Stories

The Communications Manager will identify and develop multiple success stories about concrete and tangible project results, accompanied by colorful images, which will be disseminated through all project communications channels, such as press releases, media alerts, project website, and others. This will ensure a steady and effective flow of positive news to the media, and can be redirected for use in presentations and reports. A new focus will be to present these success stories visually, through the use of video.

Develop and Release Media Advisories and/or Press Releases

In cooperation with component leaders, the IDEAS project will identify specific project activities that should receive priority for PR activities. Following this process, the Communications Manager will prepare, obtain clearance and disseminate media advisories and/or press releases to the project media distribution list, post them on the website, and post them on the USAID Mission Facebook page.

Track Published Articles in Media and Develop Quarterly Press Clippings for the DOC Office

After releasing media advisories and/or press releases, project interns will be responsible for tracking published articles in the media, developing press clippings, and translating them into English. The press clippings will be shared with the COR and with the Development Outreach and Communications (DOC) personnel. Press clippings will also be posted on the project website under “IDEAS in the Media.”

Provide Regular Updates to the IDEAS Website

The Communications Manager will continue to develop customized web-based information and keep the project website updated, paying special attention to the quality of the visual content.

Develop IDEAS Conference and Training Calendar

The Communications Manager will continue to prepare this calendar in cooperation with component leaders and will provide monthly input on this calendar. Subsequently, all events shown on the calendar will be posted on the IDEAS project website.

III. Expected Results

By successfully implementing the planned activities, the IDEAS project expects to achieve the following under Public Relations/Communication/Public Education/Inclusive Development:

- Increase the capacity of representatives from public and private organizations in adopting and using professional business skills;
- Maintain positive cooperation with media and regularly showcase project and partner successes;
- Increase visibility of the project-funded activities to the general public in Macedonia; and
- Improve the knowledge and capacity of project staff and partners regarding inclusive development.

VI. INTERNSHIP

The project's Internship Program provides undergraduates or recent graduates with an exclusive opportunity to be a part of the project's activities, through part-time or full-time engagements. During this period, they have a chance to strengthen their skills in various areas, learn from project staff, and practice their abilities on a daily basis. The internship program is a unique opportunity for interns to communicate and work with other international, governmental and private institutions and organizations as well as with international and local experts engaged by the project.

The project, based on the positive experience in this program over the past three years, plans to continue engaging interns on the project during Year 5. There also is a possibility that the project might hire these interns to work in the IDEAS project's counterpart institutions. The technical personnel within the project act as mentors and help interns advance their goals with the knowledge earned through experience.

The project staff will also benefit from the Internship Program, because interns will help the office implement project activities and help the organization to accomplish its goals.

Interns will be involved in everyday activities, attend meetings, remain on top of new developments through trade websites and journals, participate in internal and external communications activities, filing, provide administrative support and assist in event management. They will also work with other project team members to develop, produce and disseminate materials and information, to develop presentations and lectures, to translate legislation and regulations, monitor media and compile articles related to the IDEAS project by collecting press clippings.

It is expected that the Internship Program will enable the interns to gain experience and develop contacts in both the public and private sectors, which ultimately will enhance their soft skills and make them more competitive in the labor market when they begin their search for employment.

VII. BUDGET FOR IDEAS YEAR V

Year V Budget	
November 1, 2014 - December 27, 2015	
Labor (US Expatriates and CCNs)	\$413,363
Other Direct Costs	\$222,370
Special Projects	
Component I - Enhanced international trade integration and trade facilitation	\$40,000
Component II - streamlined business enabling environment for inspections	\$52,000
Component III - Public Private Dialogue (PPD)	\$40,000
Local Legacy Organization	
Staff Salaries	\$105,845
Registration/Establishment costs, Training	\$11,400
Burdens	\$137,257
Fees	\$111,652
TOTAL	\$1,133,887

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