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SME Innovation Financing Vehicle Crimson Development Foundation

FINAL REPORT

January 01, 2012 to December 31, 2015



March 10, 2016

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SME Innovation Financing Vehicle (IFV) Crimson Development Foundation

FINAL REPORT

January 01, 2012 to December 31, 2015

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Implemented by: Crimson Development Foundation

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I. EXECUTIVE SUMMARY

Project Background

Business innovation has the potential to help drive the Macedonian economy forward, yet it remains largely unfunded. In order to address this financial bottleneck, in the spring of 2011, the Crimson Development Foundation (CDF) submitted an unsolicited proposal to USAID Macedonia to establish a specialized financing vehicle to directly support business innovation. The Crimson Development Fund (CDF) was established in 2007, following the successful close out of the USAID funded Macedonia SME Commercial Finance Fund cooperative agreement. To date, CDF has made loans totaling \$33.3 million to Macedonian SMEs, supporting over \$232.7 million in new exports and more than 4,863 new, permanent jobs, including over 2,593 jobs for women and 393 for minorities. Additional background on CDF can be found in Annex I.

In December 2011, USAID awarded CDF a \$300,000 grant for the SME Innovation Financing Vehicle (Cooperative Agreement AID-165-A-11-00003), to finance transactions that support entrepreneurs and innovation. USAID funds were earmarked and used **only** for loans to Macedonian SME innovators, with all operating costs and expenses covered by CDF, Crimson Capital Corp. (Crimson), and interest and fee income. The grant became effective January 1, 2012 and the Cooperative Agreement with USAID was successfully closed on December 31, 2015. A close-out ceremony held on February 10 2016 (see Annex II for more information on the close-out ceremony). During the four-year lifetime of the USAID cooperative agreement project, CDF and Crimson Capital provided a cost share contribution in the amount of \$133,815, exceeding the cost share requirement in the cooperative agreement by nearly \$33,000 (the cost share requirement in the cooperative agreement was \$100,899).

“I tried to find financing from commercial banks to make my idea a reality, but because my company is a start-up, banks would not lend to me. The IFV considered the potential value of my patent and my past experience as an inventor. They provided me with key financing at the right moment, which will allow me to expand my business exponentially and also to create new jobs.”

Mr. Vele Nelkovski, owner and manager of Vedralit

The Innovation Financing Vehicle (IFV) is structured as a revolving fund and is part of and is managed by the Crimson Development Foundation. IFV funds are lent to eligible borrowers, returned and re-lent. The IFV is fully self-financing and sustainable through interest and fee income, thus providing an on-going legacy of small business growth and innovation, jobs and increased sales and exports. Following successful closeout of the USAID project, USAID permanently granted \$300,000 in funding to CDF on November 25 2015, in order to continue program objectives of supporting innovation financing in Macedonia through debt finance and quasi equity.

Lending to innovations and startups is by far the riskiest form of finance as these businesses have the highest failure rate. Furthermore, the IFV was launched during a time of economic

contraction in Macedonia.¹ Nevertheless, the IFV has been highly successful, approving and disbursing financing through 12 loans totaling \$443,655 (thus, fully lending out all of the \$300,000 from the original USAID cooperative agreement, and continuing to on-lend from loan repayments). During the life of the project, this financing has supported two start-up companies, one minority-owned business and two women-owned businesses. This support has also resulted in 50 new jobs, including 26 jobs for women and minorities, and facilitated over \$2 million in new sales and exports. CDF-IFV exceeded its life of project “value of transactions” target by 118% and its “number of jobs” target by 167%.

IFV Accomplishments and Results

1. CDF-IFV disbursed \$443,655 million in financing through 12 loans. Loans ranged in size from \$6,800 - \$110,000.
2. Crimson Capital and CDF provided co-financing of over \$133,000.
3. Three of the 12 loans were to women-owned or minority owned companies.
4. Two of the 12 transactions were to start-ups.
5. CDF-IFV loans stimulated the creation of 50 new jobs, of which 26 jobs were for women and minorities.
6. CDF-IFV loans supported over \$2 million in sales and exports.
7. CDF-IFV leveraged USAID funding of \$300,000 by over 4.8 times.
8. The IFV is now completely self-financing from interest and fee income, creating an on-going legacy of new sales, job creation and economic growth.

More detailed information about IFV loans to date is provided in Annex III.

¹ Macedonia had negative real GDP growth in 2012, at -0.4% (IMF World Economic Outlook, November 2014).

II. ACTIVITIES AND RESULTS

This report covers IFV's establishment, growth and results for the period of the Cooperative Agreement with USAID: January 1 2012 – December 31 2015. IFV is now fully self-financing and sustainable through interest and fee income, and continues to lend to entrepreneurs and innovators following the successful closeout of the USAID project. As mentioned in the Executive Summary section above, IFV is part of and is managed by the Crimson Development Foundation (CDF).

The report first briefly provides an overview of total cumulative program results in narrative and tabular form, and then provides more detailed information on year-by-year activities and results. Annex I provides background information on the Crimson Development Foundation, which operates the IFV. Annex II contains information about the CDF-IFV close-out ceremony. Annex III provides additional detail on financing issued through the IFV during the life of the USAID funded project. Annex IV summarizes innovation leads during the life of the USAID funded project, and Annex V, meetings and outreach activities. Success stories of IFV clients are provided in Annex VI.

A. CUMULATIVE ACTIVITES AND RESULTS

From January 2012 – December 2015, IFV disbursed \$443,655 through 12 loans.

Year	No. of Loans	Loan Volume	New Jobs	New Sales & Exports
Year 1	4	\$136,385	28	\$936,123
Year 2	3	\$106,871	8	\$448,164
Year 3	2	\$154,237	9	\$462,803
Year 4	3	\$46,160*	5	\$241,254
Total	12	\$443,655	50**	\$2,088,344

*CDF-IFV achieved full utilization of the original \$300,000 USAID-funded lending pool in Year 3, but was able to keep lending based on repayments from the borrowers.

** Plus seven seasonal jobs.

Lending to innovations and startups is by far the riskiest form of finance as these businesses have the highest failure rate. Furthermore, the IFV was launched during a time of economic contraction in Macedonia. Against this background, the IFV achieved outstanding results by selecting target borrowers carefully, ensuring that they have a high probability of financial and commercial viability and a predetermined market and liquidity event, such as a contract for investment, purchase of product or technology.

During the four-year period of the USAID-funded Cooperative Agreement (2012-2015), IFV approved and disbursed financing through 12 loans totaling \$443,655 (thus, fully lending out all of the \$300,000 from the original USAID Cooperative Agreement, and continuing to on-lend from loan repayments). This financing has supported two start-up companies, one minority-owned business and two women-owned businesses. This support has also resulted in 50 new

jobs, including 26 jobs for women and minorities, and facilitated over \$2 million in new sales and exports. IFV exceeded its life of project “value of transactions” target by 118% and its “number of jobs” target by 167%.

B. YEAR-BY-YEAR ACTIVITIES AND RESULTS

Year I: 2012

During Program Year 2012, CDF moved to rapidly operationalize the IFV, to identify potential innovators, and to source, evaluate and structure transactions. As discussed further in the Results section below, during PY 2012, CDF-IFV successfully structured five transactions and disbursed financing for four transactions, totaling \$136,386. This financing supported two start-up companies and two women-owned businesses. This support also resulted in 28 new jobs, including 11 jobs for women and minorities, and facilitated over \$936,000 in new sales and exports. CDF-IFV surpassed its “value of financing” target by \$86,386 (achieved 272% of target); its “number of transactions” target by 2 (achieved 200% of target) and its “number of new jobs” created by 24 (achieved 700% of target).

	Year I Targets	Year I Results	% of Year I Targets Achieved
\$ value of IFV transactions	\$50,000	\$136,386	272%
# of IFV transactions	2	4	200%
# of jobs	4	28	700%

Activities

Activities for the period January 2012 – December 2012 included the following:

IFV – IC Operating Procedure: CDF developed an operating procedure to provide a framework for cooperation with the Innovation Center (IC) for the IC to refer potential clients to the CDF-IFV for consideration. This Operating Procedure was executed by CDF and the IC in February 2012.

Client Outreach & Promotional Activities: CDF actively promoted the IFV through direct outreach to entrepreneurs, businesses and organizations, and through participation in conferences and events. A list of meetings and events through which CDF-promoted the IFV during PY 2012 can be found in Annex V of this report. Outreach and promotional activities resulted in the identification of a number of potential innovation leads (see Annex IV), the approval of five transactions, and disbursement of four transactions. Disbursed transactions are summarized in the Results section below.

Transaction Sourcing, Evaluation and Structuring Activities: CDF-IFV sourced more than 48 potential innovations; conducted a preliminary evaluation and/or final evaluation on 12 potential innovations; and worked on structuring six potential innovations. Five innovation transactions were approved during Program Year 2012 and four innovation transactions were disbursed (see the Results section below).

Reporting Activities:

- CDF-IFV developed and submitted its Annual Plan for 2012 to USAID. This Annual Plan was approved by USAID during Q1 2012.
- CDF-IFV developed and submitted its Monitoring and Evaluation Plan to USAID. This Monitoring and Evaluation Plan was approved by USAID during Q1 2012.
- CDF-IFV prepared and submitted its programmatic Quarterly Reports to USAID for the periods January-March 2012; April-June 2012; and July-September 2012.
- CDF-IFV prepared and submitted financial Quarterly Reports to USAID, for the periods January-March 2012; April-June 2012; and July-September 2012.

USAID Workshops and Trainings:

- Attended the Disability Inclusiveness Training, May 11
- Attended the COP Meeting with Ambassador Wohlers, November 8
- Attended the Financial Management Briefing Training, November 15

Results

CDF-IFV Transactions

During PY 2012, CDF-IFV disbursed financing to four clients: Company 10 (M.M. Disoski); Company 16 (Vedralit); Company 18 (Fluting Servis); and Company 21 (Sonak DOOEL), and these transactions are described in more detail below. CDF-IFV also approved a fifth transaction: to Company 11, however, it was declined by the company (the company concluded an agreement with a strategic investor and no longer needed CDF-IFV financing). In addition, one structured transaction, the transaction with Company 17, was declined by the CDF-IFV Credit Committee. This financing supported a total of 28 new jobs, including 11 jobs for women and minorities, and facilitated over \$936,000 in new sales and exports. This also financing supported two start-up companies and two women-owned businesses. Transactions disbursed during PY 2012 are described in more detail below.

Company 10 – M.M. Disoski

- **Transaction Value:** 492,000 MKD (\$9,795.23)
- **Tenor:** 24 months
- **Woman/Minority Owned:** Yes, woman-owned
- **New Employment:** Two new full time employees and one part time employee during Year 1; and one additional part time employee during Year 2.
- **Start-up:** Yes
- **Client Identification:** Company was identified through direct marketing via Planum Consulting.

Company 10 is a woman-owned start-up company focused on the development of educational game software for children. The company is managed by a wife and husband team who have over 15 years of experience in the field and who have developed software applications for several commercially successful, educational children's games on the Macedonian market.

The company's innovation is software that allows parents to easily set a variety of restrictions on the types of Internet sites that their children can access, and protects children from being contacted over the Internet. The software is user friendly and will be available in Balkan languages, including in Macedonian.

The loan from CDF-IFV is being used for working capital to finalize the product and for marketing costs to market the product.

The loan was approved by CDF-IFV during the Q2 and disbursed to the company on July 12.

Company 16 - Vedralit DOOEL²

- **Transaction Value:** 2,000,000 MKD (\$42,552.64)
- **Tenor:** 24 months
- **Woman/Minority Owned:** No
- **Start-up:** Yes
- **New Employment:** The Company will hire six new employees as a result of the CDF-IFV loan. Three will start during the first six months of operations and the other three will be hired over time, reaching a total of six by the maturity of the loan.
- **Client Identification:** The Company was identified via Balkan Venture Forum.

Vedralit DOOEL (Vedralit) is a start-up company that manufactures construction components (chimneys, ventilation systems, fireplaces, partition and external walls, and elements for thermal flooring) using innovative, patented chemical compounds. The intellectual property rights are owned by the founder of the company. The company's innovation is a new technological procedure for manufacturing of components from lightweight concrete that has a high insulation (thermal) value and is therefore energy efficient. Additionally, these elements can be molded to specification, creating less waste and less pollution and making them more cost efficient. They are also stronger, which allows thinner, lighter components to be used. This product has excellent environmental benefits.

The loan from CDF-IFV is being used to purchase equipment to automate the production line and increase production capacity of this innovative, energy efficient building material. In addition to the loan from CDF-IFV, the company is contributing approximately \$16,000 of its own funds.

The loan was approved by CDF-IFV during Q3 and disbursed to the company on September 18.

Company 18 – Fluting Servis

- **Transaction Value:** 2,00,000 MKD (\$42,489.90)
- **Tenor:** 24 months
- **Woman/Minority Owned:** No
- **Start-up:** Yes
- **New Employment:** The company will hire 14 new employees
- **Client Identification:** Company was identified through direct marketing via Planum Consulting.

² A Success Story for this CDF-IFV client can be found in Annex VI.

The company Fluting Servis DOOEL (Fluting Servis) was established in the beginning of 2012. The main activity of the company is production of corrugated cardboard and packaging made from paper and cardboard. As a result of market research activities, the company identified a new product for which there is a large market in the Balkans, but no current producers. The product is trays for the transport of yogurt and milk, made from recycled paper. Fluting Servis' trays made from recycled paper will replace more expensive trays (that also require additional assembly) currently imported from Croatia, produced by the Danish company Hartmann.

The loan from CDF-IFV is being used to purchase specially designed molds, two hot press tools and also for working capital. In addition, Fluting Servis is contributing approximately \$22,500 of its own resources.

The loan was approved by CDF-IFV in Q4 and disbursed to the company on December 6.

Company 21 - Sonak

- **Transaction Value:** 2,000,000 MKD (\$41,548)
- **Tenor:** 24 months
- **Woman/Minority Owned:** Yes, woman-owned
- **Start-up:** No
- **New Employment:** Two new full time employees and two additional seasonal workers.
- **Client Identification:** The client was identified via direct marketing by CDF-IFV.

Established in 2007, the company Sonak processes and exports nuts (mostly almonds) of Macedonian origin. In 2011, the company purchased over 100 tons of raw almonds, which gave a yield of 20 tons of dried, shelled almonds. The processed (dried and shelled) almonds were sold to local trading companies and one shipment was exported to Greece. The company's innovation is a new production line for the almond drying process, which uses agricultural waste (shells and hulls) to fuel the drying process. This equipment has been successfully used in Bulgaria and Serbia, but it is the first time it will be installed in Macedonia. This innovation will provide excellent environmental benefits.

The loan from CDF-IFV is being used to purchase the equipment for this waste-to-energy production line. In addition, Sonak is contributing approximately \$28,000 of its own resources.

The transaction was approved by CDF-IFV during Q3 and disbursed to the company on November 6.

Year 2: 2013

During Program Year 2013, CDF-IFV continued to identify potential innovators, and to source, evaluate and structure transactions. As discussed further in the Results section below, during PY 2013, CDF-IFV structured 10 transactions and disbursed financing for three transactions totaling \$106,871. This financing supported one minority-owned businesses. This support also resulted in eight new jobs, including four jobs for women and minorities, and facilitated over \$448,000 in new sales and exports. In Program Year 2, CDF-IFV surpassed its "value of financing" target by \$6,871 (achieved 107% of target); and met its "number of new jobs" target.

	Year 2 Targets	Year 2 Results	% of Year 2 Targets Achieved
\$ value of IFV transactions	\$100,000	\$106,871	107%
# of IFV transactions	4	3	75%
# of jobs	8	8	100%

Activities

Activities for the period January 2013 – December 2013 included the following:

Client Outreach & Promotional Activities: CDF-IFV actively promoted the IFV through direct outreach to entrepreneurs, businesses and organizations, and through participation in conferences and events. A list of meetings and events through which CDF-IFV promoted the IFV during PY 2013 can be found in the Annex V of this report. Outreach and promotional activities resulted in the identification of a number of potential innovation leads (see Annex IV), the approval of three transactions, and disbursement of three transactions. Disbursed transactions are summarized in the Results section below.

Transaction Sourcing, Evaluation and Structuring Activities: During the year, CDF-IFV sourced more than 64 potential innovations; conducted a preliminary evaluation and/or final evaluation on 16 potential innovations; and worked on structuring 10 potential innovations. Three innovation transactions were approved during Program Year 2013 and three innovation transactions were disbursed (see the Results section below).

Reporting Activities:

- CDF-IFV prepared and submitted its programmatic Quarterly Reports to USAID for the periods January-March 2013; April-June 2013; and July-September 2013.
- CDF-IFV prepared and submitted financial Quarterly Reports to USAID for the periods January-March 2013; April-June 2013; and July-September 2013.
- At USAID's request, CDF-IFV prepared and submitted brief monthly project updates for Ambassador Wohlers.
- At USAID's request, CDF-IFV prepared and submitted data on leverage generated by CDF-IFV through year-end 2012.
- At the request of USAID, CDF-IFV prepared a one-pager on the CDF-IFV and translated it into Albanian and Macedonian.
- CDF-IFV prepared two CDF-IFV "Success Stories" on the clients Vedralit (client from previous year / 2012) and Multihem (see Annex VI).
- At the request of USAID, CDF-IFV staff prepared a bullet list of priority areas for a briefing with Deputy Prime Minister Besimi.

USAID Workshops and Trainings:

- Attended the Disability Policies and Procedures Training, May 29
- Attended the COP Meeting with Ambassador Wohlers, November 15

Results

CDF-IFV Transactions

During the PY 2013, CDF-IFV approved three innovation financing transactions and disbursed financing to these three clients: Company 25 (Multihem); Company 26 (KVT Engineering); and Company 38 (Magma Kom). In addition, four structured transactions, transactions with Companies 29, 33, 34, & 36, were declined by the CDF-IFV Credit Committee; and one approved transaction (with Company 39) was not disbursed, due to problems with pledging collateral. The three disbursed transactions equaled \$106,871 to CDF-IFV clients, including to one minority-owned company (KVT). This financing supported a total of eight new jobs, including two jobs for women and two jobs for minorities, as well as \$448,164 in new incremental sales and exports. Transactions disbursed during PY 2013 are described in more detail below.

Company 25, Multihem³

- **Ethnicity of Owner:** Macedonian
- **Gender of Owner:** Male
- **Transaction Value:** 2,000,000 MKD (\$41,981.52)
- **Tenor:** 24 months
- **New Employment:** Five new full time employees, two of whom are women
- **Start-up:** No
- **Client Identification:** Company was identified through direct marketing.

"We came to CDF-IFV for financing because they understood the value of this innovation to our business. We see CDF-IFV as a long-term partner for our company's growth"

**Mr. Kiril Ivanov,
Technical Director of Multihem**

Multihem is located in Strumica and was established in 2011. The company produces private-label household cleaning and personal hygiene products, such as deodorant, aftershave and liquid soaps. In the two years since it opened its doors for business, Multihem has established a strong network of buyer-distributors, who in turn sell Multihem's products in Albania, Kosovo, Serbia, Montenegro, Bosnia and Herzegovina, Croatia and Slovenia as well as in the domestic Macedonian market.

The company's innovation is the introduction of an aerosol spray product packaging line that does not contain chlorofluorocarbons (CFCs) or hydrochlorofluorocarbons (HCFCs). Non-CFC, non-HCFC aerosol spray products do not deplete the ozone layer. This is an innovation on the market as non-CFC, non-HCFC aerosols are not currently produced anywhere in Macedonia or in the Western Balkan region. Multihem has already identified a Slovenian buyer for its products in the new packaging, through its Slovenian distributor, Ilirija.

The loan from CDF-IFV is being used for purchasing and installing the new product packaging line. The company is also contributing 1,900,000 MKD (roughly \$40,000) of its own funds for the investment.

The loan was approved by CDF-IFV during the Q1 and disbursed to the company on March 20.

³ A Success Story for this CDF-IFV client can be found in Annex VI.

Company 26, KVT Engineering (KVT)

- **Ethnicity of Owner:** Croatian
- **Gender of Owner:** Male
- **Transaction Value:** 1,500,000 MKD (\$31,572)
- **Tenor:** 24 months
- **New Employment:** Three new full time employees, two of whom are minorities.
- **Start-up:** No
- **Client Identification:** Company was identified through direct marketing.

Established in 1993, KVT is a mechanical design and production company that produces specialized packaging equipment (mostly for the food industry). Their equipment and machinery can be found in many well-known Macedonian companies, including Alkaloid (pharmaceutical industry), Bonum (fruits and vegetables processing) and Blagoj Djorev (production of sunflower oil). KVT's operations are carried out in their production plant, located within the Skopje Steelworks yard.

The company's innovation is the design and introduction to the market of a specialized flour packaging machine, which currently is not produced in the region (Macedonia, Albania, Serbia and Kosovo). This new packaging equipment is smaller and less expensive (therefore appropriate for the small-sized mills in the region) and also packages the flour in package sizes demanded in the Balkan market. This type of equipment is needed by many flour packaging companies in the region and KVT has already concluded a pre-agreement for the equipment with a major flour mill company in Macedonia, Zito Polog.

The loan of 1,500,00 MKD (\$31,572) from CDF-IFV is being used to develop the prototype of this new flour packaging equipment. The company is also contributing 1,000,000 MKD (roughly \$20,000) of its own funds.

The loan was approved by CDF-IFV during the second quarter and disbursed to KVT on May 27.

Company 38 Magma Kom

- **Ethnicity of Owner:** Macedonian
- **Gender of Owner:** Male
- **Transaction Value:** 1,500,00 MKD (\$33,318)
- **Tenor:** 24 months
- **New Employment:** No
- **Start-up:** No
- **Client Identification:** Company was identified through direct marketing.

Established in 2001 and located in Skopje, Macedonia, the company Magma Kom Elektronika (Magma Kom) is a monitoring system company (monitoring of physical objects / buildings with electronic equipment). The company began its operations by installing intercom systems. Through this initial work, they realized the large demand for monitoring systems and branched out. In addition to intercom systems, the company now also offers video monitoring, electronic keyed access, electronic monitoring of arrival and departure times of employees, and motion

and fire sensors. They purchase parts abroad and domestically and compile systems at their facilities (located in the owner's home in Skopje) and install on customer locations.

The company's innovation is purchasing parts and software to make monitoring systems for customers that will be accessible on smart devices (the person can monitor security situation from his or her smart phone, tablet or computer). This option does not currently exist in Macedonia.

The loan of 1,200,00 MKD (\$33,318) from CDF-IFV is being used for purchase of the parts and software, and also for working capital for marketing. The company is also contributing 300,000 MKD (roughly \$6,500) of its own funds.

The loan was approved by CDF-IFV during the third quarter and disbursed to Magma Kom Elektronika on December 26.

Year 3: 2014

During Program Year 2014, CDF-IFV continued to identify potential innovators and to source, evaluate and structure transactions. As discussed further in the Results section below, during PY 2014, CDF-IFV structured and disbursed financing for two transactions, totaling \$154,237. This support resulted in nine new jobs, including three jobs for women and minorities, and facilitated over \$462,803 in new sales and exports. For Year 3, the dollar value of loans achieved is 171% of the projected value, and CDF-IFV exceeded its jobs targets for the year.

	Year 3 Targets	Year 3 Results	% of Year 3 Targets Achieved
\$ value of IFV transactions	\$90,000	\$154,237	171%
# of IFV transactions	3	2	67%
# of jobs	8	9	113%

During Year 3, CDF IFV also achieved full utilization of the \$300,000 USAID-funded lending pool, and began lending to new clients from repayments from previous clients.

Activities

Activities for the period January 2014 – December 2014 included the following:

Client Outreach & Promotional Activities: CDF-IFV actively promoted the IFV through direct outreach to entrepreneurs, businesses and organizations, and through participation in conferences and events. A list of meetings and events through which CDF-IFV promoted the IFV during PY 2014 can be found in Annex V of this report. Outreach and promotional activities resulted in the identification of a number of potential innovation leads (see Annex IV), the approval of two transactions, and disbursement of two transactions. Disbursed transactions are summarized in the Results section below.

Transaction Sourcing, Evaluation and Structuring Activities: During the year, CDF-IFV sourced more than 52 potential innovations; conducted a preliminary evaluation and/or final

evaluation on six potential innovations; and worked on structuring four potential innovations. Two innovation transactions were approved during Program Year 2014 and two innovation transactions were disbursed (see the Results section below).

Reporting Activities:

- CDF-IFV prepared and submitted its programmatic Quarterly Reports to USAID for the periods January-March 2014; April-June 2014; and July–September 2014.
- CDF-IFV prepared and submitted financial Quarterly Reports to USAID for the periods January-March 2014; April-June 2014; and July-September 2014.
- CDF-IFV prepared and submitted to USAID Accruals Reports for the periods January-March 2014; April-June 2014; July – September 2014; and October – December 2014.
- At USAID’s request, CDF-IFV prepared and submitted brief monthly project updates for Ambassador Wohlers.
- CDF-IFV prepared a CDF-IFV “Success Story” on the client Eferio (see Annex VI).
- CDF-IFV staff participated in a meeting at CDF-IFV offices with the US Deputy Ambassador and USAID representatives on the subject of creating jobs and building competitiveness through innovative financing.

USAID Workshops and Trainings:

- Attended USAID Macedonia Environmental Compliance Training March 20, 2014.
- Attended USAID Macedonia Inclusive Development Meeting June 11, 2014.
- Attended USAID Macedonia Monitoring and Evaluation workshop on September 16 2014.

Results

CDF-IFV Transactions

During PY 2014, CDF-IFV approved two innovation financing transactions and disbursed financing to these two clients: Company #42 Pastor Luks; and Company #35 EFERIO RN DOOEL (Eferio). These transactions equaled \$154,237 to CDF-IFV clients. This financing supported a total of nine new jobs, including three jobs for women, as well as \$462,803 in new incremental sales and exports. Transactions disbursed during PY 2014 are described in more detail below.

Company #35 EFERIO RN DOOEL (Eferio)⁴

- **Ethnicity of Owner:** Dutch
- **Gender of Owner:** Male
- **Transaction Value:** 2,000,000 MKD (\$43,878)
- **Tenor:** 24 months
- **New Employment:** 9 new full time employees, 3 of whom are women
- **Start-up:** No
- **Client Identification:** Company was identified through direct marketing.

Eferio was established in Macedonia in 2012, as part of a spinout of innovative technology

⁴ A success story for this CDF-IFV client may be found in Annex VI.

from the leading Macedonian ICT company, Seavus, to EFERIO LIMITED, a company incorporated in Malta. EFERIO RN DOOEL (Eferio), a wholly owned Macedonian subsidiary of EFERIO LIMITED, provides the software development, business development, and operational, quality assurance and logistical support for EFERIO LIMITED's Soc.io Mall platform. Soc.io Mall is an Android application store for mobile devices ("app store").

Eferio is in the process of developing features on Soc.io Mall, which will allow equipment manufacturers, telecom operators and equipment retailers to work directly with application developers, tailoring apps to local market needs and allowing on-selling of this mobile content to end users. This will revolutionize the model for development and retail of mobile content, giving a myriad of new opportunities for mobile application developers and much more varied content to consumers. It will also offer flexible subscription support (allowing bulk purchase of content and other customization depending on end users, such as removing advertising on subscriptions of applications designed for children) and will have improved billing and invoice features. Although there are a number of established marketplace platforms for apps (such as Google Play), these big players cater to a different market segment, offering generic content that is not customized to local markets and consumers.

"Our company's main asset is our intellectual property [IP]. Unfortunately, IP is not valued by Macedonian banks ... CDF-IFV financed our growth when banks turned us away."

**Nikola Georgiev, Manager
Eferio**

Eferio and EFERIO LIMITED secured a number of new contracts (including roll-out of the localized Soc.io Mall in 65 countries), but faced immediate cash flow problems to their rapid growth. The CDF-IFV loan is for working capital purposes, to help Eferio address these immediate cash flow needs, mostly to pay salaries of IT staff working on development of the new features for Soc.io Mall. Eferio is also contributing approximately \$20,000 of its own resources.

Financing was approved Q2 and disbursed June 17.

Company #42 Pastor Luks

- **Ethnicity of Owner:** Macedonian
- **Gender of Owner:** Male
- **Transaction Value:** 5,000,000 MKD (\$110,359)
- **Tenor:** 36 months
- **New Employment:** No new employees
- **Start-up:** No
- **Client Identification:** Company was identified through direct marketing.

Pastor Luks was established in Macedonia in 2001 and sells fire-fighting equipment, such as fire extinguishers, personal protective equipment, fire detection and extinguishing systems, and services connected with this equipment. In 2012, the company expanded their inventory/offering to include central (building-wide) systems for extinguishing fire with water and flame-retardant powder to be installed in buildings under construction. Due to the success and market demand for these new products/systems, in 2013, the company

began to think about construction of a demonstration showroom, particularly to showcase the flame-retardant powder system for installation in multi-floor garage complexes and in the basements of large buildings.

Pastor Luks is using the loan from CDF-IFV to reconstruct building premises to make a demonstration showroom for this innovative fire prevention system that does not require water. The system involves software and sensors that deliver the flame-retardant powder through a pressurized pipe system, targeting the powder to exactly where the fire is located. This is a new, innovative system that doesn't exist on the Macedonian market.

Financing was approved Q 2 and disbursed June 26.

Year 4: 2015

During Program Year 2015, CDF-IFV continued to identify potential innovators and to source, evaluate and structure transactions. As discussed further in the Results section below, CDF-IFV structured eight transactions and approved and disbursed financing to three innovation transactions, totaling \$46,161.⁵ This support resulted in five new jobs, including one job for women and minorities, and facilitated over \$241,000 in new sales and exports.

	Year 4 Targets	Year 4 Results	% of Year 4 Targets Achieved
\$ value of IFV transactions	\$90,000	\$46,161	51%
# of IFV transactions	2	3	150%
# of jobs	6	5	83%

As in Year 4, during Year 3, the \$300,000 USAID-funded lending pool was fully utilized, and CDF-IFV continued to new clients from repayments from previous clients.

Activities

Activities for the period January 2015 – December 2015 included the following:

Client Outreach & Promotional Activities: CDF-IFV actively promoted the IFV through direct outreach to entrepreneurs, businesses and organizations, and through participation in conferences and events. A list of meetings and events through which CDF-IFV promoted the IFV during PY 2015 can be found in Annex V of this report. Outreach and promotional activities resulted in the identification of a number of potential innovation leads (see Annex IV), the approval of three transactions, and disbursement of three transactions. Disbursed transactions are summarized in the Results section below.

Transaction Sourcing, Evaluation and Structuring Activities: During the year, CDF-IFV sourced more than 40 potential innovations; conducted a preliminary evaluation and/or final evaluation on nine potential innovations; and worked on structuring eight potential innovations.

⁵ As mentioned, CDF-IFV achieved full utilization of the \$300,000 USAID-funded lending pool in Year 3 (2014). Thus all lending in Year 4 (and all CDF-IFV financing going forward) was from repayments on previous borrower loans.

Three innovation transactions were approved during Program Year 2015 and three innovation transactions were disbursed (see the Results section below).

Reporting Activities:

- CDF-IFV prepared and submitted its programmatic Quarterly Reports to USAID for the periods January-March 2015; April-June 2015; and July-September 2015.
- CDF-IFV prepared and submitted financial Quarterly Reports to USAID for the periods January-March 2015; April-June 2015; and July-September 2015.
- CDF-IFV prepared and submitted to USAID Accruals Reports for the periods January-March 2015; April-June 2015; July – September 2015; and October – December 2015.
- CDF-IFV prepared a CDF-IFV “Success Story” on the client Pela Trans (included in Annex VI).

Results

CDF-IFV Transactions

During PY 2015, CDF-IFV approved three innovation financing transactions and disbursed financing to these three clients: Company #47 Pela Trans; Company #52 Agrozabrcani; and Company #53 Bojana. In addition, one structured transaction, the transaction with Company 46, was declined by the CDF-IFV Credit Committee. These three disbursed transactions equaled \$46,161 to CDF-IFV clients. This financing supported a total of five new jobs (plus seven seasonal jobs), including one job for women and minorities, as well as over \$241,000 in new incremental sales and exports. Transactions disbursed during PY 2015 are described in more detail below.

Company #47 PELA TRANS DOOEL (Pela Trans)⁶

- **Ethnicity of Owner:** Macedonian
- **Gender of Owner:** Male
- **Transaction Value:** 1,500,000 MKD (\$26,907.03)
- **Tenor:** 36 months
- **New Employment:** 2 new full time employees, one of which is a minority employee
- **Start-up:** No
- **Client Identification:** Company was identified through direct marketing.

Pela Trans was founded in 2003 and is located in the village of Mazhuchishte in Prilep. The Company’s main lines of business are construction and maintenance of roads; winter road maintenance (snow removal); construction and maintenance of municipal water services; and gravel mining. The Company is ISO certified and currently has 27 employees.

“My experience in working with banks is that it can take months to issue loans to smaller sized businesses like mine. We turned to CDF-IFV because we knew this equipment would save us money and help us grow our business and we didn’t want to wait.”

Mr.Mire Sinadinokij
Owner of Pela Trans

The Company’s innovation is the purchase of equipment from Germany for the production of “cold” asphalt. This equipment does not currently exist in Macedonia, but is widely used

⁶ A success story for this client may be found in Annex VI.

in Europe, thanks to its energy savings, a quickened drying time, and reduced pollution. The loan from CDF-IFV was used to purchase this equipment. Pela Trans is also contributed 1 million MKD (approximately \$18,000) of its own resources.

Financing was approved Q3 and disbursed July 28.

Company #52 Agrozabrcani

- **Ethnicity of Owner:** Macedonian
- **Gender of Owner:** Male
- **Transaction Value:** 700,000 MKD (\$12,387)
- **Tenor:** Three years.
- **New Employment:** 2 new full time employees with three additional seasonal workers
- **Start-up:** No
- **Client Identification:** Company was identified through direct marketing.

Agrozabrcani was founded in 2012, following several decades of family farming in the village of Dupaichani in Dolneni Municipality. The company raises sheep for meat and cheese production and grows annual crops (wheat, rye, alfalfa and peppers). In 2015, the owner of the company met an expert who is engaged in the production of cheese in Australia made from a mixture of goat and sheep milk. This mixed cheese is popular because it has the perceived health benefits of goat's milk cheese, but is milder in taste and less dry, thanks to the addition of sheep milk. Agrozabrcani's owner became interested in introducing such a line of cheeses for sale domestically and in the Balkans. The production of cheeses made from a mixture of goat and sheep milk is not being carried out anywhere else in Macedonia or by any other Macedonian company.

The company sought a loan from CDF-IFV for purchase of equipment and goats. The total value of investment will be around MKD 2,000,000, of which 700,000 MKD is the loan from CDF-IFV, with the remaining funds come from operations of the company.

Financing was approved during Q4 and disbursed January 05.

Company #53 BOJANA DOOEL Krivogashtani (Bojana)

- **Ethnicity of Owner:** Macedonian
- **Gender of Owner:** Male
- **Transaction Value:** 400,000 MKD (\$6,867)
- **Tenor:** 24 months
- **New Employment:** 1 new full time employee, four seasonal employees.
- **Start-up:** No
- **Client Identification:** Company was identified through direct marketing.

Established in 2005, the company Bojana is located in Krivogashtani Municipality. The company's main lines of business are the trade agricultural products and construction materials. In terms of agricultural products, Bojana's main crops are wheat, which it purchases from local farmers July – September; and apples and peppers, which it buys from local farmers August – November. Bojana immediately on-sells wheat to other processors and traders in Macedonia. Apples and peppers are also immediately on-sold (the Company

currently has no proper storage with cooling), mostly within Macedonia, with a small amount of exports to Albania.

The company sought 400,000 MKD in financing over a period of 24 months from CDF-IFV for purchase of modern cooling equipment (cooling chamber with capacity of 25 tones, imported from Greece with Toshiba compressors) for the storage of fruits and vegetables. Not only will this new equipment extend the storage life of fruits and vegetables and improve quality, but it also uses less energy than conventional cooling equipment. The Company is also contributing 500,000 MKD of its own resources towards this equipment.

Financing was approved during Q4 and disbursed December 01.

C. CONCLUSION

Lending to innovations and startups is by far the riskiest form of finance as these businesses have the highest failure rate. Furthermore, the IFV was launched during a time of severe economic contraction in Macedonia. Against this background, the IFV achieved outstanding results by selecting target borrowers carefully, ensuring that they have a high probability of financial and commercial viability and a predetermined market and liquidity event, such as a contract for investment, purchase of product or technology.

During the four period of the USAID-funded cooperative agreement (2012-2015), IFV approved and disbursed financing through 12 loans totaling \$443,655 (thus, fully lending out all of the \$300,000 from the original USAID cooperative agreement, and continuing to on-lend from loan repayments). This financing supported two start-up companies, one minority-owned business and two women-owned businesses. This support also resulted in 50 new jobs, including 26 jobs for women and minorities, and facilitated over \$2 million in new sales and exports. IFV exceeded its life of project “value of transactions” target by 118% and its “number of jobs” target by 167%.

The IFV is structured as a revolving fund and is part of and is managed by the Crimson Development Foundation. IFV funds are lent to eligible borrowers, returned and re-lent. The IFV is fully self-financing and sustainable through interest and fee income, thus providing an on-going legacy of development impacts.

Following successful closeout of the USAID project, USAID permanently granted \$300,000 in funding to CDF on November 25 2015, to continue program objectives of supporting innovation financing in Macedonia through debt finance and quasi equity. IFV will continue to finance to start-ups and entrepreneurs, fostering small business growth and innovation, jobs and increased sales and exports.

ANNEX I: Additional Information on Crimson Development Foundation

Background

Although there were over 20 banks operating in Macedonia by the early 2000's, they were not offering short-term working capital finance to SMEs based on purchase orders or contracts (pre-shipment or pre-export financing). In 2002, Crimson Capital Corp. (Crimson) approached USAID Macedonia with an unsolicited proposal to launch an innovative fund that would provide much-needed, short-term, working capital to Macedonian SMEs. USAID awarded Crimson a Cooperative Agreement (#165-A-00-02-00115-00) to support the Macedonia SME Commercial Finance Fund (the Fund). Through this cooperative agreement (which came into effect in November 2002), USAID provided \$1.15 million to launch the Fund, cover initial operation expenses, support staffing, training, capacity building and marketing; and \$1.5 million in loan funds to be on-lent to Macedonian SMEs. Crimson provided matching funds of over \$300,000.

The Fund began operations in November 2002 with initial work to establish the office, and to develop the working capital loan products, including drafting appropriate credit policies, procedures, and loan agreements. The Fund made its first loan in July 2003. Since then, the Fund has grown rapidly and served the SME community well with financing that it could not receive from banks or MFIs. The cooperative agreement was successfully completed in March 2007 and the SME Fund transformed from being a project to a permanent, fully self-sustaining local commercial financial institution with the legal form of a non-profit foundation. The official name became the Crimson Development Foundation (CDF or Razvojna Fondacija - Krimson, Skopje).

Based on the Fund's success, CDF received an €800,000 long-term, low interest, balloon loan from NORFUND in May 2007, and a second €800,000 long-term, low interest, balloon loan from NORFUND in June 2011. In addition, CDF received a \$300,000 grant from USAID in January 2012 to establish the Innovation Financing Vehicle (IFV) designed specifically to support business innovation and start-ups in Macedonia. CDF's total loan capital is now \$4 million. CDF's success and best practices have served as the model for the Kosovo SME Commercial Finance Fund (Crimson Finance Fund LLC Kosovo), which launched lending operations in December 2008; and for the Crimson Finance Fund Albania (CFF Albania), which received its license as a non-bank financial institution from the Bank of Albania in October 2015.

Impact

In its 13 years of lending, CDF has made loans totaling \$33.3 million to Macedonian SMEs. CDF has made loans to SMEs in all regions of Macedonia, and targets all major sectors of the economy, including agriculture, food processing, trade, service, textiles, ICT, leather goods, wholesale, retail, light manufacturing construction and building materials.

Summary cumulative results through December 31, 2015 are as follows:

- \$33,324,873 lent out
- 425 loans disbursed
- 4,863 jobs created
- 2,593 jobs created for women
- 393 jobs created for minorities
- 87 loans to woman-owned businesses
- 112 loans to minority-owned businesses
- 11 start up companies financed
- \$232,734,618 in new exports generated

In addition, by CDF making its loans, its borrowing clients have been able to support:

- 20,740 local farmers
- 8,453 local buyers
- 715 local agricultural collection/storage points
- 8,949 SME suppliers (domestic)
- 2,337 suppliers (international)

ANNEX II: Innovation Financing Vehicle Project Close-out Ceremony

On February 10 2016 CDF-IFV held a close-out ceremony of the USAID Cooperative Agreement, to highlight the success of the CDF-IFV, the importance of access to finance in fostering innovation and SME development, and the critical role that USAID funding played in successfully establishing and setting up the CDF-IFV. More than 50 representatives from the business community, CDF-IFV clients, representatives from the Macedonian Government, and other projects and donors attended the event. In his remarks, USAID Mission Director James Stein emphasized that “Though USAID’s partnership with CDF has concluded, the IFV is now fully self-sustaining and self-financing through interest and fee income, thus providing an on-going legacy in Macedonia of small business growth and innovation, jobs, and increased sales and exports.”

The event was covered by more than 50 news and media outlets. One example, from the Macedonia Information Agency, is highlighted below.



The image is a screenshot of a news article from the Macedonia Information Agency (MIA). At the top, there is a navigation bar with social media icons (Twitter, Facebook, RSS, YouTube, iOS, Android) and a search box. Below this, the date and time are shown as "TUESDAY, MARCH 22, 2016, 10:52:41". The MIA logo is prominently displayed, along with a green banner featuring a keyboard and the word "ПОД". A red navigation bar contains links for HOME, MACEDONIA, WORLD, ECONOMY, CULTURE, SPORT, and INFO SERVICES. The article title is "Macedonian companies show interest in innovations", and the breadcrumb trail shows "Home > Macedonia > Macedonian companies show interest in innovations". Below the title is a "Recommend" button with a counter of 0. The article is dated "Wednesday, February 10, 2016 12:52 PM". The main image shows a hand holding a glowing lightbulb, symbolizing innovation, with various business icons like a target, a house, a gear, and a bar chart in the background. The caption below the image reads: "Skopje, 10 February 2016 (MIA) - Macedonian companies want to invest in innovations and expansion of their businesses but sometimes they require finances, which they can obtain through the Innovation Financing Vehicle established by the Crimson Development Foundation and USAID."

Crimson Development Foundation Managing Director Michael Gold said Macedonian businesses showed largest interest for innovations in the food industry, construction, ICT and energy sectors.

"Macedonian businesses are prepared to expand their operations, offering new services and products to Macedonian consumers, but often do not have the funds for equipment, marketing etc", said Gold.

James Stein, USAID Mission Director for Macedonia, said the Innovation Financing Vehicle is completely self-sustainable, financed from interest rates and fees, providing the opportunity for continual development of SMEs.

"Our main goal is economic development and increase of employment in Macedonia, and USAID will continue to provide support in this regard", stressed Stein.

The Innovation Financing Vehicle is a specialized revolving fund worth US\$300,000, intended for support to innovations and entrepreneurship in Macedonia. Since its establishment in 2012, the fund has supported 12 new businesses. Moreover, the Crimson Development Foundation has supported about 400 businesses since its arrival in Macedonia back in 2003. **ik/12:52**

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ANNEX III: Additional Information on IFV Loans

IFV Financing Year 1: 2012

M.M. Disoski (Skopje) - \$9,795.23: Financing to a women-owned, start-up, software-development company to finalize and bring to market software that allows parents to easily set a variety of restrictions on the types of internet sites that their children can access.

Vedralit (Skopje) - \$42,552.64: Financing to a start-up company to bring to market on a commercial scale energy-efficient bricks for construction of buildings.

Sonak (Izvor, Čaška; rural Macedonia, about 30 KM southwest of Veles) - \$41,547.82: Financing to an established, woman-owned company that processes (dries and exports) almonds to purchase and install equipment that uses agricultural waste (shell hulls) to fuel the drying process.

Fluting Service (Kumanovo) - \$42,489.90: Financing to an established company to introduce a new production line: packaging for eggs and yogurt made from recycled paper.

IFV Financing Year 2: 2013

Mulithem (Strumica) - \$41,981.52: Financing to an established company that produces private-label household cleaning and personal hygiene products to launch an environmentally friendly packaging line for its products.

KVT (Skopje) - \$31,571: Financing to an established, minority-owned mechanical design and production company to design and produce specialized flour packaging equipment that makes package sizes demanded in the Balkan market.

Magma Kom (Skopje - \$33,318): Financing to an established monitoring system company to purchase parts and software that will allow customers to monitor via smart devices.

IFV Financing Year 3: 2014

Eferio (Skopje) - \$43,878: Financing to an established software development company to support the development of a mobile application (“apps”) store, with local content.

Pastor Luks (Skopje) - \$110,359: Financing to an established company to build a demonstration showroom showcasing building-wide, fire detection and extinguishing systems that use computer sensors and flame-retardant power.

IFV Financing Year 4: 2015

Pela Trans (Makedonski Brod) - \$26,907.03: Financing to an established company to purchase equipment for “cold asphalt” production, which saves energy, reduces pollution and allows for a quicker drying time.

Bojana (Krivogashtani) - \$6,867.18: Financing to an established company to purchase of modern cooling equipment (cooling chamber with capacity of 25 tones, imported from Greece with Toshiba compressors) for the storage of fruits and vegetables.

Agro Zabrcani (v. Dupjachani, Dolneni) - \$12,386.71: Financing to an established company to purchase of equipment and goats for the production of a line of chesses that will be made from a mixture of sheep and goat’s milk.

ANNEX IV: Innovation Leads – Year by Year

The section below provides a year-by-year overview of innovation leads and follow-ups (from subsequent quarters). CDF-IFV's policy, as a financial institution, is to maintain appropriate confidentiality for all leads. Only clients with disbursed loans are identified.

Year I: 2012

- **Company 1.** Contact was made via direct marketing by CDF-IFV. Faculty from the university are developing a 24/7 agricultural monitoring system that can measure temperature, moisture, etc., to improve crop quality and yield. The system uses transceivers to wirelessly transmit the information it collects to any approved party with security access, and it can be accessed remotely via the internet (computer, cell phone or other mobile device). They were originally seeking financing to purchase monitors and other equipment needed to install the system on a farm for field testing. They had a potential buyer of the system and guarantor for the loan.

Follow up: CDF-IFV worked intensively with the developers of the system, however, the developers failed to create a company to commercialize the technology, which is a prerequisite for CDF-IFV financing.

- **Company 2 Vedralit DOOEL (Vedralit).** Vedralit is a start-up company that manufactures construction components (chimneys, ventilation systems, fireplaces, partition and external walls, and elements for thermal flooring) using innovative, patented chemical compounds. The intellectual property rights are owned by the founder of the company. The company's innovation is a new technological procedure for manufacturing of components from lightweight concrete that has a high insulation (thermal) value and is therefore energy efficient. The company changed their name, and a new number was assigned to the company going forward (number 16, see below).

Follow up: The loan application was approved and financing disbursed, see Company 16, below.

- **Company 3 – Trans Inter.** Contact was made with direct marketing by CDF-IFV. Trans Inter is in the transportation/logistics business and has now entered the construction business. The company sought finance for construction equipment for a contract with a municipality. As this type of activity does not meet the criteria for an innovation under the IFV, the company was referred to CDF to consider applying for a loan.

Follow up: Trans Inter received a 3 million MKD (approximately \$60,000) loan from CDF.

- **Company 4.** Contact was made through the IC. The company is a mobile operator established in 2012. The company is seeking financing for start up of their retail operations. However, their business concept does not meet the criteria for an innovation, and it was felt that they hadn't yet realistically estimated customer demand or adequately researched the regulatory environment.
- **Company 5.** Contact was made through direct marketing by CDF-IFV. The company holds a franchise to distribute foreign office equipment in Macedonia. The company provides its customers with the equipment on a (financial) lease basis. The company sought financing to purchase equipment, which will then be on-leased to its government and corporate clients. As this type of equipment purchase does not meet the criteria for an innovation under the IFV, the company was referred to CDF to consider applying for a loan.

Follow up: The company submitted an application to CDF for a loan, however, the loan was not approved.

- **Company 6.** Contact was made through direct marketing by CDF-IFV. The company sells audio and video equipment. The company's innovation is a remote home security system that allows you to view your home via mobile phone.

Follow up: The company recently lost their largest customer and is now experiencing financial difficulty. The company will postpone pursuing their innovation until a later stage.

- **Company 7.** Contact was made through direct marketing. The company is an internet provider. Their innovation is that the company provides users the option of modem-less wifi, with a pre-paid or post-paid card. The company is seeking financing to enlarge their network, however, they are seeking around 1 million Euro in financing and therefore a determination was made that the funding levels needed for this transaction are beyond the scope of the CDF-IFV.
- **Company 8.** Contact was made through direct marketing by CDF-IFV. The company is a milk processing company, with a new facility in southern Macedonia. The company is in the process of applying for IPARD funding for introducing a line of fortified (vitamin) yogurt, which is an innovation on the Macedonian market. Preliminary meetings, including an on-site visit were held.

Follow up: The company found another source for financing.

- **Company 9.** Contact was made through direct marketing by CDF-IFV. The company started 10 years ago and is mainly involved in building design. The company's innovation is earthquake resistant buildings based on a hydraulic support system that provides additional stability. The company sought financing to commercialize the concept. Financing needs are greater than what IFV could provide alone, however, it is possible that the IFV could be a co-investor or co-lender.

Follow up: CDF-IFV worked with the developers of the system, however, the company did not develop a clear market strategy for their innovation. The company has expressed that they are more interested in grant financing at this stage.

- **Company 10 - MM Disoski.** MM Disoski is woman-owned start-up company focused on the development of educational game software for children. The company's innovation is software that allows parents to easily set a variety of restrictions on the types of Internet sites that their children can access, and protects children from being contacted over the Internet. The software is user friendly and will be available in Balkan languages, including in Macedonian.

Follow up: Transaction approved and financing disbursed, see Results section for Year I.

- **Company 11.** Contact was made via direct marketing by CDF-IFV, via ProPoint Consulting. The company is focused on the development of mobile game software. The company is a new start-up company, resulting from the dissolution of a former Joint Venture (JV) between a Dutch company and a Macedonian partner. Building on its nine years experience in the JV, the company will continue to focus on the development of mobile game software while seeking to significantly grow its operations to 120 game developers (20 developer teams) over the next five years. The company was seeking investment to support this growth.

Follow up: The IFV application was approved, however, the company found a strategic investor and they decided to not take IFV financing.

- **Company 12.** Contact was made via direct marketing by CDF-IFV. The company produces honey and clay pots for retail commercial sale of honey. Their innovation is an improvement in clay pot production, which is an airtight pot that does not allow bacteria to seep in. The company sought financing to take the clay pot production from prototype to commercial production. The company secured a trial contract with TAV to sell the honey in the new clay pots at the Skopje airport and on Turkish Airline flights.

Follow up: CDF-IFV worked intensively with the company, however, the company failed to submit a complete application.

- **Company 13.** Contact was made via directing marketing by CDF-IFV at the Balkan Venture Forum. The company is wood processing company that, among other products, makes barrels for wine production. Their innovation is an improvement in the barrel production process, which allows for faster wood drying time (from three years to one and a half years). The company sought financing to purchase equipment for the improved production process.

Follow up: CDF-IFV met with the company several times. The company appears to be at quite an early stage in its innovation development and has not demonstrated that they sufficiently understand their potential market and competitors. The company appears to be more interested in finding grant support at this time. CDF-IFV does not anticipate an application from the company.

- **Company 14.** Contact was made via direct marketing by CDF-IFV. The company produces spherical plastic greenhouses for agricultural production. The spherical design, which spreads sunshine over a greater area and more efficiently maintains heat, is their innovation. The company makes three sizes, and has tested their design in three areas in Macedonia. The company sought financing for small equipment and working capital to further commercialize their innovation.

Follow up: CDF-IFV met with the company several times. After further analysis, the company has decided that projected sales in the near future do not warrant investment in equipment at this time.

- **Company 15.** Contact was made via direct marketing by CDF-IFV. The company's innovation is seed production of indigenous, heritage varieties of tomato, cucumber, peppers and strawberries. They company sought financing for the purchase and installation of greenhouses for seed growth.

Follow up: Further meetings and discussion with the company revealed that the company does not have adequate production capacity to warrant CDF-IFV financing at this time.

- **Company 16 - Vedralit DOOEL.** Vedralit is a start-up company that manufactures construction components (chimneys, ventilation systems, fireplaces, partition and external walls, and elements for thermal flooring) using innovative, patented chemical compounds. The intellectual property rights are owned by the founder of the company. The company's innovation is a new technological procedure for manufacturing of components from lightweight concrete that has a high insulation (thermal) value and is therefore energy efficient.

Follow up: Transaction approved and financing disbursed, see Results section for Year I.

- **Company 17.** Contact was made via direct marketing by CDF-IFV. The company produces glass and plexiglass for bathroom installations. Their proposed innovation is the production of tempered glass, which is not produced in Macedonia.

Follow up: The company submitted a loan application to CDF-IFV, however the application was not approved by the Credit Committee.

- **Company 18 – Fluting Servis.** The company Fluting Servis produces corrugated cardboard and packaging made from paper and cardboard. As a result of market

research activities, the company identified a new product for which there is a large market in the Balkans, but no current producers. The product is trays for the transport of yogurt and milk, made from recycled paper. Fluting Servis' trays made from recycled paper will replace more expensive trays (that also require additional assembly) currently imported from Croatia, produced by the Danish company Hartmann.

Follow up: Transaction approved and financing disbursed, see Results section for Year I.

- **Company 19.** Contact was made via direct marketing by CDF-IFV. This company was formed as a result of a successful effort to get a power purchase agreement from MEPSO to sell photovoltaic power into the grid. The company plans to purchase and install photovoltaic panels (>50 KW capacity), but they currently lack the financial resources to exploit their idea. As an intermediate step, the company sought financing to fill an existing order in scrap metal trade. As this (scrap metal trade) is not an innovation, this transaction will be passed onto CDF for consideration. If the company eventually gets to the stage of exploiting their idea for photovoltaic panels, they may be considered for CDF-IFV financing.

Follow up: Client 19's potential scrap metal trade transaction was reviewed by CDF, however, it did not proceed to the full loan application stage, due to lack of necessary co-financing and documentation of input supplier necessary to complete the transaction.

- **Company 20.** Contact was made via direct marketing by CDF-IFV. This potential client is a cooperative, not a company. The cooperative is a grower of certified, organic sunflower seeds. Their proposed innovation is to begin production of organic, cold-pressed sunflower oil, which does not currently exist on the Macedonian market.

Follow up: The potential transaction did not proceed to final application stage, due to the cooperative's lack of interest in forming a private company.

- **Company 21 - Sonak.** Established in the beginning of 2007, the company Sonak processes and exports nuts (mostly almonds) of Macedonian origin. The company's innovation is a new production line for the almond drying process, which uses agricultural waste (shells and hulls) to fuel the drying process. This equipment has been successfully used in Bulgaria and Serbia, but it is the first time it will be installed in Macedonia. This innovation will provide excellent environmental benefits.

Follow up: Transaction approved and financing disbursed, see Results section for Year I.

- **Company 22.** Contact was made via the Innovation Center. Company 22 is a software start-up company. The company's innovation is an advertising software

program that provides small financial payment to browsers/users to view specific advertising pages. However, the company's business model is not well developed and company management is very junior. CDF-IFV will continue to discuss the concept with Client 22 during the coming quarter, but is not optimistic about prospects for CDF-IFV financing.

Follow up: CDF-IFV met with the company several times. The company is at a very early stage in its innovation development and needs to further develop its market and competitive analysis and plans.

- **Company 23.** Contact was made via direct marketing. Company 23 is an established producer of bed mattresses. Their innovation is a new type of mattress which allows for improve air circulation and better sleep. During December, the CDF-IFV met with Company 23 several times. CDF-IFV will continue to discuss the concept with Client 23 during the coming quarter, however, the general impression is that Company 23 is more interested in grant financing and is not ready or prepared to manage commercial finance.

Follow up: The company appears to be more interested in finding grant support at this time. CDF-IFV does not anticipate a financing application from the company.

- **Company 24.** Contact was made via direct marketing. Company 24 is an established taxi/transportation company. Company 24's idea was to install improved GPS systems in their taxis, to allow for improved taxi dispatch and control. However, as this system already exists (and Company 24 would simply be purchasing and installing it), it does not qualify as an innovation. The company eventually decided to self-finance the idea. (See Follow up in Year 2).

Follow up: The company decided to self-finance the idea.

Year 2: 2013

- **Company 25 - Multihem.** Contact was made via direct marketing. Company 26 produces private-label household cleaning and personal hygiene products, such as deodorant, aftershave and liquid soaps. The company's innovation is the introduction of an aerosol spray product packaging line that does not contain chlorofluorocarbons (CFCs) or hydrochlorofluorocarbons (HCFCs). Non-CFC, non-HCFC aerosol spray products do not deplete the ozone layer. This is an innovation on the market as non-CFC, non-HCFC aerosols are not currently produced anywhere in Macedonia or in the Western Balkan region.

Follow up: Transaction approved and financing disbursed; see Results Section of Year 2.

- **Company 26 - KVT Skopje.** Contact was made via direct marketing. Company 26 manufactures machines for packaging. Its main customers are food processing

and chemical/pharmaceutical companies and other companies that need specialized types of packaging. Their proposed innovation is a machine for a new type of packaging of flour.

Follow up: Transaction approved and financing disbursed; see Results Section of Year 2.

- **Company 27.** Contact was made via direct marketing. Company 27 produces honey and halva. Their proposed innovation is supplying small packets of honey. Since small packets of honey already exist on the Macedonian market, the project does not qualify as an innovation for CDF-IFV. The company would need to further develop its business model and management plan before it would qualify for a referral to CDF for financing.

Follow up: Company will need to further develop its business model and management plan before it would qualify for a referral to CDF for financing.

- **Company 28.** Contact was made via direct marketing. Company 28 has 30 hectares of land under concession. Their proposed innovation is making pellets for pellet stoves from a combination of wood and agricultural waste (there are currently no companies in Macedonia making pellets from agricultural waste). The company will need to further develop its business model and management plan before it would qualify for CDF-IFV financing.

Follow up: The company has decided to postpone their plans for making pellets for pellet stoves until next year.

- **Company 29.** Contact was made via direct marketing. Company 29 produces bentonite products used in cosmetics, medicine, in foundries, for deep land drilling, for hydro-insulation, as an additive in the animal feed and also for filtering wine and juices. The company wants to produce and sell a new, higher value added product “Bentol”, which is used in metallurgy (mostly in foundries) during the production of molded metal products for lubricating the molds and to prevent metal from sticking to the molds. Bentol is currently not produced in Macedonia and will be a new product on the market.

Follow-up: The Company submitted a loan application to CDF-IFV, but their loan application was declined by the credit committee.

- **Company 30.** Contact was made via direct marketing. Company 30 produces specialized textiles and cardboard to order for IKEA. The company’s innovation is a new type of specialized material for ironing boards (also produced to order for IKEA).

Follow-up: The company submitted a loan application to CDF-IFV, but withdrew their loan application.

- **Company 31.** Contact was made via direct marketing. Company 31 is an innovation company focused on renewable energy and energy efficiency. The company is currently in the early stages of development of a new system for energy savings using solar energy.

Follow-up: CDF-IFV will discuss the possibilities for financing with them once when they have final product and a prototype design.

- **Company 32.** Contact was made via direct marketing. Company 32 is a producer of organic oregano. They are interested in the development of value added oregano products. It is not clear that this will qualify as an innovation.

Follow-up: The company needs to better develop its business model before further being considered for CDF financing.

- **Company 33.** Contact was made via direct marketing. Company 33 is a retail seller of women's garments and accessories. The company operates from two leased stores located in the center of Skopje and seeks a working capital loan to purchase more inventory.

Follow-up: As this is not an innovation, the loan application was referred for financing to CDF, however, the company decided to withdraw their request for financing for inventory and instead apply to CDF-IFV for creation of an on-line store. The company submitted a loan application to CDF-IFV during the quarter, but their application was not approved.

- **Company 34.** Contact was made via direct marketing. Company 34 processes and trades Royal Jelly (a honey-based vitamin supplement product). Their innovation is an improved lid design for the packaging to prevent the inflow of oxygen to the Royal Jelly product.

Follow-up: The company applied for a loan from CDF-IFV, but their application was not approved.

- **Company 35 – Eferio.** Company 35 is a new software development company for mobile applications. Their innovation is the creation of an on-line "market place" that will allow telecom operators, smart device manufacturers, and equipment retailers to interface directly with application developers in order to develop customized applications specific to local market needs and specifications.

Follow-up: The company applied for a loan from CDF-IFV, but could not meet the terms and conditions of CDF-IFV and their application was not approved during PY2. However, during PY3, the company restructured their application for financing, which was approved during PY3, see Year 3 Results and below Year 3 Innovation Leads.

- **Company 36.** Company 36 is a start-up company that produces cosmetic elements for building facades (cladding) and building interiors (molding) from plastic. The company's innovation is an improvement in the production process (quality of the plastic elements which allows them to be more easily attached to other materials in the building process).

Follow-up: The company applied for a loan from CDF-IFV, but was not able to meet the terms and conditions of CDF-IFV and their application was not approved.

- **Company 37.** Company 37 manufactures toilet paper, napkins and paper towels. Their innovation is improvement in manufacturing equipment.

Follow-up: The company was not able to meet the terms and conditions of CDF-IFV and did not finalize their loan application.

- **Company 38 - Magma Kom.** Contact was made via direct marketing. Company 38 (Magma Kom) is a monitoring system company (monitoring of physical objects / buildings with electronic equipment). The company's innovation is purchasing parts and software to make monitoring systems for customers that will be accessible on smart devices (the person can monitor security situation from his or her smart phone, tablet or computer). The Company sought financing from CDF-IFV for purchase of the parts and software, and also for working capital for marketing. The transaction was approved and financing disbursed (see Results Section of Year 2).

- **Company 39.** Contact was made via direct marketing. Established in 2007, in Struga, Macdonia, Company 39 has established itself as a reliable importer and distributor of toys on the Macedonian market. The company is also in the beginning stages of exporting to the Albanian market. The company's innovation is to start production of jumbo bags, for which there is an increasing demand on the Macedonian market, and also in Albania. Jumbo bags ("Flexible Intermediate Bulk Containers" or "FIBC") are used in the transportation of many types of construction and traded goods. They provide a less expensive and more convenient alternative to structured shipping containers made from plastic or metal and are more durable than cardboard boxes. Currently, there is no producer of such bags on the region, and the needs are met through imports, mostly from Turkey. The Company sought financing from CDF-IFV for working capital and equipment purchase. The Company submitted a loan application and it was approved, however due to problems with pledging collateral, the loan was not issued.

Year 3: 2014

- **Company 35 - Eferio.** Contact was made on Balkan Venture Forum. The company is in the process of developing features on Soc.io Mall, which will allow equipment manufacturers, telecom operators and equipment retailers to work directly with application developers, tailoring apps to local market needs and allowing on-selling of

this mobile content to end users. The company sought financing from CDF-IFV for working capital purposes, mostly to pay salaries of IT staff working on development of the new features for Soc.io Mall.

Follow-up: During Q2, the transaction was approved and financing disbursed (see Results Section for Year 3).

- **Company 40.** Contact was made via direct marketing. Company 40 sells equipment and software for security, using fingerprint recognition. The company sought financing to purchase new software that tracks computer usage in offices.

Follow-up: The company decided to postpone financing this until next year.

- **Company 41.** Contact was made via direct marketing. Company 41 is a trade company, working in the building construction sector. As a result of the new law on energy efficiency, the Company wanted financing to purchase three-pane glass windows that have superior thermal and sound-insulation properties.

Follow-up: The company found another source for their financing needs.

- **Company 42 -Pastor Luks.** Company #42 was established in Macedonia in 2001 and sells fire-fighting equipment, such as fire extinguishers, personal protective equipment, fire detection and extinguishing systems, and services connected with this equipment. The company sought a loan from CDF-IFV to reconstruct building premises to make a demonstration showroom for this innovative fire prevention system that does not require water. The system involves software and sensors that deliver the flame-retardant powder through a pressurized pipe system, targeting the powder to exactly where the fire is located. This is a new system that doesn't exist on the Macedonian market.

Follow-up: The transaction was approved and financing disbursed (see Results Section for Year 3).

- **Company 43.** Contact was made through direct marketing. Company 43 is a bakery located in Skopje. The company's innovation is introducing baked goods for diabetics. The company was potentially interested in a loan from CDF-IFV for purchasing new baking machinery for these products, as well as working capital to open a new shop for these products.

Follow-up: After further research, Company 43 decided that there was insufficient market for diabetic products and has decided not pursue this innovation.

- **Company 44.** Contact was made via direct marketing. Company 44 runs a passenger bus service with three buses that run weekly routes Skopje-Munich-Skopje. The company's innovation is to replace diesel fuel for their buses with methane.

Follow up: The Company decided not to make this investment at the current time.

- **Company 45.** Contact was made via direct marketing. Company 45 is a private hotel in Berevo that would like to replace traditional fuel for heating and electricity with a combination of photovoltaic, wind-power and a thermal pump system. (See follow up in Year 4).

Follow up: The Company decided not to make this investment at the current time.

Year 4: 2015

- **Company 46.** Contact was made via direct marketing. Located in Prilep, Company 46 produces ice cream and bakery products. Their innovation is new machinery for vacuum packing of ice cream bars and crossiants (which increases their shelf-life). This machinery does not exist in the Balkans region.

Follow-up: The company submitted a loan application to CDF-IFV during the Quarter, but the CDF-IFV Credit Committee declined the application.

- **Company 47 - Pela Trans.** Contact was made via direct marketing. Company 47 is a road maintenance and construction and service company. The company recently won a tender from the Municipality of Prilep to service the Municipality's roads. The company's innovation is new equipment for repairing roads, which will improve quality of the finished work. This equipment doesn't exist in Macedonia.

Follow-up: The transaction was approved and disbursed (see Results Section for Year 4 above).

- **Company 48.** Contact was made via a referral from USAID Macedonia. The company is in the process of developing software and an Internet site for ride sharing within the Balkans similar to BlaBla Car. The Company sought investment for the first two years of operations and for their Internet marketing campaign. The company will be based in Macedonia and use local IT expertise, and their ride sharing business will be active in the following countries within the first two years: Macedonia, Bulgaria, Serbia, Montenegro, Croatia, BiH, Slovenia, Albania and Kosovo.

Follow-up: The company is refining its business model and seeking additional partners to complete the total financing needs.

- **Company 49.** Contact was made via direct marketing. The company is planning to invest in replacement of two agricultural machines (combines), which are also more energy efficient and harvest a larger portion of crop. The company seeks financing from CDF-IFV for realization of this investment.

Follow-up: CDF-IFV declined the request before the Company submitted a full loan application, due to high risk of non payment.

- **Company 50.** Company #50 was established in Macedonia in 2006 as travel agency. The focus of their business is on bus transport. The company sought a loan from CDF-IFV to purchase two new busses, which use liquid propane gas instead of regular fuel.

Follow-up: The Company decided lease the new buses, rather than purchasing them with debt finance from CDF-IFV.

- **Company 51.** Contact was made via direct marketing. The Company is a transportation company that owns and operates more than 50 trucks. The Company wants to invest in a fuel switching system that will allow for replacing diesel fuel with methane gas (which, properly implemented, will both reduce fuel costs and pollution) in 10 trucks.

- **Follow-up:** The Company decided lease the new trucks, rather than purchasing them with debt finance from CDF-IFV.

- **Company 52 – Agrozabrcani.** Contact was made via direct marketing. The Company produces and processes goat's milk. The Company wants to launch a new product line of cheeses that will be a combination of goat's milk and sheep's milk cheese; for this they need to purchase new technology for proper mixing of milks and milk fat, which does not exist on the Macedonia market.

Follow-up: The Company submitted loan application and the loan was approved and disbursed (see the Year 4 Results section).

- **Company 53 – Bojana.** The company wants to invest in the purchase of modern cooling equipment (cooling chamber with capacity of 25 tones, imported from Greece with Toshiba compressors) for the storage of fruits and vegetables. Not only will this new equipment extend the storage life of fruits and vegetables and improve quality, but it also uses less energy than conventional cooling equipment. During the Q4, company submitted loan application, loan was approved and disbursed.

Follow-up: The Company submitted loan application and the loan was approved and disbursement (see the Year 4 Results section).

ANNEX V: Meetings & Promotional Activities – Year by Year

Year I: 2012

Outreach Meetings

Innovation Center, Zarko Pop Iliev,
WTI Macedonia, Anthony Gbadamsoi
Architectural Studio Kokale Kiril Kokalevski
ECS, Vasko Pavlovski
Zgimi Tetovo
Ka Grup, Vasko Karangelevski
Association of Innovators Skopje, Vele Nelkovski
MKonsalting Skopje, Marija Vaskov,
Amski, Dimitrovski Nikola
Agricultural Faculty of Skopje, Prof. Dr. Zvonko Bozhinovic
Kamnik Vinary/ECS
Trans Inter, Dejan Mutovich
Genel Skopje, Filip Vidovic
Innovation Cetner, Dejan Janevski and Goce Petreski
Timelproject Engineering, Dragan Blazev
Dr. Claus Skopje, Emilija Elek
Sun Wireless Skopje, Daniel Andonovski
GEF SGP, Zlatko Samardziev
Megas Consulting, Goce Mojanovski
Saldo Plus, Kire Ivanovski (accounting company)
Bilance Plus (accounting company)
Stefanovski (accounting company)
Electro Technical Faculty, Prof. D-r. Gavrilovska
DKS, Dostana Stankovska
Zito Veles, Jovance Gosevski
Planum Konsalting, Blagoja Milosevski
Peca Komerc Bitola, Blasko Temov
Evropa Bitola, Jusuv Alilovski
Stipiko Kicevo, Nela Joleska
Agro Meksuti Kumanovo, Vebi Meksuti
ACDC DCAC Skopje, Ivan Popovic
Point Pro Consulting
Magic Agro Food, Marjan Vasilevski
Association of Haney Producers
Kendy Skopje, Andev Slave
Arista Sistemi, Skopje Ice Gramatkov
EMBRA Corporation, Blagica Rizoska

CSS Radovish, Bojan Mitevski
Scope, Ljupco Vangelski, Bozidar Veljic
Codewell, Martin Anchevski
EnEffect, Ecaterina Popovska
M M Disoski, Valentina Disoska
I Sioux Taurus, Adriaan van der Flir
Vatro Veles, Vase Vasilev
Vista Skopje, Blagoj Davkov
Laminati Skopje, Ljube Dimkovski
Association of Organic Product Producers, Goran Angelevski
Pastor Luks, Goce Dimitrieski
Luksor Skopje, Nenad Radonjanin
Eko Grup, Goran Kolev
Gemija Company Veles, Ljubomir Rakidziev
Vagi Mak, Dusko Janich
Vane Trejd, Vanco Vangelovski
Berulovski DOOEL, Berulovski Orhan
Kometa Komerc, Aleksandar Zlatkov
Foreign Language Center, Evica Zafirovska
B2 Consulting, Vladimir Grozdev
Adrija Fish, Zladko Gestev
Luksor Akvamatik, Nenad Radonjanin
Frenki, Marjan Mitev
Trgo Produkt, Bobi Zaev
DEL Accounting, Aleksandar Nikolovski
BBS Company, Boris Stojcevski
Fotosolaris MIT, Slobodan Mitrevski
Farma Vet, Nikola Trajkov
Senak, Elena Jovevska
VaVa Metal, Ana Stojanovska
Vitaminka, Trpeski Vladimir
Habitat for Humanity, Kiril Nestorovski
Simpeks, Sinisa Petrovic
Agro King Plus, Goce Trajceski
Organik Agro Farm, Snezana Zugrafoska
Elektropanel, Dragoljub Sesum
ProKronos, Vasilevski Zoran
Metalika, Rexhep Jusufi
Iscar, Jordan Dimitrovski
VIP Element Panco Pavlov
Iko trust, Kocevski Ilco
Metalec Bitola, Toni Iliev
Elektrorama-M, Zoran Popovic
Coma Mall, Mexhit Coma,
Proleter AS, Laze Spasenovski
DNKVPlus, Dejan Dojranliev

Dogan Frigo
Zito Vardar, Goran Angeleski
SEE Broadband Council, Lina Mancevska
Economic Chamber of Comerc, Nikola Dimovski
ASI, Goran Poposki
Rural Development Network, Petar Gjorgievski
Johanson Control, Makram Ghribi
Nena, Pance Perovski
Lotus Transport, Daniela Rous-Mileska

Presentations and Events

- CDF-IFV Program Manager, Mr. Lovre Ristevski participated in the Center For Climate Change Event (March 21, 2012)
- CDF-IFV Program Manager, Mr. Lovre Ristevski participated in the BSC Bitola Event (March 22, 2012)
- CDF-IFV participated in roundtables “How to More Easily Access Finance” in Kavadarci (April 5) and Strumica (March 29), organized by AgBiz and IC.
- CDF-IFV participated in the Balkan Venture Capital Forum, April 18 & 19 in Skopje, organized by the Balkan Unlimited and Crimson Capital.
- CDF-IFV Program Manager, Mr. Lovre Ristevski, made a presentation of IFV to the Faculty of Technical Sciences in Bitola, April 26, organized by CDF-IFV through direct marketing.
- CDF-IFV participated in “Innovation in Agriculture and How to More Easily Access the Innovation Financing Vehicle” May 8, Skopje, organized by IC and AgBiz.
- CDF-IFV Program Manager, Mr. Lovre Ristevski made a presentation on IFV to Association of Agro-producers, 16 May, in Prelip, organized by CDF-IFV and EuroConsulting, Prelip.
- CDF-IFV Program Manager, Mr. Lovre Ristevski made a presentation of IFV to Organization of Honey Producers 13 June in Veles, organized by CDF-IFV and the Organization of Honey Producer
- CDF-IFV Program Manager, Mr. Lovre Ristevski participated in Makinova (October 16-19)
- CDF-IFV Program Manager, Mr. Lovre Ristevski participated in the Macedonia Global Investment Summit 2012 in Ohrid (19-20 October)
- CDF-IFV participated in “What we do for small and medium sized enterprises (SMEs)?” Foundation Business Startup Centre Bitola (28-30th of November 2012)
- CDF-IFV participated in the Regional IT and Entrepreneurship Conference Banja Luka on (11 and 12 of December)

Year 2: 2013

Outreach Meetings

Marand Consultants, Marijan Andric

Studio Tim Proekt, Jusuf Edip
Mate Komerc, Mateski Goran
EnEffect, Zoran Popovski
Zavar Skopje, Marta Naumovska Grnarova
Hidros Skopje, Risto Paskovski
Jukach Kavadarci
KVT Skopje, Toni Kuhar
Kivi Plast, Borce Trpeski
Mojanoski Prilep, Mojanoski Slavko
Leksika, Nikola Avramovski
Dental International, Tanja Dejanoska
BDO, Dragan Dimitrov
EHI, Predrag Milivojevic
Gacev, Elica Gaceva
Albedo Inzenering, Stankoski Jane
Akota, Aleksandar Tasev
Carpet Max, Esat Kofrc
Bonvita, Mitev Marjan
B2 Consulting, Vladimir Grozdev
Cosmic, Ilco Bojchevski
Blueprint, Petkovski Ljubomir
Erasmus, Pietar Imanse
Zupa, Abdula Papraniku
Kosmoto, Zoran Ristevska
Kivi Plast, Borce Trpeski
Vinea, Goran Trajkov
Polster Invest, Marija Stojanova
Sanssped Trans, Nikola Nikolovski
BDS, Jane Vrteski
Energomarket, Dimitrieski Ace,
Bentomak Nova, Cupev Gjorgji
Zlatna Pcela, Valentina Filipovska
Body Line, Dzonova Gabriela,
Vita Media, Rade Kozarovski
Petreski, Andrijana Petreska
Junta, Pece Juntoski
Organska Agro Farma, Irena Zugrafoska
Jan-Bor, Borce Jancev
Dusan Ciric, Kire Sosev
Perfect Cufi – Ilir Cufi
Hidros - Paskov Risto
BDO - Dragan Dimitrov
Univerzalen Melem- Iliev Stefan
Dela Plast- Ivan Iliev
Gulas – Gulas representative
Paskalin - Pejco Iliev

Dalvina - Delco Baltovski
OgnoPrevent Inzenering - OgnoPrevent Inzenering representative
IZ Ognenov - Igor Ognenov
Sindarela – Ljubisa Mihalovski
Mobi – Goce Siljanovaski
Vitraz -Vujadin Drakulovic
VinoMak - Gore Ilkovski
Comland - Martin Pishpecki
Association of Innovator Stip - Viktor Donski
Dekons-Ema – Menka Spirovska
Ramstor - Munafer Agus
Mlekara Bitola - Sasho Mateski
Municipality of Mogila - Gordana Lozanovska Stefanovska
Association of Tehnical Culture - Pero Mitrev
Dentolab -Tome Balalovski
Bpt Print - Mirko Uzelac
Sarah - Ejup Fatmir
ACDC- Ivan Popovic
Vating –Ivan Dojcinovski
Anima – Vlatko Gievski
Ecotip – Ina Milosevska
Frigomont – Zoran Mijakov
Dil Kom – Dimeski Dimitrija
Aquasave – Bojan Ristevski
Shollex – Trajce Manev
Marketkonekt-Dragan Ivanov
NGH–Miroslav Duler
DMB Production –Gorjan Maksimovski
An-Ju – Julijana Jakimovska
Takom Group – Gjorgji Gjorgjiev
Ariljmetal – Goko Stojanov
Ana – Marko Nikolovski
Arsopump– Stefan Arsovski
RZ Institut – Mitko Vasilevski
Tehnoskop Alati–Darko Kostadinovski
Banesta –Branislav Stanojkovic
TabMak – Vlatko Kijajov
Metalika – Rexheb Jusufi
MF Seals – Igor Acevski
Experts – Marta Cvetkovic
Arse Solusan– Robin Bojcevski
Eko Solar – Zoran Trajkov
Fortuna Grup–Radevski Igor
Univerzal –Luan Bekiri

Presentations and Events

- CDF-IFV Program Manager, Mr. Lovre Ristevski participated in the Implementation of EGP and BAS program from EU-IPA funded EBRD Small Business Support Projects (February 28).
- At USAID's request, CDF-IFV Program Manager, had a meeting with World Bank representatives on a project to support the Macedonian Government to develop a fund to support innovation (February 20).
- CDF-IFV Program Manager, Mr. Lovre Ristevski participated in IPARD Program Utilization, Ministry of Agricultural Food and Forest (March).
- Participation in the Federation of Farmers Conference "Agricultural Finance Situation and Perspectives" (April 9).
- CDF-IFV Program Manager, Mr. Lovre Ristevski made a presentation of CDF-IFV at the General Assembly of Organic Farmers (April 16).
- Participation in the USAID RCI Regional Agribusiness Forum in Skopje (May 29-30).
- Participation in the USAID Training for good agricultural practices, USAID Small Business Expansion Project (June 4).
- CDF-IFV Program Manager, Mr. Lovre Ristevski made a presentation of CDF-IFV at the Skopje Innovator Association (July 2013).
- CDF-IFV Program Manager, Mr. Lovre Ristevski made a presentation of CDF-IFV at Makinova, part of Tehnoma Trade Fair. (October 18).
- CDF-IFV Program Manager, Mr. Lovre Ristevski participated in the meeting with Social Impact, regarding the evaluation to determine whether current U.S. government growth programs in the Western Balkans are designed and targeted in ways that will allow these assistance programs to make significant contributions towards the U.S. government goal of EU accession (November 14).
- CDF-IFV Program Manager, Mr. Lovre Ristevski participated in the COP meeting with Ambassador Wohlers (November 15).

Year 3: 2014

Outreach Meetings

Famod, Anastasova Dragana
 Joki, Zoran Mladenovski
 Eneks, Darko Jakimovski
 Tehno Auto, Spisic Mihajlo
 Nova Rojal, Nenad Petkov
 Komlong, Julija Pishpechka
 Nord Energy Group, Valdet Demiri
 Stil Kon, Marko Dimitrievski
 Paneks Inzenering, Ilija Panzov
 Ultra, Zoran Novkovic
 ICS Grup, Ljubomir Ilkov
 Cetus Led, Martin Sokolovski
 Akvamont Ing, Andreevski Petre

Vending Group, Ilija Despotovski
Lakeview, Ljiljana Nacevska
Vendora, George Karatolis
BNB Energy, Blashko Lazarevski
Metal Inzenering, Jovan Georgioski
Temoh, Milan Temelkovski
Bel Ju Trade, Agim Konceli
Iva Mont, Ilija Milenkovski
Lake view Otesevo, Liljana Nacevska
Kapri Bitola, Nikola Trpevski
BNB Energy, Blashko Lazarevski
Vazar doo Bitola, Zijad Alilovski
Eferio, Nikola Georgievski
Brating Skopje, Sime Gjoshevski
INA Energy System Skopje, Stefan Pop Dutcev
TransPlam Skopje, Slobodan Vukmanovic
Pastor Luks, Goce Dimitrievski
Acibadem Sistina, Mrs. Valentina Dimovska
Jan-Bor Negotino, Borce Jancev
Tehnoplast Gevgelija, Mr. Markov Gorgi
DIS Skopje, Mr. Jovica Taskovska
Eurotabak, Mr. Lazar Zakovski
Majami Skopje, Mr. Vladimir Avramovski
Kabtel Skopje, Mr. Goran Mitrevski
Beluci Skopje, Mr. Rade Ristevski
EkoGas Skopje, Mr. Mitko Andreevski
Centar za Vozila Prilep, Mr. Blaze Boskov
BiMilk Bitola, Saso Vasilevski
Manaskov, Gorgi Manaskov
Ting Motel Sliv Vinica, Marko Nikolov
Beluci Bakery, Rade Ristevski
Domus Protekt, Jordan Gasev
Adzi Nazret Prilep, Adzi Nazret
Eko Inzenering Prilep, Kiril Nastevski,
Plasma Skopje, Ilija Nasev,
Arilje Metal, Marijana Angelkovska,
CD Fruit, Kostadin Pinzovski,
Milina Prilep, Branko Jovanoski
Kocani, Violeta Cvetkova

Presentations and Events

- CDF-IFV Program Manager, Mr. Lovre Ristevski made a presentation of CDF-IFV Tetovo Municipality February 17, 2014
- CDF-IFV Program Manager, Mr. Lovre Ristevski made a presentation of CDF-IFV Debar Municipality February 18, 2014

- CDF-IFV Program Manager, Mr. Lovre Risteovski made a presentation of CDF-IFV to Strumica LER Office June 19, 2014
- CDF-IFV Program Manager, Mr. Lovre Risteovski attended USAID Macedonia Inclusive Development Meeting June 11, 2014
- Participation in the meeting with US Deputy Ambassador and USAID representatives at CDF-IFV offices on the subject: creating jobs and building competitiveness through innovative financing (September 16, 2014).
- Participation in the workshop “Forum for Nonbank Financial Institutions that Accept Public Deposits”, organized by FULM (September 24, 2014).
- Participation in the workshop “Business Growth Know How”, organized by EBRD’s Small Business Support (SBS) program (September 30, 2014).
- CDF-IFV Program Manager, Mr. Lovre Risteovski made a presentation of CDF-IFV at Makinova, part of Tehnoma Trade Fair. (October 18).

Year 4: 2015

Outreach Meetings

Lars Stip, Darko Neskov
 Turan Bogdanci, Vane Turanov
 Milina Prilep, Branko Jovanoski
 Unistar Veles, Katerina Maneva
 Prospera Kumanovo, Kristijan Andreevski
 Olimpija Motors, Svetlana Pljakoska
 Uniplast Struga, Hristijan Kovaceski
 Pela Trans Prilep, Mile Sinadinovski
 Multiprom Skopje, Viktor Tasovski
 Ride Sharing Project, Igor Hristov and Domenico Albonetti
 Simpeks Bitola, Mr. Sinisha Petrovic
 Vodavad 6 DOO Ohrid, Mr. Spase Spaseski
 Moka Prom Kumanovo, Mr. Mome Ristovski
 Stela Trans Bitola, Mr. Jorde Kromidareski
 Gros Komerc Skopje, Mr. Miki Nikitos
 Kvasara Bitola, Mr. Ivanco Veljanovski
 Luka Travel Bitola, Mrs. Slavica Ilievska
 Jugokokta Stip, Mr. Angel Miladinov
 Mlekara Gorgievi Radovis, Mr. Dragi Gorgiev
 Junta Karamani Bitola, Mr. Pece Juntovski
 Makedon Beton Skopje, Mr. Niche Dimovski
 Cofy-Angel Prilep, Mrs. Irena Jakimovska
 Energy Solution Skopje, Mr. Vane Malinkov
 Sigma Logistik Skopje, Mr. Boban Trpeski
 Arvik Skopje, Mr. Mitre Arsovski
 Jomi Food Veles, Mr. Zoran Avramov
 Brating Skopje, Sime Geshevski

MAMEI Skopje, Mr. Goce Peshev
Delta Komerc Skopje, Mr. Dusan Ljadic
Multiprom Skopje, Mr. Viktor Tasovski
Veteks Veles, Mr. Mitev Goshe
Vizijana Kumanovo, Sinisha Toshevski
EM Group, Mr. Nestoroski Goran
Banesta, Mr. Branislav Stanojkovic
Euroimpex Skopje, Mr. Toni Trajkoski
Terra Organica Skopje, Mr. Kujtim Hadzi-Hamza
Mandi Trans Bitola, Mr. Aleksandar Mandi
Delfin Skopje, Mr. Ile Ecka
Polster Skopje, Saso Stojcevski
Dim Komerc Valandovo, Tihomir Dimov
Bojana Krivogastani, Goran
Inter Logistik Ohrid, Saso Spasovski
Peca Komerc Kavadarci, Blasko Temov
Elte Inzenering, Goran Petkov
Hotel Montana Krusevo, Filip Ristovski

Presentations and Events

- CDF-IFV staff participated in the seminar Improving Competitiveness through Investments in Energy Management Systems, organized by the USAID Industrial Management Project on March 6 2015
- CDF-IFV staff participated in the seminar Improving Energy Efficiency for the Housing Sector in Macedonia, organized by Habitat for Humanity on March 25 2015.
- On June 03, 2015, CDF-IFV Program Manager, Mr. Lovre Ristevski participated in and presented CDF-IFV at the conference “Marketing, Branding and Innovation, Dutch Support for SMEs in Macedonia”, organized by the Center for Development of the Skopje Region and the Ministry of Local Self Governance. The conference gathered more than 40 participants from the public and private sector in Macedonia.
- During Q2, the CDF-IFV Program Manager also participated in a video on opportunities for entrepreneurship and business growth in Macedonia, organized by CEFE and financed by the US Embassy in Macedonia. The CDF-IFV Program Manager gave an interview explaining opportunities for financing under CDF-IFV.
- On September 1 2015, the CDF-IFV Program Manager presented CDF-IFV in front of ZELS (Macedonian Association of Municipalities) at the workshop “Possibilities for Investing in EE and RE for Macedonian Municipalities”. The conference gathered more than 20 participants from the public and private sector in Macedonia.
- October 14, CDF-IFV Program Manager, Mr. Lovre Ristevski gave a presentation at the Innovation and Technical Forum, as part of 41st International Fair of Metallurgy, Electronics, Energy, Non-Metals and Construction “Tehnoma”. Mr. Ristevski presented CDF-IFV possibilities for private and public sector in front of 30 participants. The event was organized by the Fund for Innovations and Technology Development of the Macedonian Government.
- On October 16, CDF-IFV Program Manager, Mr. Lovre Ristevski participated in the

round table “Energy Management in Macedonia”, organized by Energy Management Program and Regional Business Center Skopje. The conference gathered more than 20 participants from the private sector in Macedonia.

ANNEX VI: Success Stories



SUCCESS STORY

Vedralit Increases Capacity 1,400% with CDF-IFV

Innovative Macedonian construction materials company builds business with the help of the USAID Crimson Development Foundation Innovation Financing Vehicle (CDF-IFV)



Owner Mr. Vele Nelkovski at Vedralit production facilities located outside of Skopje, Macedonia.

"I tried to find financing from commercial banks to make my idea a reality, but because my company is a start-up, banks would not lend to me. The IFV considered the potential value of my patent and my past experience as an inventor. They provided me with key financing at the right moment, which will allow me to expand my business exponentially and also to create new jobs." Mr. Vele Nelkovski, owner and manager of Vedralit.

U.S. Agency for International Development
www.usaid.gov

Megan Falvey, Crimson Capital Corp.

Vedralit is a start-up company that manufactures construction components (chimneys, ventilation systems, fireplaces, partition and external walls, and elements for thermal flooring) from a patented, lightweight concrete. The end product has a high insulation (thermal) value and is therefore more energy efficient than regular concrete. Additionally, these elements can be molded to specification, creating less waste and less pollution and making them more cost efficient. They are also thinner and lighter than traditional concrete, allowing for more usable space in buildings and lower cost and less pollution for transport. Individual component pieces and blocks are designed to lock together for easy, safe and foolproof assembly.

Vedralit began a trial run of their new product in early 2012, using a small-scale, manual production process. But when their first large client (a builder of six apartment buildings in Skopje) saw that the thin, light weight components and locking design resulted in a faster build and an additional 60 m² in apartment space per building, they quadrupled their order. Vedralit knew they needed to move to a larger-scale, mechanized production process to meet demand, but needed financing in order to make the leap.

Finding that the commercial banks would not finance their start-up company, Vedralit turned to the Crimson Development Foundation Innovation Financing Vehicle (CDF-IFV). Funded by the US Agency for International Development (USAID) and Crimson Capital, the Innovation Financing Vehicle is a specialized fund designed to support innovation and entrepreneurship in an environmentally friendly manner. In September 2012, CDF-IFV disbursed a two-year loan of \$42,500 to Vedralit, which Vedralit used to purchase equipment to automate the production line and increase production capacity. Vedralit is investing approximately \$16,000 of its own funds.

The CDF-IFV financing will allow Vedralit to expand production capacity by 1400% from half a cubic meter to seven cubic meters per day. The company expects sales to increase by over 500%. In addition, the loan will support the creation of six new full time, permanent jobs through this expanded production.



SUCCESS STORY

Innovative Digital Content Distribution System Gets a Boost from USAID CDF-IFV

Macedonian company propels growth with working capital from the USAID Crimson Development Foundation Innovation Financing Vehicle



Eferio's Manager, Mr. Nikola Georgiev, at Eferio facilities in Skopje, Macedonia.

"Eferio's main asset is our intellectual property. Unfortunately, IP is not valued by Macedonian banks. CDF-IFV financed our growth when banks turned us away." Mr. Nikola Georgiev, Manager of Eferio.

U.S. Agency for International Development
www.usaid.gov

Megan Falvey, Crimson Capital Corp.

Established in Skopje, Macedonia in 2012, the company EFERIO RN DOOEL (Eferio) developed and operates the digital content distribution system "Soc.io". Through Soc.io, equipment manufacturers, telecom operators and equipment retailers can directly distribute and market selected applications and digital content for mobile devices, such as mobile applications, games, music or e-books, under their brand name to their specific customer base. For example, a telecom operator may offer their customers in the capital city an application that tracks the city's public transportation system in real time, predicting departures and arrivals of buses and trains. What makes Soc.io so different from other application stores is its revolutionary distribution system, making it possible to offer customized applications and content to specific market segments, thereby building the equipment manufacturer's, telecom operator's, or equipment retailers' brand name and value to their customer. Subscription sales also create increased revenues for the equipment manufacturer, telecom operator or equipment retailer.

The developers of Soc.io have successfully secured a number of new contracts in Europe, the Middle East and Africa, including roll-out of the localized Soc.io Mall in 65 countries. But as a result of this success and rapid growth, Eferio found itself stretched to the maximum. Eferio approached the Crimson Development Foundation Innovation Financing Vehicle (CDF-IFV) to help address its immediate cash flow needs. Funded by the US Agency for International Development (USAID) and Crimson Capital Corp. (Crimson), CDF-IFV is a specialized fund designed to support innovation in Macedonia through debt financing and quasi-equity investment. In June 2014, CDF-IFV disbursed a two-year, \$43,900 loan for working capital purposes to Eferio. Eferio is also contributing approximately \$20,000 of its own resources.

Financing from CDF-IFV has helped Eferio continue its new product development work – which is key to its business -- while simultaneously keeping up with delivery on exponentially increased orders. The company's success has also recently attracted a strategic investor from the private sector in Sweden. In addition, financing from CDF-IFV is supporting the creation of nine new full time jobs, including three jobs for women.



SUCCESS STORY

Macedonian Company Cleans up with CDF-IFV

Macedonian company introduces environmentally friendly household cleaning and personal hygiene products with the help of the USAID Crimson Development Foundation Innovation Financing Vehicle



Megan Falvey, Crimson Capital Corp.

Multihem's Technical Director, Mr. Kiril Ivanov at Multihem's production facilities in Strumica, Macedonia.

"We came to CDF-IFV for financing because they understood the value of this innovation to our business. We see CDF-IFV as a long-term partner for our company's growth" Mr. Kiril Ivanov, Technical Director of Multihem.

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Established in Strumica, Macedonia in 2002, the company "Multihem" makes a variety of household cleaning and personal hygiene products such as furniture polish, window cleaner, shaving cream and hair spray. The company had succeeded in successfully establishing itself as a producer of high quality, private-label products sold throughout the Balkans, but it was unable to tap the huge market of buyers who want products in aerosol spray containers. The technology to produce aerosol spray containers did not exist anywhere in the Balkans, let alone at Multihem. At the same time, Multihem's management knew that successfully tapping into market demand for aerosol spray containers would mean meeting international safety and environmental standards, using technology that produces non-chlorofluorocarbon (CFC), non-hydrochlorofluorocarbon (HCFC) aerosol spray products, which do not deplete the ozone layer.

Multihem approached the Crimson Development Foundation Innovation Financing Vehicle (CDF-IFV) for financing its innovative local production. Funded by the US Agency for International Development (USAID) and Crimson Capital Corp. (Crimson), the Innovation Financing Vehicle is a specialized fund designed to support innovation in Macedonia through debt financing and quasi-equity investment. In March 2013, CDF-IFV disbursed a two-year loan of \$42,000 to Multihem, which the company used to purchase and install equipment for producing non-CFC, non-HCFC aerosol containers. Multihem contributed approximately \$40,000 of its own funds.

Only six months after loan disbursement, Multihem is already producing its first four initial products using the non-CFC, non-HCFC aerosol technology production line: air freshener, furniture polish, shaving cream and shoe spray, for buyers in Slovenia, Germany and Macedonia. The company's Technical Director, Mr. Kiril Ivanov, says that the innovation has opened up entirely new markets, with a large deal currently under negotiation with buyers from Singapore. CDF-IFV financing will allow Multihem to expand its sales by roughly 25% over the next couple of years. In addition, the loan will support the creation of five new full time jobs, including two jobs for women, through expanded production.



SUCCESS STORY

Pela Trans Builds Success with CDF-IFV

Macedonian road construction, maintenance and repair company Pela Trans builds business with the help of the USAID Crimson Development Foundation Innovation Financing Vehicle (CDF-IFV)



Megan Falvey, Crimson Capital Corp.

Owner Mr. Mire Sinadinovski at Pela Trans facilities located in Mazhuchishte village, Municipality of Makedonski Brod.

“The cold asphalt equipment we purchased with the help of a loan from CDF-IFV is the only such equipment in Macedonia and it has allowed us to open a completely new line of business that is in high demand and is less polluting than traditional asphalt.”
Mr. Mire Sinadinovski, owner of Pela Trans.

Founded in 2003 in the rural village of Mazhuchishte, Macedonia (Makedonski Brod Municipality), the company Pela Trans constructs, repairs and maintains roads. The company became interested in adding the local production of “cold asphalt” to their business when the Bitola – Prelip highway was being constructed using imported cold asphalt.

“Hot” asphalt, which is widely used in Macedonia for both road construction and repair, requires burning fuel to heat the asphalt to the point where it can be poured and can only be used when the temperatures is above 5 degrees Celsius. Cold asphalt, on the other hand, requires no heating, making it much less polluting, and it can be poured year round, even in temperatures below freezing.

Pela Trans decided to purchase equipment to produce cold asphalt, making it the only company with this capacity in Macedonia. The Company turned to the Crimson Development Foundation Innovation Financing Vehicle (CDF-IFV) to co-finance this purchase. Funded by the US Agency for International Development (USAID) and Crimson Capital, the Innovation Financing Vehicle is a specialized fund designed to support innovation and entrepreneurship in an environmentally friendly manner. In July 2015, CDF-IFV disbursed a three-year loan of 1.5 million MKD (approximately \$27,000) to Pela Trans, which was used to purchase the cold asphalt production equipment. Pela Trans invested 1 million MKD (approximately \$18,000) of its own funds in the equipment. *“My experience in working with banks is that it can take months to issue loans to smaller sized businesses like mine. We turned to CDF-IFV because we knew this equipment would save us money and help us grow our business and we didn’t want to wait”* says owner Mire Sinadinovski.

The CDF-IFV financing has helped the Company introduce a new product line, which it can offer its customers year round (in any temperature) and which will save Pela Trans approximately 50% over importing cold asphalt. In addition, the loan will support the creation of two new full time, permanent jobs and reduce pollution.