



USAID
FROM THE AMERICAN PEOPLE

USAID Macedonia Competitiveness Project Evaluation

May, 2010

This publication was produced for review by the United States Agency for International Development. It was prepared by Sibley International LLC with subcontractor EPICENTAR.

USAID Macedonia Competitiveness Project Evaluation

Written by:

David Snelbecker, Sibley International LLC

Ljubomir Dimovski, EPICENTAR

Stevan Orozovic, EPICENTAR

Antoinette Ferrara, USAID Consultant

Disclaimer

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

Table of Contents

- EXECUTIVE SUMMARY..... I**
- Background..... I
- Key Findings..... I
- Recommendations..... 2

- EVALUATION FINDINGS.....4**
- 1. Introduction.....4
- 2. Methodology Overview.....8
- 3. A Reference Point for Competitiveness.....8
- 4. Key Findings.....9
- 5. Vertical Components.....12
- 6. Horizontal Components.....16
- 7. Results, M&E, Indicators.....20
- 8. Summary of Firm Surveys.....24
- 9. Gender and Ethnicity26
- 10. Public Outreach.....27
- 11. Associations.....27
- 12. Clarification of Intended Beneficiaries.....27
- 13. Coordination and Collaboration.....28
- 14. Sustainability.....28
- 15. Evaluation Summary29
- 16. Summary of Recommendations.....30

ANNEXES

Annex A: Statement of work

Annex B: Cross-reference guide

Annex C: Team composition and study methods

Annex D: List of documents consulted

Annex E: Individuals and agencies interviewed

Annex F: Firm Survey Template

Annex G: Firm Survey Results (Provided As a Separate Document)

EXECUTIVE SUMMARY

Background. This is an evaluation of the USAID Macedonia Competitiveness Project (MCP), conducted for USAID/Macedonia in Spring 2010. The MCP is a five-year activity, implemented by Carana Corporation, started in August 2007, now roughly at the mid-point, with a budget of \$9.5 million. The Project strives for the following key outcomes: **Market linkages** with international companies resulting in new export deals and strategic partnerships involving joint business ventures, investment and knowledge/technology transfer; **New foreign investment**—green field, brown field or joint venture—resulting in export-oriented job creation and the strengthening of supply chains and industries within Macedonia; **Financing**—debt or equity—for Macedonian companies aiming to improve profitability, competitiveness and market positioning through investments in capacity expansion, productivity upgrades and product development; **Adoption of modern technologies and practices** and compliance with certifications required to perform and be seen as credible partners; and **Investments in students and employees**, resulting in a workforce with upgraded skills and flexibility. The Project arranges activities into two categories: **Vertical** component activities focusing on target sectors (fashion and design, light manufacturing and ICT); and **Horizontal** or cross-cutting component activities (access to finance, workforce development, and FDI).

Key Findings. For the evaluation, the Team focused on assessing the extent to which MCP activities are increasing the competitiveness of Macedonia's firms. Firm competitiveness can be achieved in many ways, including: improving the quality of labor, increasing access to capital, facilitating technical advance, or reducing firms' real costs.

Overall, the Evaluation Team finds the MCP to be a good project, contributing to USAID objectives, with competent and hard-working staff, appreciated by those who know it well. The Team has made a number of observations and recommendations aimed at improving the effectiveness of the Project for its remaining time, and best focusing resources on activities that are most promising, most related to increasing firm competitiveness, and most likely to be successful.

The main findings of the evaluation are as follows:

1. Project emphasis is focused on creating market linkages and facilitating communication of market expectations to firms, but less so on helping firms to implement improvements in managerial and production practices that are expected by markets.
2. Inadequate emphasis has been placed on using the Access to Credit and Export Facilitation (Market Linkages) activities as “carrots”, to incentive firms to enter a relationship with the Project and then connecting firms to other Project activities aimed at improving production and management practices.
3. Much greater emphasis is given, in allocation of project resources and in M&E, to the horizontal components than to the vertical components. That is, resources are allocated to assist firms operating throughout the economy and not particularly focused on targeted sectors.
4. The Project has inadequate outreach efforts. Many potential beneficiaries are not aware of the full range of available Project resources.
5. Monitoring and evaluation efforts face several issues: PMP targets in some cases skew Project attention toward lower-priority activities, while not focusing resources on certain higher priority activities; some PMP targets are overly ambitious; the process of collecting PMP data is done conscientiously but not very transparently; and some aspects of PMP, such as calculating indirect impacts, are lacking.

Recommendations. The recommendations made and explained more in detail throughout the report are summarized below:

General

1. More emphasis should be placed on helping firms implement improved managerial and production practices that the market indicates.
2. Emphasize export opportunities and access to credit as lead “carrots” to motivate firms to participate in Project activities.
3. Continue FDI activities to strategic investments and pre-existing leads.
4. Portfolio managers and all Project staff should ensure all client firms are fully aware of available Project services on a continuous basis.

Apparel

5. The Project should continue B2B efforts in apparel to promote market linkages.
6. The Project should provide more assistance to help apparel firms develop capacity and practices for full-package production.
7. MCP should collaborate with BEA in conveying to Government the need to continue driving downward labor taxes and contributions.
8. A future USAID vocational training activity should work on the task of reforming vocational education and training for the apparel industry, including collaborating with the Ministry of Education.

Light Manufacturing

9. The Project should provide more technical assistance to help improve management and production practices in light manufacturing firms, and achieve standards and certifications (keeping in mind the assistance other organizations provide).
10. The Project should provide more workforce development training to light manufacturing firms tailored to specific firm needs, including through the Revolving Fund.
11. IT firms need assistance in formulating a strategic vision based on advice regarding their potential comparative advantage.

ICT

12. Provide firm-tailored training and workforce development through creation of train-the-trainers programs and partnerships with leading IT firms.
13. More communication is needed to make IT firms aware of available Project services.

Access to Finance

14. Consider whether Access to Finance activities should focus on bank loans only or also on alternative sources as well.
15. If the Project does continue promoting types of financing other than traditional bank loans, it is important to focus on various mechanisms for financing exports.
16. Consider whether loans should be targeted to verticals, and/or linked to capacity building activities.
17. Emphasize export opportunities and access to credit (not FDI) as lead “carrots” to motivate firms to participate in Project activities.

18. Introduce training for facilitators and procedures to ensure that firms participating in Access to Finance activities also receive other Project services, so that lending becomes a carrot that leads to improved management and production techniques.

Workforce Development

19. Spin off the internship program, for instance to a new USAID workforce development program.
20. Focus workforce development on programs highly tailored to firm needs, leaving broader vocational training for other projects.
21. Vocational training, for instance in apparel, requires curriculum changes to ensure students are taught currently needed skills. Such an activity could be assigned to a new WFD project.
22. The Revolving Fund should be further developed and institutionalized.

Foreign Direct Investment

23. Emphasize export opportunities and access to credit (not FDI) as lead “carrots” to motivate firms to participate in Project activities.
24. Continue FDI activities to strategic investments and pre-existing leads.

Market Linkages

25. Market linkages should remain a primary focus of Project activity but should be regarded as a gateway through which to bring firms into other Project activities, and not only as an end in itself.

Monitoring and Evaluation

26. The methodology of counting recipients of assistance should include not only firms participating in activities of horizontal activities but also firms participating in activities of vertical components.
27. The target for FDI should be substantially reduced, or the indicator eliminated.
28. If and when the internship is transferred from the Project or lowered in priority, consider eliminating the number of internships from this Indicator and reducing the targets commensurately. (A target of 6000 might be more appropriate, counting past jobs and internships, plus only future jobs.)
29. Consider splitting vocational training from job creation in two separate indicators.
30. Consider the benefits and costs of increasing the extent of job creation measurement, including jobs created from exports and indirect job creation that comes from multiplier effects on upstream suppliers and the broader economy.
31. Creation of jobs should be reconfirmed with firms at some point after loans have been made and put into use.
32. Consider eliminating “recycling of profit” as one of the sources of capital counted in this indicator.
33. Consider re-defining this Indicator only to include assistance directly to firms to improve their management and production practices, and to exclude assistance related to market linkages activities and internships.
34. Consider adding a new indicator: *Number of firms implementing improved management or production practices.*
35. Consider the benefits and costs of introducing an indicator to measure firm productivity.
36. Create a written, detailed explanation for how all indicators are calculated, which should be provided as footnotes or an attachment each time the PMP results are presented.

Outreach

37. Portfolio managers and all Project staff should ensure all client firms are fully aware of available Project services on a continuous basis.

Clarification of Intended Beneficiaries

38. It is important to discuss and clarify who the beneficiaries of the Project should be: Are main targets of Project assistance micro-, small, or medium enterprises, or large anchor firms? Are intended beneficiaries Macedonian firms only, or also foreign owned firms?

Coordination and Collaboration

39. USAID should facilitate periodic coordination and planning meetings with economic growth programs, and give particular emphasis to facilitating MCP-BEA collaboration.

Sustainability

40. USAID and the MCP should consider to what extent “sustainability” means long-lasting impact vs. continuation of assistance activities.

EVALUATION FINDINGS

I. Introduction

This Report presents the results of an Evaluation of USAID’s Macedonia Competitiveness Project (MCP). The Evaluation was conducted in March 2010. The Evaluation Team consisted of: David Snelbecker, Sibley International LLC; Ljubomir Dimovski, EPICENTAR; Stevan Orozovic, EPICENTAR; and Antoinette Ferrara, USAID Consultant. According to the Statement of Work, the purpose of the Evaluation is to provide USAID with an external assessment of the MCP that can be used to enhance the effectiveness of the existing intervention for the remaining performance period and in consideration for the future USAID Economic Growth Strategy. The Evaluation is expected to:

1. Confirm the relevance of the MCP.
2. Analyze the impact, progress and effectiveness of the interventions to date.
3. Assess the anticipated overall impact of the project on the selected sectors and foreign direct investment.
4. Analyze the current and future role of the MCP in USAID Macedonia’s Economic Growth Program.
5. Recommend potential modifications for improvement.

The full Statement of Work for the Evaluation is provided in Annex A.

The Evaluation Team is grateful to the USAID/Macedonia Mission for spending considerable amounts of time sharing their insights on the Project, listening to preliminary observations of the Evaluation Team, and facilitating meetings: Margareta Lipkovska-Atanasov, Ivica Vacev, Joseph Lessard, Cullen Hughes, and Michael Fritz. The Team also thanks Nimish Jhaveri, Jasminka Varnaliev, and their staff with the Macedonia Competitiveness Project, for spending many hours meeting with the Evaluation Team,

explaining their work, answering questions, and providing requested data and documentation. This strong cooperation both from USAID and from the Project staff allowed the Team to acquire a good understanding of this complex and multi-faceted Project within a brief amount of time.

The USAID Macedonia Competitiveness Project (MCP) is a five-year activity, implemented by Carana Corporation, started in August 2007, now roughly at the mid-point, with a budget of \$9.5 million. MCP¹ fits under USAID/Macedonia's *Strategic Objective 1.3: Accelerated Development and Growth of the Private Sector* and, more specifically, under *Intermediate Result 1.3.2: Private Sector Firms More Competitive*. The Project strives for the following key outcomes:

- **Market linkages** with international companies resulting in new export deals and strategic partnerships involving joint business ventures, investment and knowledge/technology transfer.
- **New foreign investment**—green field, brown field or joint venture—resulting in export-oriented job creation and the strengthening of supply chains and industries within Macedonia.
- **Financing**—debt or equity—for Macedonian companies aiming to improve profitability, competitiveness and market positioning through investments in capacity expansion, productivity upgrades and product development.
- **Adoption of modern technologies and practices** and compliance with certifications required to perform and be seen as credible partners.
- **Investments in students and employees**, resulting in a workforce with upgraded skills and flexibility.

The Project arranges activities into two categories:

- **Vertical** component activities focusing on target sectors—fashion and design, light manufacturing and ICT—that build on market linkages, creating new business and investment and enabling Macedonian companies and supply chains to better compete within a given industry or market.
- **Horizontal** or cross-cutting component activities benefitting multiple sectors and making Macedonia a more competitive place to do business. Horizontal components include access to finance, workforce development, and facilitation of foreign investment.

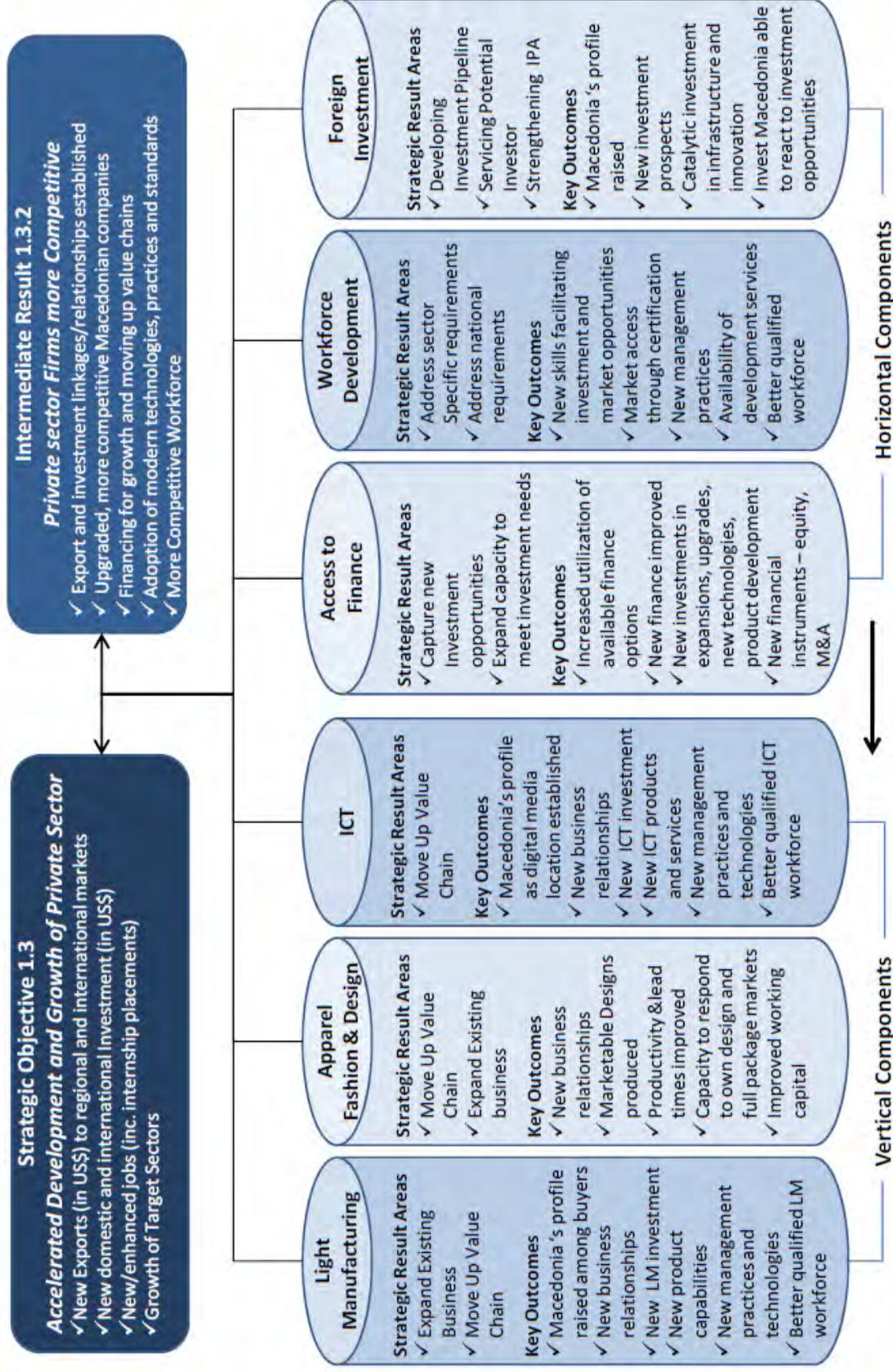
The Project Approach also is characterized by the following ideas:

- Tactically, the Project leaders see the potential of FDI as the “carrot” that provides an incentive for firms to work with the Project. To some extent, export opportunities also are seen as a “carrot”, and to some extent export opportunities are seen as a stepping stone for building relationships that eventually can lead to the end objective of FDI.
- The Project seeks interventions that are “transformational rather than transactional,” that not only are directly relevant for Project objectives but that also somehow will create a replicable example, or build a new model for business, or improve overall business conditions.
- The Project seeks leveraging and a high return on the expenditure of Project resources. For instance, the FDI component seeks a return of \$10 in investment for every \$1 spent on external FDI consulting assistance.

¹ This information on MCP's intended results, outcomes, activities, and structure comes from the Project's FY2010 Work Plan and generally was confirmed through discussions with Project staff.

The objectives, results, outcomes, activities, and Project structure are tied together in the Project's Strategic Results Framework, presented on the following page.

MCP Strategic Results Framework



2. Overview of the Evaluation Methodology and Process

During the course of two weeks in country, the Team met 21 beneficiary companies, 11 project staff, and 28 other individuals from USAID and stakeholder, partner and subcontractor organizations.² Roughly sequentially, the Team first met USAID to understand the Mission’s perspective on the Project, then met the Project staff to understand the details of Project activities and Project staff insights, then met various international and Macedonian partner organizations, and then met beneficiary firms.

The Team met with the Project leaders (in the field and home office) and with each of the vertical and horizontal component leaders. In these meetings, the Team sought to understand the details of Project activities, the perspectives of Project staff, the prioritization of tasks, and the allocation of staff resources to tasks. The Team met with numerous Project counterparts and partners, including: other donor organizations; other USAID projects; central and municipal government authorities; access-to-credit and FDI agents; and trade organizations. In these meetings, the Team sought to understand: how the Project cooperates with counterparts and subcontractors, what the impact is, and their perspectives on what the Project does well and where improvements could be made.

In interviews with firms, the Team sought to understand what Project assistance had been received, what the Project impact had been (including verifying any data reported in the PMP), firm perspectives on the Project, and some basic information about the firms. The process of selecting firms for interviews, while not quantitatively rigorous, followed the ideas of stratified random sampling—firms were chosen to be representative of the Project sectors, horizontal component areas, and geographical distribution across the country, with some firms chosen that have had extensive interaction with the Project and some chosen more on the periphery of Project activities. A standardized survey was used for firm interviews, which yielded both quantitative and qualitative results. The survey template is reported in Annex D and individual reports are available in Annex G as a separate document. Results of firm interviews are summarized in section 8.

Throughout the Evaluation process both for qualitative and for quantitative analysis, the Team followed the principle of “triangulation,” seeking to confirm conclusions through supporting evidence from multiple sources. The Team undertook some targeted quantitative analysis. Some firm results are quantitatively summarized and presented. Project PMP data was analyzed and selectively verified with firms. Additional data was requested from and provided by the firm on key questions considered in this Evaluation.

3. A Reference Point for Competitiveness

The understanding of competitiveness on which this Evaluation is based is informed by development economics and the economics of growth. Nobel laureate and USAID senior economic advisor Arnold Harberger identifies the five following important factors, at the level of a whole economy³:

1. Added labor
2. Improved quality of labor (through education, training, experience, etc.)

² See list of meetings in Annex D. Several of these meetings were held by the Macedonian Team members during the week following the two weeks spent in country by the US Team members. In most cases, the entire Team attended meetings. In some cases, particularly in order to cover a maximum number of firm interviews and visits to various municipalities, the Team split into two pairs.

³ Arnold Harberger, “On the Process of Growth and Economic Policy in Developing Countries,” USAID Bureau for Policy and Program Coordination, December 2005.

3. Added capital (net investment during a period)
4. The rate of productivity of capital
5. An extremely important fifth component that goes by various names, including technical advance, change in total factor productivity, shift of the production function, or real cost reduction (RCR).

Here, Dr. Harberger specifically addresses the contributing factors to growth at the level of a whole economy. Firm-level competitiveness can be seen as consisting of the micro building blocks of the macro phenomenon of economic growth. That is, economies grow as firms become more competitive. Of the above economy-wide factors, factors 2 through 5 also generally apply at the firm level. With this understanding of competitiveness in mind, in evaluating the MCP, the Team sought evidence as to the extent and ways in which the Project is improving the quality of labor, increasing access to capital, facilitating technical advance, reducing firms' real costs, etc.

4. Key Findings

Overall, the Evaluation Team finds the MCP to be a good project, contributing to USAID objectives, with competent and hard-working staff, appreciated by those who know it well. The textbox lists several notable highlights and innovations of the Project. In this Report, the Evaluation Team offers recommendations in a number of instances where the Project should increase focus and prioritize activities to better achieve impact with limited resources. The Evaluation Team also notes that the Project faces considerable constraints and challenges in pursuing its objectives, external to the Project, presented in a second textbox. Five key findings pertaining to the Project as a whole are presented below, in some cases along with key Project-wide recommendations:

I. Project emphasis is focused on creating market linkages and facilitating communication of market expectations to firms, but less so on helping firms to implement improvements in managerial and production practices that are expected by markets. To some extent, this focus results from the philosophy of the Project, which correctly sees the market as the starting point for guiding all Project activity. To some extent, this focus is the result of limited Project resources—after expending resources on making market linkages and other ancillary activities such as the internship program, few resources are left over for the very resource-intensive labor of working with firms. This focus also results from concerns about impact and sustainability. Directly assisting firms—either one-by-one or in groups—requires considerable resources per activity, which, first, raises questions as to how much impact such an activity can have with limited resources, and, second, raises questions about sustainability—how will these services be provided after the Project ends, particularly in a context where firms generally are unwilling to pay close to market cost for such services? Many firms surveyed report having received assistance in making market linkages and learning about access to credit; a far fewer number of firms report having received assistance in improving management and production processes. The apparel sector likely has received the most amount of direct technical assistance for improving management and production processes. Comparatively, the apparel sector is more

Notable Project Highlights	External Constraints and Challenges
<ul style="list-style-type: none"> • Professional, well respected Project staff • Strong relationship with Invest Macedonia • MyCareer / Internship Program • Coordination and Leveraging with Other Donors • Revolving Fund 	<ul style="list-style-type: none"> • Enabling environment • Global recession and financial crisis • Limited Project resources • Resistance to changing mindset and practices among counterpart firm managers and staff

homogenous than other sectors, with numerous firms in need of similar assistance, which makes providing such assistance more cost effective. In light manufacturing and ICT, assistance has been limited to only a handful of firms.

The concern with this lack of attention to improving firm-level management and production processes is that a key aspect of competitiveness is missing—factor five above in Harberger’s conceptualization, regarding technical advance or real cost reduction. Result I in the MCP contract is *improved business practices* with the corresponding *Objective: Improve firm-level business practices to improve management, business performance and economic contribution to targeted sectors*. The Evaluation Team believes that insufficient attention and resources are allocated to this result area.

Recommendation: More emphasis should be placed on helping firms implement improved managerial and production practices that the market indicates.

This focus should receive more resources, from local and expatriate advisors as well as new platforms. Some attention already is provided by the network of agents for access to credit. Additional such technical assistance could be provided through this network. Additional networks could be created dedicated to such technical assistance. And direct Project resources—full-time staff and short-term advisors—could be allocated to this purpose. Firm-level assistance to improve business processes should become the core mission of the Project.

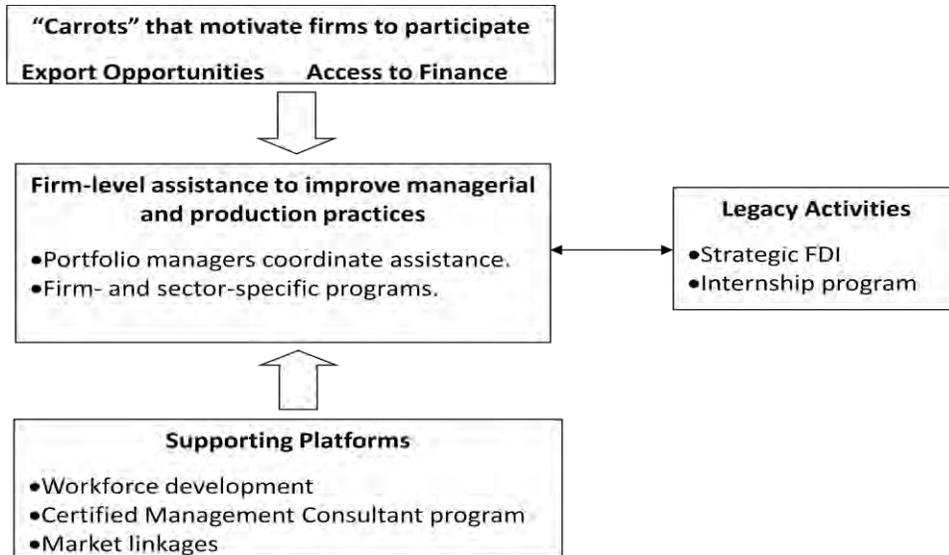
2. Inadequate emphasis has been placed on using the Access to Credit and Export Facilitation (Market Linkages) activities as “carrots”, to incentive firms to enter a relationship with the Project and then connecting firms to other Project activities aimed at improving production and management practices. Both of these activities could be made into more effective “carrots” for getting the attention of firms, convincing them that changes are needed, and bringing them into Project cooperation, where they then could be provided with other Project services. (FDI, while important in and of itself, should not be seen as an effective carrot for bringing firms into the Project—FDI is more relevant for larger firms than for the SMEs that dominate Macedonia’s economy, and achieving significant levels of FDI will be difficult given an unfavorable world economic climate and numerous uncertainties and obstacles in Macedonia’s enabling environment.)

Recommendation: Emphasize export opportunities and access to credit as lead “carrots” to motivate firms to participate in Project activities.

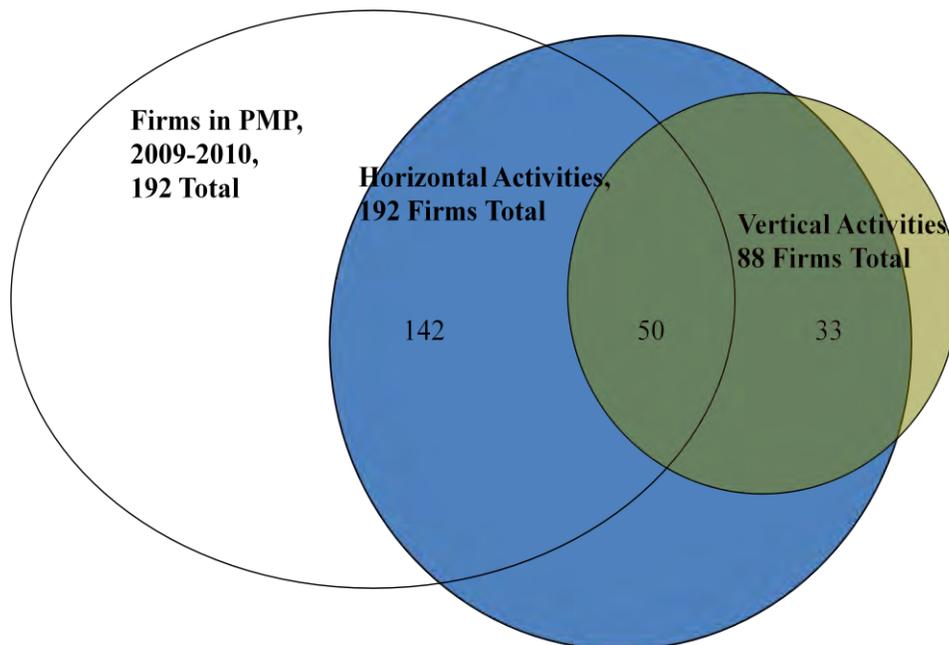
Recommendation: Continue FDI activities to strategic investments and pre-existing leads.

The Project seems to have developed a number of FDI leads that merit pursuing to conclusion. A proposed logistics center in particular might have a positive impact on reducing export costs for SMEs. However, it might not make sense for the Project to continue spending such considerable resources in pursuit of new FDI leads, and it is not right to think of FDI as a carrot to attract SMEs. FDI should become an ancillary activity not directly linked to the core SME competitiveness activities. Nonetheless, those leads that seem promising should be pursued to fruition, with needed staff resources allocated.

The above recommendations to increase emphasis on improving management and production practices, and to use exports and access to credits as the carrots to attract firms into the Project, while relegating non-core activities such as FDI and the student internship to an ancillary position, suggest a new conceptual organization for the Project, presented below:



3. Much greater emphasis is given, in allocation of project resources and in M&E, to the horizontal components than to the vertical components. That is, resources are allocated to assist firms operating throughout the economy and not particularly focused on targeted sectors. This is illustrated in the following chart, which shows firms tracked by the PMP. There are 192 firms listed in the Project PMP for 2009-2010. All of these participated in various horizontal activities. Of these, 142 were in sectors other than the three target vertical sectors of apparel, IT, and light manufacturing, and 50 were in the vertical sectors. An additional 33 firms participate in vertical component activities, often with substantial interaction with Project staff, and yet are not counted in the PMP. Numerous interviews with firms also confirmed a high extent to which many firms outside the target three sectors participate in Project activities.



The Evaluation Team is not suggesting that the openness of Project activities to firms outside the three vertical sectors is good or bad—it depends on one’s perspective. An argument can be made that scarce Project resources should be targeted to whatever are deemed to be the most promising sectors in the

economy, and Project activities should concentrate on firms just in these sectors. A cluster approach would be based partially on such an argument. An alternative perspective would be that Project resources should be targeted to whatever are the country's most progressive and promising companies, regardless of their sector. Both arguments have merits and supporters within the practice of competitiveness.

4. The Project has inadequate outreach efforts. Many potential beneficiaries are not aware of the full range of available Project resources. That is, many individuals who receive services from one Project component are not aware of other Project components that also might be of interest and of use to them.

Recommendation: Portfolio managers and all Project staff should ensure all client firms are fully aware of available Project services on a continuous basis.

5. Monitoring and evaluation efforts face several issues: PMP targets in some cases skew Project attention toward lower-priority activities, while not focusing resources on certain higher priority activities; some PMP targets are overly ambitious; the process of collecting PMP data is done conscientiously but not very transparently; and some aspects of PMP, such as calculating indirect impacts, are lacking. Monitoring and evaluation issues are discussed at length in Section 7.

5. Vertical Components

The Project labels assistance provided to specific sectors as vertical components. There are three vertical components: apparel, light manufacturing, and ICT. Recently, apparel and light manufacturing have received more attention than ICT other than interventions in a few important ICT firms.

5.1. Sector Selection

Sector selection took place near the outset of the Project. Partially, sectors were selected based on informal interviews with 60 potential buyers and investors to ascertain their interests—in this way the sector selection process was market driven. The Project sought to pick high-job-impact sectors, which would apply to apparel and light manufacturing but not to ICT. (Potential numbers of jobs created in ICT would be relatively low at best, but could be high value since wages in this sector are relatively high.) Focus narrowed over time. The Project initially aimed to focus on design, including for footwear and furniture, but shifted and narrowed to apparel. They also considered rural tourism and energy relevant for agriculture, like the use of thermal waters—these were rejected for various reasons. There does not seem to have been much rigorous quantitative analysis to assess where Macedonia might have comparative advantages. Nonetheless, reasonable anecdotal justifications were given as to why each of these sectors might have prospects for competitiveness.

5.2. Apparel

Many aspects of Project assistance to the apparel sector are a success story, in terms of collaboration and leveraging with firms, association, buyers, and other donors; and in terms of market driven approach. These activities should aid in preserving (or even adding) jobs in this stressed sector.

Macedonia's apparel sector, comprised very roughly of 40,000 employees, faces many challenges: The breakup of Yugoslavia meant that conglomerates too were broken up, leaving only partial capacity in

each new country. China has become the dominant force worldwide competing on price in apparel. Regionally closer, former Soviet Union countries also are beginning to compete on price. The price competition has compressed margins on cut-make-trim (CMT) work, which has been the predominant form of apparel work in Macedonia. Given changes in the market, and given that most apparel firms generally are small, with fewer than 100 employees, in order to develop a comparative advantage, firms need to be able to provide “full package” products, which includes not only CMT but also: purchasing fabric, design, and export, with related tasks of financing and marketing. Most of the export experience of the sector has been with Germany and north European firms. Recently the Project has helped in initiating contacts with UK buyers.

Macedonia seems to have a comparative advantage in selling low-volume, fast-turnaround full-package products to Europe. These advantages are: low labor costs, high quality, proximity to EU markets, and trade preferences. The trade preferences include free access to EU markets and a recently concluded “Agreement on Diagonal Cumulation of Origin,” which allows Macedonia to buy fabrics in Turkey and sell finished goods to the EU with the same tariff privileges as if fully made in Macedonia. (Only Croatia has a similar arrangement; Macedonia has a clear wage advantage over Croatia.)

MCP works with around 20 apparel firms, most closely with ten of these. The counterpart firms have employees mostly in the range of 100-250, with one firm of 1200 employees. Project assistance has included a number of activities. The Project has organized a number of business-to-business (B2B) events, most recently bringing UK buyers to Macedonia, introducing them to 22 firms, having the buyers convey their expectations to firms (including for instance for improved health and safety practices), and facilitating some initial trial deals. The Project also has provided training in some aspects of design, in making patterns, and in the use of computers for design. The Project helped to build links with Turkish fabric suppliers.

Recommendation: The Project should continue B2B efforts to promote market linkages.

These activities are an important way to help Macedonian firms meet buyers and learn what the market demands of them. This, however, needs to be just the first step in the process.

Recommendation: The Project should provide more assistance to help firms develop capacity and practices for full-package production.

While some assistance has been provided, much more could be done. Some examples for future Project activities that would be useful are as follows:

- Improve health and safety practices:
 - Translate and disseminate guidelines on health and safety identified by recent UK buyers.
 - Provide assistance to firms in designing and implementing these practices.
 - Initiate a “platform” or network through train-the-trainers to provide consulting in these and other areas to apparel firms.
- Train middle managers in professional management of production, quality, and supply chain flow.
- Train in pattern making.
- Train in buying fabrics: marketing, testing for quality, negotiating agreements, and managing supply relationships.
- Train in efficiently arranging for export and transportation.
- Provide assistance in financial management and access to credit.

On the last point above, full-package apparel production places much greater financing demands on firms than CMT. Firms need to spend considerable money up front to purchase fabrics, and only receive revenues, say, four months later when they deliver finished goods to customers. The cost of buying fabric can be four times the cost of labor in making finished goods, meaning that the financing costs and challenges in full-package indeed are considerably higher than with CMT. There is an opportunity here for direct technical assistance and integration with the access to finance component.

The apparel industry faces several business enabling environment constraints. Social contributions on wages remain quite high despite numerous reforms.

Recommendation: MCP should collaborate with BEA in conveying to Government the need to continue driving downward labor taxes and contributions.

Apparel firms also need workers with better and different skills than they receive now. For instance, apparel vocational schools still teach spinning, which no longer is used in Macedonia's apparel industry. The textile association was unable to convince the Ministry of Education to change the curriculum in this respect.

Recommendation: A future USAID vocational training activity should work on the task of reforming vocational education and training for the apparel industry, including collaborating with the Ministry of Education.

The MCP can provide important insights as to what changes are needed to meet market demand, and can the textile association.

The apparel component seems to coordinate well with other donors, including GTZ, SIPPO, and CBI. Representative speak frequently. MCP often leverages funding of other donors to pay for activities such as trade fairs. Coordinating with CBI is particularly important since they similarly are providing advising to assist in moving from CMT to full-package production.

5.3. Light Manufacturing

The Project defines light manufacturing as including production of metal, rubber, electronic, but not heavy metals. Focus has been on the automotive industry, tool and die, and others seen as promising. All are export oriented. Automotive and tool and die exports so far are focused on Slovenia and Austria. Firms also want to try to break back into the CIS markets. There are around 15 firms directly working in the automotive industry. Larger firms have 100-200 employees on average. Four of the five largest are majority foreign owned. There are 152 registered tool and die factories in Macedonia. In these markets, Macedonia's comparative advantages are lower labor costs for high quality engineering, proximity to EU markets, and quality. (A main competitor, China, is far away and tends to have lower quality.) Counterparts include injection-molding tools for automotive production. This requires some engineering and some production.

The Project believes that marketing assistance is important. Often Western European firms don't know what Macedonia can produce. Beyond marketing, firms need to improve practices and acquire certification in standards, including ISO TS certifications. The Project has helped one company so far (tool and die) and is helping others. The Project also is helping firms hire new labor and develop training curricula. Project staff say they are working with five firms on certification, with 10 firms on market linkages (four attended Automechanika), with one firm on access to finance and FDI (a joint

venture), with one on workforce development, and with ten going to Turkey for B2B event. MCP also is working within CIRKO, the mechanical department of the university, on software to help generate price proposals that firms can use to formulate their offers. Seventy firms participate with CIRKO, of which perhaps 20 are serious. Several other firms in other sectors also receive attention. Other sectors are less well organized and are more disparate, including production of cricket balls, and of wood pellet stoves.

The Evaluation Team believes that this “sector” is very diverse, with different needs for different types of firms, and often firm-specific assistance needs even within the same sub-sectors. While this diversity makes it challenging to provide cost-efficient assistance that has wide impact, it is precisely this kind of assistance that is needed for improving productivity. So far, few resources seem to have been spent on short-term experts in providing such assistance.

Recommendation: The Project should provide more technical assistance to help improve management and production practices, and achieve standards and certifications (keeping in mind the assistance other organizations provide). Recommendation: The Project should provide more workforce development training tailored to specific firm needs, including through the Revolving Fund.

5.4. Information and Communication Technology (ICT)

If Macedonia has a comparative advantage in IT, it comes from having skilled IT professionals, at relatively low cost, in an economy with a strong technology basis. Most companies are very small, operating based on technical expertise rather than business expertise. Traditionally, many IT firms have sold to the GOM as a primary customer and, consequently, have not been under much pressure to change and evolve since the Government’s demands do not change much. Most Project assistance has focused on market linkages and some workforce development. There seem to have been some specific firm-level interventions in the sector but fewer sector-level activities. For instance, a success story is a Hollywood firm that is transferring some of its software IP here that they will give to a local company, which will use it to develop film sequences for export. The sector tends to have firm-specific needs. Efforts have been made to bring firms closer to international market so they get a good sense of what the market wants. There has been some collaboration on this with GTZ.

Needs seem to be considerable. The industry and firms individually first need to focus on what they want to do—what is the comparative advantage they wish to develop.

Recommendation: Firms need assistance in formulating a strategic vision based on advice regarding their potential comparative advantage.

Some workforce development has been provided. More is needed.

Recommendation: Provide firm-tailored training and workforce development through creation of train-the-trainers programs and partnerships with leading IT firms.

In one successful instance of this, the Project worked with FX to develop a six-month intensive course for 46 students using the Revolving Fund, who then, if employed, had to pay their training costs back into the fund. The MCP helped design the training. Microsam could be another excellent partner for IT workforce development. They already run a Microsam University to train students in IT skills, which could evolve into a joint activity with the Project.

At least some significant IT firms seem unaware of Project activities.

Recommendation: More communication is needed to make firms aware of available Project services.

6. Horizontal Components

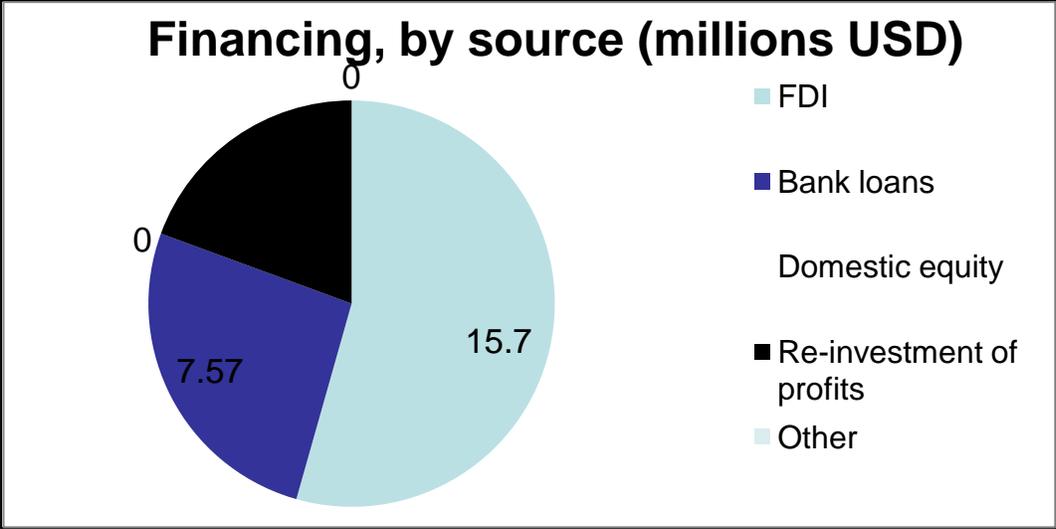
The Project labels those components that provide assistance to firms regardless of sector as horizontal components. There are three such components: Access to Finance; Workforce Development; and Foreign Direct Investment. We also consider here the assistance with Market Linkages, which is not labeled as a horizontal activity but which nonetheless applies to firms in all three sectors (and also to a limited degree in sectors other than the three chosen sectors).

6.1. Access to Finance

Access to Finance has been one of the Project's most active activities. The Project works through a network of financial facilitators, who generally are private consultants working in related fields, for whom Project activities are one source of their overall consulting income. Initially there were around 20 facilitators. In early 2009, the Project scaled up, losing some of the initial facilitators who were not interested in the introduction of cost sharing, while adding quite a number of new additional facilitators. Given that most firms in Macedonia are not familiar with various financing opportunities, the facilitators make a point of explaining options to firms: leasing, factoring, export insurance, DCA, lease-back, mezzanine sources, domestic equity, and bonds. They have held matchmaking events for consultants, banks, NBFIs, and firms, in Skopje and in several regions. The Project sees as a result of this component that, first, loans have been approved (around 54 as of the time of the evaluation), and, second, that firms are intended to acquire some skills or new practices as a result of their interaction. For instance, the Project staff hope to teach the importance of hiring a professional chief financial officer. There has been less success with attempts at equity—either in finding firms interested in bringing in outside investors or in finding willing outside investors. An important aspect of direct Project assistance is training for the facilitators. This has included a program in mergers & acquisitions, and a program in certified management consulting, through which over 40 consultants have been certified.

The loans arranged often are subsidized through various donor programs. Initially, around five loans were organized through DCA programs, but subsequently loans have been issued through other programs, perhaps because other donor programs established after the world financial crisis offer better terms or are less cumbersome. In particular, several loan facilities have been funded through the European Investment Bank and offered by commercial banks with the intermediation of the Macedonian Bank for Development Promotion. These low-interest loans are a good complement for the Access to Finance component—the single most significant problem that people associated with these lending programs report is that they receive an inadequate number of qualified loan applications. By helping to produce bankable business plans and loan applications, the MCP can fill an important need. (Going forward, it will be important for USAID and donors to think about how to move away from donor-subsidized lending to more market-based approaches, as the financial crisis which required emergency measures begins to recede. MCP also will need to re-examine its role as these programs evolve.)

The following chart shows financing achieved, by source.



Around \$15.7 million of total investment/financing achieved was through FDI (covered by a different horizontal component). Around \$7.6 million was provided by bank loans. Around \$5.6 million was provided through recycling of firms’ own profits, usually as part of a bank loan approval process. (This last category is rather ephemeral. There is no clear way to differentiate between profits re-invested in a firm due to Project intervention and profits that would have been re-invested otherwise. This point is discussed further in the section on monitoring & evaluation.) As far as the PMP reports, no financing yet has been arranged through the various alternative approaches mentioned above—leasing, factoring, export insurance, lease-back, mezzanine sources, domestic equity, and bonds. Teaching on these topics presumably does play an important role, and a number of firms reported finding this information interesting and valuable, but this paucity of success with alternative methods raises a question as to the usefulness of covering these topics.

Recommendation: Consider whether Access to Finance activities should focus on bank loans only or also on alternative sources as well.

Also, given how important the issue of export financing is, to apparel and to other sectors, these are an important type of alternative financing where assistance could be merited.

Recommendation: If the Project does continue promoting types of financing other than traditional bank loans, it is important to focus on various mechanisms for financing exports.

Despite attempts to teach other competitiveness improvements through the Access to Finance component, most firms did not report receiving any other assistance from the Project or facilitators besides assistance in getting loans. Moreover, a number of firms were not even aware of the other services available through the Project. Most firms that have received loans are outside the three target sectors, and for most firms interviewed there was not a clear indication of any technological or management changes implemented in conjunction with having received a loan.

Recommendation: Consider whether loans should be targeted to verticals, and/or linked to capacity building activities.

To repeat a central recommendation from the earlier section on key findings:

Recommendation: Emphasize export opportunities and access to credit (not FDI) as lead “carrots” to motivate firms to participate in Project activities.

Additional work would need to be done to train financial facilitators in the function of serving as a gateway for bringing firms into Project activities.

Recommendation: Introduce training for facilitators and procedures to ensure that firms participating in Access to Finance activities also receive other Project services, so that lending becomes a carrot that leads to improved management and production techniques.

6.2. Workforce Development

Workforce training to firms is a critical aspect of increasing firm competitiveness. MCP provides a variety of workforce development activities. Many of them are seen by the Project as creating a dialogue between labor supply and demand, getting supply to accelerate its response. The student internship has been the most significant of workforce development programs in terms of draw on Project staff resources. In its outcomes, this activity seems successful. The MyCareer portal is innovative, efficient, and useful. Users on the side of employers and also interns report having had a positive experience. This portal seems to be a good way for providing services of various kinds—teaching employers how to manage and mentor interns, teaching students how to write CVs and to prepare for job interviews. Employers and interns interviewed by the Evaluation Team reported favorably on the value of the internships. Nonetheless, while valuable, the programs seems tangential to the Project’s core objective of increasing firm competitiveness.

Recommendation: Spin off the internship program, for instance to a new USAID workforce development program.

Other workforce development activities implemented by the Project seem more germane to the Project’s mission. For instance, training programs have been organized for the automotive industry, in apparel, and in IT. In apparel, training was widely offered. In the other sectors, training tended to be more firm specific. Such highly tailored programs are important since that is where the needs are, although they do create challenges for providing such services in a cost-efficient manner that has high impact.

Recommendation: Focus workforce development on programs highly tailored to firm needs, leaving broader vocational training for other projects.

“Quick Start” can be a useful model for designing such vocational training programs. This is a model in which job positions are analyzed to determine needed skills, employees are hired for positions, and skills needed for the specific positions are taught to the specific employees who will occupy them. Other aspects of vocational training also are important but likely should be left to other USAID projects.

Recommendation: Vocational training, for instance in apparel, requires curriculum changes to ensure students are taught currently needed skills. Such an activity could be assigned to a new WFD project.

The Project has instituted a Revolving Fund as a concept for financing vocational training and reducing risks.

Recommendation: The Revolving Fund should be further developed and institutionalized.

6.3. Horizontal Components – Foreign Direct Investment

The Evaluation Team met with several participants in the FDI activities—companies receiving FDI, facilitators, and staff. Conclusions and recommendations generally were presented earlier among key findings.

The Project has seen FDI as a primary “carrot” for providing an incentive for participation by firms. FDI is not the best incentive to use since such investment rarely is made into SMEs, particularly given Macedonia’s unfriendly business environment and particularly given the current world economic conditions. Access to credit and export opportunities both might be better “carrots” for getting the attention of firms, convincing them that changes are needed, and bringing them into Project activities.

Recommendation: Emphasize export opportunities and access to credit (not FDI) as lead “carrots” to motivate firms to participate in Project activities. Recommendation: Continue FDI activities to strategic investments and pre-existing leads.

The Project seems to have developed a number of FDI leads that merit pursuing to conclusion. A proposed logistics center in particular might have a positive impact on reducing export costs for SMEs. However, it might not make sense for the Project to continue spending such considerable resources in pursuit of new FDI leads, and it is not right to think of FDI as a carrot to attract SMEs. FDI should become an ancillary activity not directly linked to the core SME competitiveness activities. Nonetheless, those leads that seem promising should be pursued to fruition, with needed staff resources allocated.

6.4. Market Linkages

Although not formally considered one of the horizontal components, Market Linkages activities essentially are treated as such. One full-time expatriate advisor is allocated to market-linkages activities. Market linkages activities generally focus on 1) Market fairs to promote Macedonia; 2) Direct linkages for firms; and 3) Market engagement. “Market engagement” means that the Project facilitates dialogue between sellers and potential buyers, allowing the market to tell firms what exactly they need. Market linkages activities generally have focused on the three vertical sectors, for instance arranging for participation in trade fairs in the areas of apparel and automotive parts. Often, firms not directly participating in other activities of the Project or somewhat tangential to the core sectors will participate in market linkages activities, such as a light manufacturing firm outside of the automotive sector, but most of the Project resources in this area concentrate on the three selected sectors.

The Market Linkages activities are critical for the Project in several respects. First, they are an important “carrot” to entice Macedonian firms to participate in Project activities. Second, they are an important source of information, both for Macedonian firms and for Project staff, regarding what kinds of improvements are needed to be better able to sell to foreign buyers. Third, these activities bring credibility to Project advice—Macedonian firms tend to believe more the information they receive directly from potential buyers than they will believe advice given by technical assistance staff—and rightly so, for the market ultimately is the customer base, not a technical assistance project.

Recommendation: Market linkages should remain a primary focus of Project activity but should be regarded as a gateway through which to bring firms into other Project activities, and not only as an end in itself.

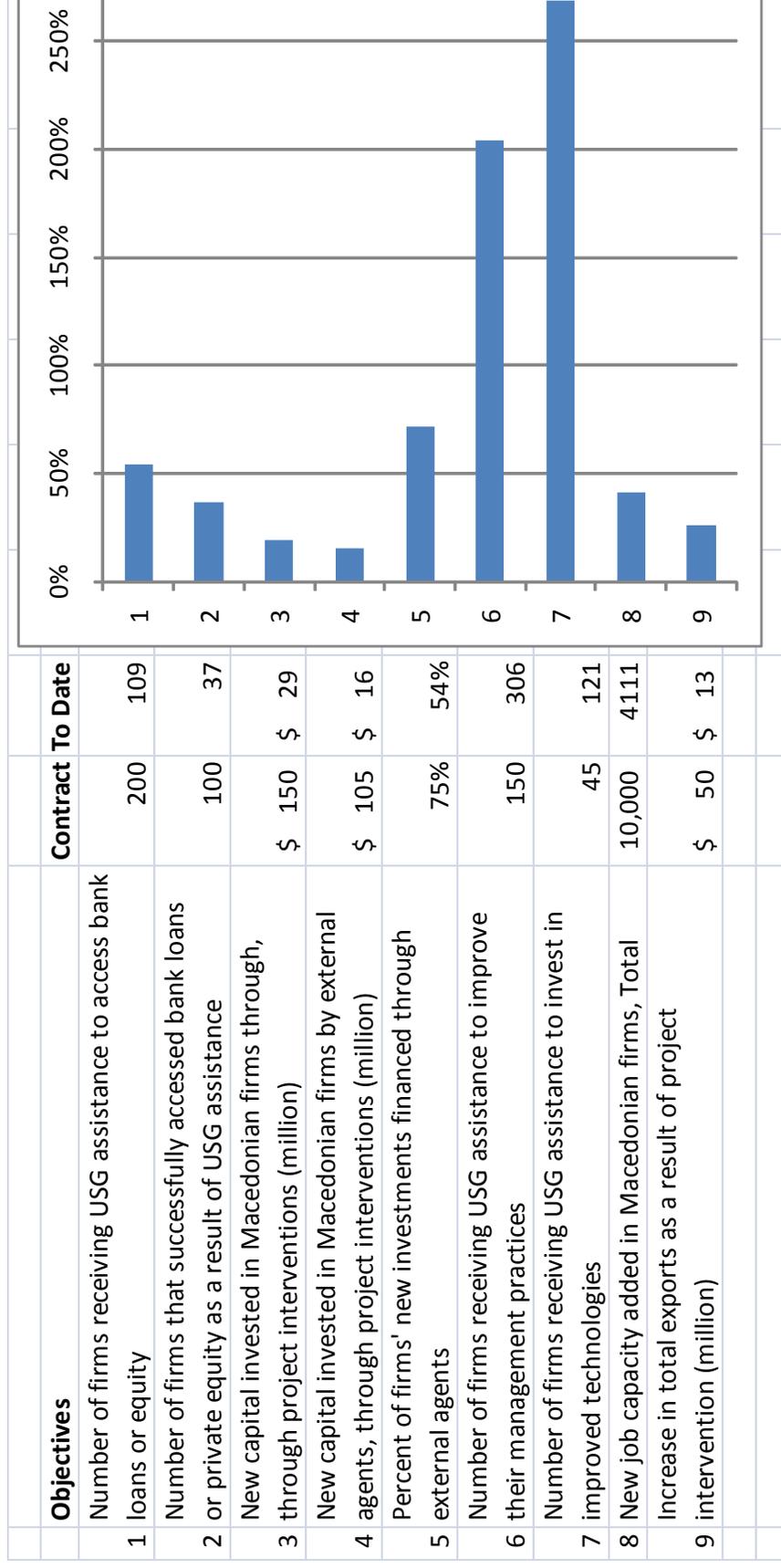
The real value added by the Project is provided not only by linking buyers and sellers and by helping sellers to better understand what buyers want, but also and predominantly by helping sellers to improve their production and management practices so they become more competitive in ways dictated by the market.

7. Results, M&E, and Indicators

The Evaluation Team spent considerable time reviewing the Project's monitoring and evaluation reports and processes, and the numbers that make up the M&E results. The numbers reported are conscientiously collected and tallied, and, if anything, in some respects likely under-estimate Project results. Nonetheless, a number of issues merit attention.

Results through Q1 FY 2010 are presented on the next page. For each of the agreed Indicators, the table presents the contractual target and amount achieved so far, and the chart shows the ratio between the two. Given that the Project is roughly half way through its term, a ratio of less than 50% suggests that the Project may not be on track to meet that particular target, while a ratio above 50% suggests that the Project is ahead of schedule—with the assumption (not necessarily appropriate) that all targets should be achieved incrementally on a pro-rated basis, i.e., 25% of the target achieved when 25% through the project, 50% of the project achieved when 50% through the project, etc.

MCP Performance Monitoring Plan Results, Cumulative, 2008 – FY 2010 Q1



The Evaluation Team makes the following observations regarding monitoring and evaluation:

- As discussed earlier in the section on key findings, the PMP measures activities of horizontal components but often not activities of vertical components.

Recommendation: The methodology of counting recipients of assistance should include not only firms participating in activities of horizontal activities but also firms participating in activities of vertical components.

- PMP Indicator targets are having some unintended effects on choice of Project activities, and in some cases are overly ambitious. The FDI target is quite high, particularly given the reduced availability of investment capital during the recent world financial crisis and recession, and Macedonia's not very friendly business environment. (FDI was discussed earlier in a section dedicated to this topic.)

Recommendation: The target for FDI should be substantially reduced, or the indicator eliminated. (This applies to Indicators 4 and 5.)

- The new job capacity indicator is both ambiguous and overly ambitious. It is ambiguous since it includes three items not closely related: job creation, vocational training, and internships. It is overly ambitious especially if the student internship were to be transferred from the Project and internships no longer counted.

Recommendation: If and when the internship is transferred from the Project or lowered in priority, consider eliminating the number of internships from this Indicator and reducing the targets commensurately. (A target of 6000 might be more appropriate, counting past jobs and internships, plus only future jobs.)

Recommendation: Consider splitting vocational training from job creation in two separate indicators.

The way jobs are counted seems incomplete. The Indicator includes jobs that are supposed to be created as a result of FDI or successful access to credit. Jobs are not counted that would result from new export deals. Also, no attempt is made to count indirect job creation as a result of multiplier effects on upstream suppliers or on the general economy. Such estimates would require attention and resources, some economic skill in using social accounting matrices or other methods to model indirect economic effects, and can suffer from imprecision. Nevertheless these are legitimate Project impacts that now are not being counted.

Recommendation: Consider the benefits and costs of increasing the extent of job creation measurement, including jobs created from exports and indirect job creation that comes from multiplier effects on upstream suppliers and the broader economy.

The job creation indicator counts jobs that are expected to be created in documentation used for access to finance agreements, with jobs counted when bank loans are approved. Team interviews with firms suggested these numbers often are not precise. In some instances, firms had hired more workers than expected at the time of loan finalization. In other instances, firms had hired fewer workers or even had laid off workers.

Recommendation: Creation of jobs should be reconfirmed with firms at some point after loans have been made and put into use.

- Indicator 3 *New capital invested in Macedonian firms* seems more or less accurately to track bank loans successfully concluded but does not track well re-investment of own firm profits. In numerous firm interviews, managers roughly confirmed that the loans received identified in the Project PMP were correct. However, managers generally were unable to confirm the amounts identified in the PMP as “recycling of profit”. The idea behind this element is to count recycling of profit associated with (for instance, required by) loans approved by banks that are facilitated by Project resources. Often, such a requirement that firms provide such internal matching investment is required in loan documents. However, subsequent to loan approval, no monitoring of this self-investment seems to be done, and from an accounting perspective it seems almost impossible to differentiate self-investment due to Project intervention from other self-investment that would have occurred without Project intervention.

Recommendation: Consider eliminating “recycling of profit” as one of the sources of capital counted in this indicator.

Doing so would reduce this result but would make this a more robust indicator.

- Indicator 6 (*Number of firms receiving USG assistance to improve their management practices*) conveys an unclear message regarding the extent and type of assistance provided to firms. Firms are counted for this Indicator in various ways: participating in two or more (but not just one) trade shows; undergoing HR training; signing an agreement to take on interns; or changing marketing approach based on participation in the new marketing platform. Although the Indicator’s name seems to convey assistance to firms to help with improving management and technological practices, in fact most of the firms are participating in market linkages or other activities not directly related to improving management practices.

Recommendation: Consider re-defining this Indicator only to include assistance directly to firms to improve their management and production practices, and to exclude assistance related to market linkages activities and internships.

Unlike other sets of indicators, which attempt to measure both Project outputs and also impact on the economy, here only Project outputs are measured – receiving assistance but not making changes. This Indicator is focused on participation in Project activities, not on implementing changes. Also, the Project does not attempt to measure firm productivity, which arguably is the single most important intended result of a competitiveness project. The Project staff notes that they did contemplate such an indicator but decided it would be too difficult and resource intensive to try to measure productivity, particularly in a way that accurately determines what productivity gains could be attributed to the Project.

Recommendation: Consider adding a new indicator: *Number of firms implementing improved management or production practices*. Recommendation: Consider the benefits and costs of introducing an indicator to measure firm productivity.

These would help to monitor not only assistance given but also results in this area.

- While the process for measuring indicators seems conscientiously designed and relatively consistently implemented, it is not easily transparent to a reader of PMP results.

Recommendation: Create a written, detailed explanation for how all indicators are calculated, which should be provided as footnotes or an attachment each time the PMP results are presented.

8. Summary of Firm Surveys

The Team conducted 20 interviews of Macedonian firms that had benefitted from Project assistance, using a standard questionnaire to guide questions. Although the interviewed firms were not chosen through a very rigorous process, they were selected to be representative in several respects. Firms across all three vertical sectors were chosen, as well as firms that fall outside the three selected sectors. Some firms were chosen that had worked extensively with the Project, and others were chosen that had had more limited contacts. Firms were chosen that had participated in various horizontal Project components, that were located not only in Skopje but also in a number of the regions, and that had ownership, management, and worker participation from varying ethnic groups and both genders. Larger and smaller firms, Macedonian- and foreign-owned were selected.

The qualitative results from these surveys have been woven throughout the text of this report. Some summary quantitative information about the firms surveyed is presented below. (Data is given only for firms that provided an answer.) A copy of the survey questionnaire is included as Annex D. Transcripts of the surveys are provided in Annex G as a separate document.

Firms surveyed – numbers of employees

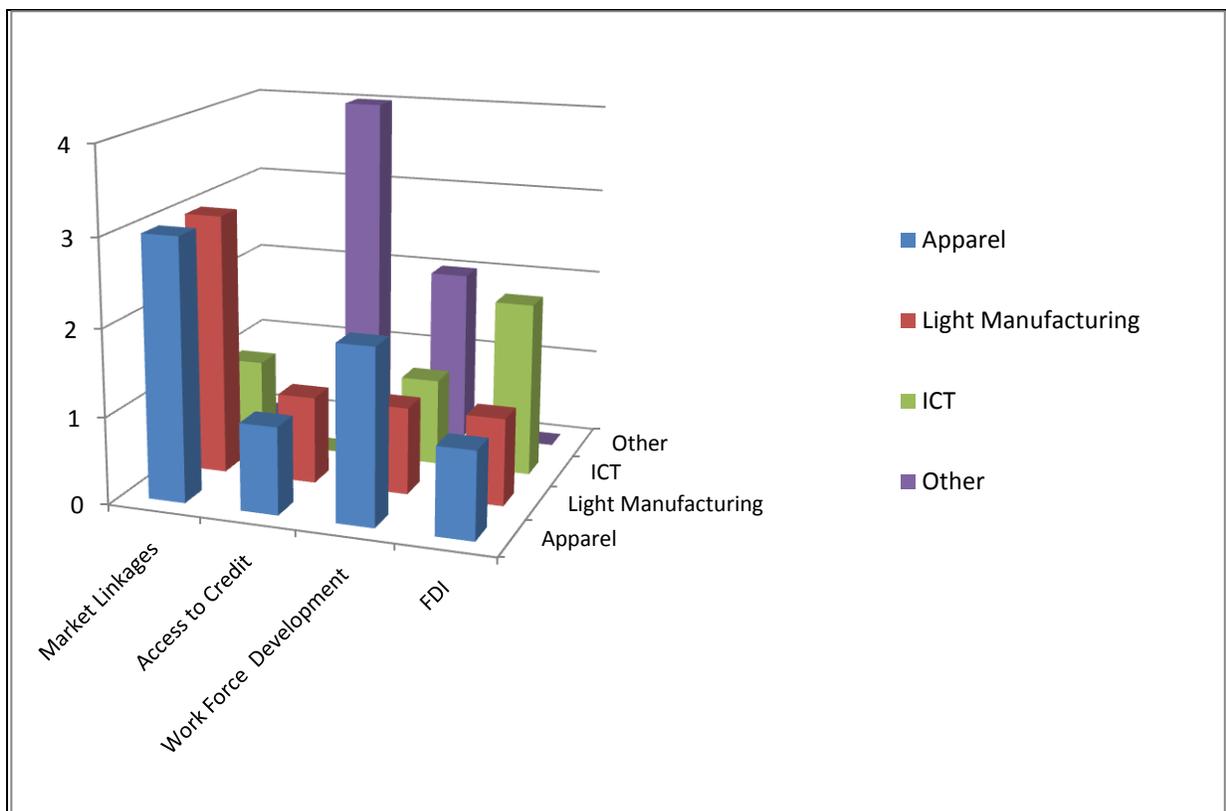
Number of Employees	Number of firms
<50	8
50-100	6
100-150	1
150-200	1
200-250	1
250-300	
300-350	1
350-400	2

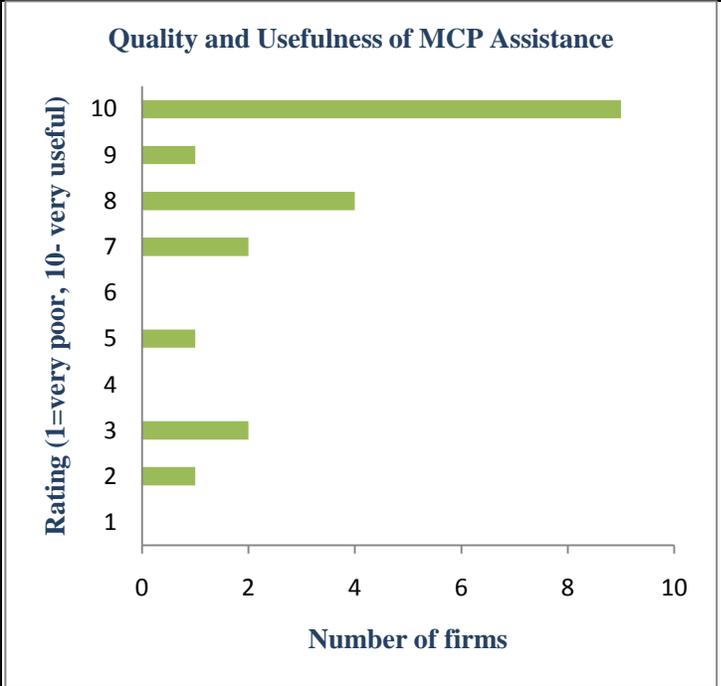
Firms surveyed – Annual gross income

Annual Gross Income	Number of firms
<1m	3
1m-2m	5
2m-3m	2
3m-4m	1
>4m	3

Firms surveyed – By sector and Project components

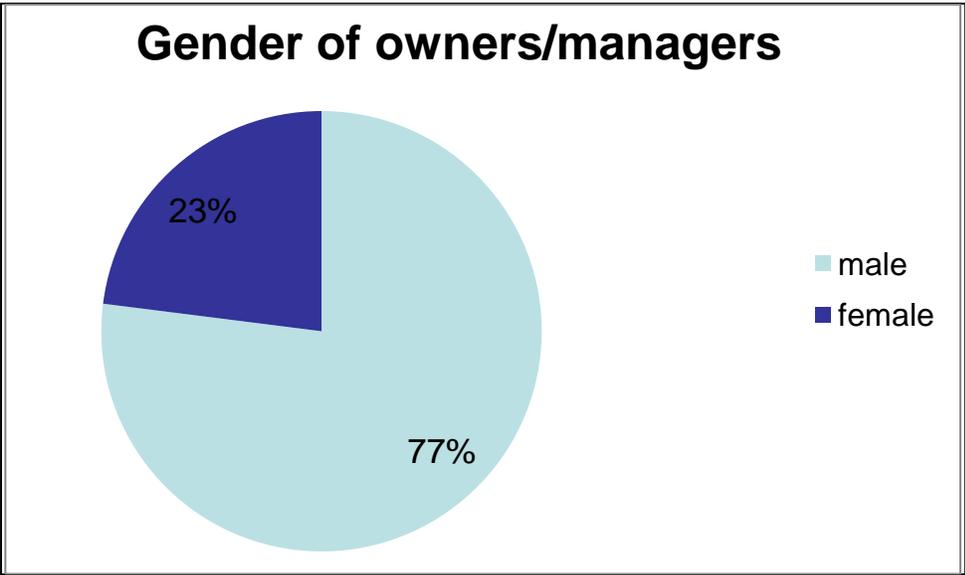
	Market Linkages	Access to Credit	Work Force Development	FDI
Apparel	3	1	2	1
Light Manufacturing	3	1	1	1
ICT	1	0	1	2
Other	0	4	2	0

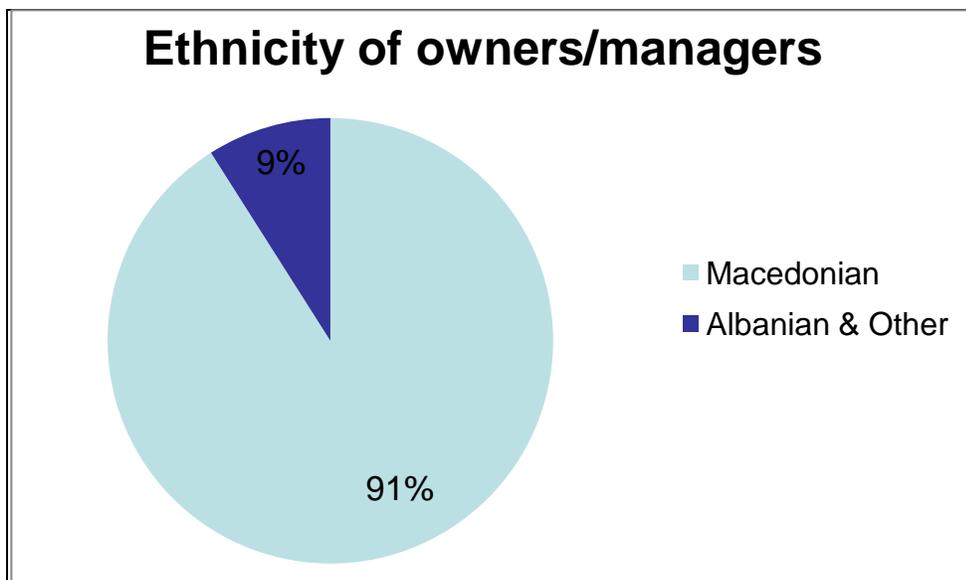




9. Gender and Ethnicity

The Project reports the following estimated breakdown for owners/managers of firms assisted, by ethnicity and gender. These proportions are based on 47 counterpart firms for which profiles have been collected.





While the Project obviously has not completely closed any gender or ethnic gaps that exist in Macedonian society, a reasonable effort has been made by the Project to address both gender and ethnic issues. Many of the firms with which the Project works have a significant number of female owners or managers. A number of the firms, particularly in the garment sector, have predominantly female employees. The Project has made a concerted effort to work with multiple ethnic groups. A recent training program on access to finance was held in an Albanian municipality of Skopje. One of the investments that the Project facilitated, in Tetovo, is in a predominantly Albanian region of the country.

10. Public Outreach

A general observation of the evaluation is that, in many instances, potential beneficiaries are not very aware of the services that can be received by the Project. Numerous firms participating in one set of Project component activities report not being familiar with services offered by other Project components.

Recommendation: Portfolio managers and all Project staff should ensure all client firms are fully aware of available Project services on a continuous basis.

In particular, staff and consultants working under the Access to Finance component should be trained to promote other aspects of the Project, and to use this component as a means for bringing firms into collaboration with the Project so they then can benefit from a range of assistance programming.

11. Associations

In contrast to the previous USAID competitiveness project in Macedonia, the current MCP does not make work with trade associations a core element of their methodology, nor do they shun working with associations. The Project has tended to work with associations selectively, when those associations seem to be particularly active, progressive, and sustainable. They have worked most with the garment trade association, somewhat with the IT association, and little with other trade associations. Their approach to working with associations seems pragmatic and reasonable.

12. Clarification of Intended Beneficiaries

Recommendation: It is important to discuss and clarify who the beneficiaries of the Project should be: Are main targets of Project assistance micro-, small, or medium enterprises, or large anchor firms? Are intended beneficiaries Macedonian firms only, or also foreign owned firms?

Some of the firms with which the Project works are quite small; others are relatively large in the context of Macedonia's economy, i.e., in an economy dominated by very small firms. Most of the firms with which the Project works are completely domestically owned, but a number of key counterpart firms are foreign owned. On these issues, there are reasonable arguments that can be made on multiple sides. It might seem best to work with the larger firms since they will have the greatest prospects for success and impact, and will be most cost-efficient in terms of allocating Project resources. However, an argument also could be made that the purpose of the Project is to focus on truly small firms. Similarly, an argument can be made in favor of assisting foreign-owned firms since these are the most progressive and the drivers of the economy. However, an argument also could be made that the purpose of the Project is to assist Macedonian-owned firms only. It would be useful for USAID and Project leadership to discuss these issues and reach consensus on what types of firms should and should not be beneficiaries of Project activities.

I3. Coordination and Collaboration

Coordination and communication with other USAID projects and with other donors are strong in some respects, but could be strengthened in others. Of the USAID projects, collaboration is strongest with the AgBiz Project. Collaboration with BEA seems insufficient, particularly given the overlapping mandates of these two projects.

Recommendation: USAID should facilitate periodic coordination and planning meetings with economic growth programs, and give particular emphasis to facilitating MCP-BEA collaboration.

The BEA Project should be a primary means by which the MCP communicates policy and regulatory problems to the GOM that are identified by counterpart businesses. For BEA, MCP should be a primary source of information on the obstacles and impediments faced by Macedonian firms. The Project does collaborate closely with other relevant donors projects, including those of SIPPO, the World Bank, and GTZ.

I4. Sustainability

Sustainability has been an important criterion for allocating Project resources and for the design of Project activities. Many of the activities have been carefully designed to maximize the extent to which they will be sustainable in that they will be carried forward after the end of the Project.

Recommendation: USAID and the MCP should consider to what extent "sustainability" means long-lasting impact vs. continuation of assistance activities.

One way to think of sustainability is to aim for an impact on society and the economy that extends well beyond the life of the Project. This could be achieved, for instance, by raising the level of human and institutional capital in the country so that firms are more efficient than they otherwise would have been for a considerable time beyond the end of the Project. Another, more narrow, way to define sustainability is as the continuation of Project activities beyond the end of the Project. MCP, tending to

use this more narrow definition, spends considerable time and effort structuring activities in a way so that they are likely to be sustainable into the future, for instance using various co-financing schemes and looking for other institutions to host Project activities. This objective leads to rather convoluted ways in which activities are structured and payments are made. If USAID and MCP follow this narrow definition of sustainability, these approaches are consistent. If USAID and MCP follow a broader definition of sustainability that mostly focuses on sustainability of impact rather than sustainability of assistance activities, many Project activities could be undertaken in ways that require fewer resources and are less convoluted.

15. Evaluation Summary

The following points summarize key results of the evaluation, following the points to be covered as per the Terms of Reference for the evaluation team.

1. Confirm the relevance of The Competitiveness Project.

The Project remains relevant. Firms in Macedonia still have enormous need to become more competitive in order to increase revenues and exports. Needs remain critical for improving management and production practices, building relationships with external buyers, accessing credit, and developing the workforce. USAID programming clearly still can make considerable gains in these areas.

2. Analyze the impact, progress and effectiveness of the interventions to date.

Overall, the Project is having an impact, making progress, and interventions are effective. Numerous observations have been made throughout this report on details of where progress has been greatest and where improvements can be made. In general, the main area where some impact is being made and more could be made is in helping firms to increase their competitiveness—the quality of their labor, their technological processes, their cost containment, and their access to finance. Market linkages and access to finance efforts have been particularly successful.

3. Assess the anticipated overall impact of the project on the selected sectors and foreign direct investment.

The Project is contributing meaningfully to the three sectors where it works. Impact seems to have been broadest in the apparel sector, with multiple firms aided. In light manufacturing, and handful of automotive parts firms have been assisted. In ICT, only several firms seem to have been impacted by Project assistance. In the area of FDI, few concrete results have been achieved to date. However, the Project has a number of credible FDI leads it is pursuing. It was beyond the possibility of this evaluation process to assess the real viability of these leads, although they would be important if actually brought to fruition.

4. Analyze the current and future role of the Competitiveness Project in USAID Macedonia's Economic Growth Program.

A firm-level assistance project will continue to make sense for USAID/Macedonia's portfolio, in tandem with a policy or business enabling environment project (and also perhaps one or several workforce development projects). Such programming should continue to focus on helping firms to become more competitive, with a particular focus on integrating into EU markets.

5. Recommend potential modifications for improvement

Numerous modifications have been recommended throughout this report. Of particular significance is the recommendation to focus greater attention on making firms more competitive—that is, helping them to improve the quality of labor, to increase access to capital, to facilitate technical advance, or to reduce firms' real costs.

16. Summary of Recommendations

The following summarizes the recommendations that have been made and discussed throughout this report.

General

1. More emphasis should be placed on helping firms implement improved managerial and production practices that the market indicates.
2. Emphasize export opportunities and access to credit as lead “carrots” to motivate firms to participate in Project activities.
3. Continue FDI activities to strategic investments and pre-existing leads.
4. Portfolio managers and all Project staff should ensure all client firms are fully aware of available Project services on a continuous basis.

Apparel

5. The Project should continue B2B efforts in apparel to promote market linkages.
6. The Project should provide more assistance to help apparel firms develop capacity and practices for full-package production.
7. MCP should collaborate with BEA in conveying to Government the need to continue driving downward labor taxes and contributions.
8. A future USAID vocational training activity should work on the task of reforming vocational education and training for the apparel industry, including collaborating with the Ministry of Education.

Light Manufacturing

9. The Project should provide more technical assistance to help improve management and production practices in light manufacturing firms, and achieve standards and certifications (keeping in mind the assistance other organizations provide).
10. The Project should provide more workforce development training to light manufacturing firms tailored to specific firm needs, including through the Revolving Fund.
11. IT firms need assistance in formulating a strategic vision based on advice regarding their potential comparative advantage.

ICT

12. Provide firm-tailored training and workforce development through creation of train-the-trainers programs and partnerships with leading IT firms.
13. More communication is needed to make IT firms aware of available Project services.

Access to Finance

14. Consider whether Access to Finance activities should focus on bank loans only or also on alternative sources as well.
15. If the Project does continue promoting types of financing other than traditional bank loans, it is important to focus on various mechanisms for financing exports.
16. Consider whether loans should be targeted to verticals, and/or linked to capacity building activities.
17. Emphasize export opportunities and access to credit (not FDI) as lead “carrots” to motivate firms to participate in Project activities.
18. Introduce training for facilitators and procedures to ensure that firms participating in Access to Finance activities also receive other Project services, so that lending becomes a carrot that leads to improved management and production techniques.

Workforce Development

19. Spin off the internship program, for instance to a new USAID workforce development program.
20. Focus workforce development on programs highly tailored to firm needs, leaving broader vocational training for other projects.
21. Vocational training, for instance in apparel, requires curriculum changes to ensure students are taught currently needed skills. Such an activity could be assigned to a new WFD project.
22. The Revolving Fund should be further developed and institutionalized.

Foreign Direct Investment

23. Emphasize export opportunities and access to credit (not FDI) as lead “carrots” to motivate firms to participate in Project activities.
24. Continue FDI activities to strategic investments and pre-existing leads.

Market Linkages

25. Market linkages should remain a primary focus of Project activity but should be regarded as a gateway through which to bring firms into other Project activities, and not only as an end in itself.

Monitoring and Evaluation

26. The methodology of counting recipients of assistance should include not only firms participating in activities of horizontal activities but also firms participating in activities of vertical components.
27. The target for FDI should be substantially reduced, or the indicator eliminated.
28. If and when the internship is transferred from the Project or lowered in priority, consider eliminating the number of internships from this Indicator and reducing the targets commensurately. (A target of 6000 might be more appropriate, counting past jobs and internships, plus only future jobs.)
29. Consider splitting vocational training from job creation in two separate indicators.
30. Consider the benefits and costs of increasing the extent of job creation measurement, including jobs created from exports and indirect job creation that comes from multiplier effects on upstream suppliers and the broader economy.
31. Creation of jobs should be reconfirmed with firms at some point after loans have been made and put into use.
32. Consider eliminating “recycling of profit” as one of the sources of capital counted in this indicator.
33. Consider re-defining this Indicator only to include assistance directly to firms to improve their management and production practices, and to exclude assistance related to market linkages activities and internships.

34. Consider adding a new indicator: *Number of firms implementing improved management or production practices.*
35. Consider the benefits and costs of introducing an indicator to measure firm productivity.
36. Create a written, detailed explanation for how all indicators are calculated, which should be provided as footnotes or an attachment each time the PMP results are presented.

Outreach

37. Portfolio managers and all Project staff should ensure all client firms are fully aware of available Project services on a continuous basis.

Clarification of Intended Beneficiaries

38. It is important to discuss and clarify who the beneficiaries of the Project should be: Are main targets of Project assistance micro-, small, or medium enterprises, or large anchor firms? Are intended beneficiaries Macedonian firms only, or also foreign owned firms?

Coordination and Collaboration

39. USAID should facilitate periodic coordination and planning meetings with economic growth programs, and give particular emphasis to facilitating MCP-BEA collaboration.

Sustainability

40. USAID and the MCP should consider to what extent “sustainability” means long-lasting impact vs. continuation of assistance activities.

Annex A: Statement of Work

PURPOSE OF EVALUATION

The purpose of the evaluation is to provide USAID with an external assessment of The Competitiveness Project that will be used to enhance the effectiveness of the existing intervention for the remaining performance period and in consideration for the future USAID Economic Growth Strategy. The evaluation will:

1. Confirm the relevance of The Competitiveness Project.
2. Analyze the impact, progress and effectiveness of the interventions to date.
3. Assess the anticipated overall impact of the project on the selected sectors and foreign direct investment.
4. Analyze the current and future role of the Competitiveness Project in USAID Macedonia's Economic Growth Program.
5. Recommend potential modifications for improvement.

TECHNICAL REQUIREMENTS

1. Confirm the relevance of The Competitiveness Project
 - a. Are the development hypothesis and assumptions behind the Project still valid?
 - b. Does the original project design still respond to current needs given the changes in the global economic environment? Is the Project effectively addressing the current needs of Macedonia and the target beneficiaries?
 - c. The contractor shall develop a results framework of the project and determine if the activities, intermediate results and outcomes flow logically to the stated project results.
2. Analyze the impact, progress and effectiveness of the interventions to date.
 - a. What is the progress to date on the following stated project objects:
 - Result 1 – Improved business practices
Objective: Improve firm-level business practices to improve management, business performance and economic contribution to targeted sectors.
 - Result 2 – Effective utilization of innovation, and new and appropriate technologies.
Objective: Identify and introduce firm-level and/or industry-wide technologies to improve the efficiency of private business operations and the economic performance of targeted sectors with a keen focus on market demand.
 - Result 3 – Improved skills of workforce and potential for employment
Objective: Develop skills of workforce to engage in higher value-added work activities and cultivate a pool of appropriately qualified candidates for employment opportunities.
 - Result 4 – Established business associations effectively advocating issues and concerns to government representatives.
Objective: Establish business advocacy organizations and develop their capacity to effectively

identify, agree upon and advocate for changes to laws and regulations that impede the flow of legal business activities.

Result 5 – Increase access to capital

Objective: Increase access to credit facilities, strategic and financial equity investments.

- b. Are there too many results and work objectives? If so, how should they be modified?
 - c. What is working, what is not working and why not?
 - d. How effective and appropriate is the approach to supporting the following initiatives:
 - i. market linkages that generate transactions;
 - ii. demand-based co-financing of technical assistance;
 - iii. seeding workforce development “champions” to invest in sustainable programs; and
 - iv. other activities related to access to finance, infrastructure and policy?
 - e. Are the selected sectors and cross-cutting themes the most appropriate for this project?
 - f. How well is the project fostering the development of Macedonian business service providers?
 - g. What are the unintended consequences and effects of each program and how did they occur?
 - h. Are the results achieved being produced at an acceptable cost compared with alternative approaches?
 - i. How well is the project being managed internally?
 - j. How well is the project communicating with beneficiaries, the private sector at large, the Macedonian public, and the Government of Macedonia about important issues of competitiveness, success stories of the project, and industry opportunities?
 - k. How is the project’s impact distributed across gender and ethnic groups within Macedonia?
 - l. Is the process of identifying beneficiaries fair and transparent?
3. Assess the anticipated overall impact of the project on the selected sectors in terms of employment and higher value exports and enhanced linkages into global supply chains; and attracting foreign direct investment, improving the performance of the channels promoting FDI and resolving hurdles for investors and market makers.
- a. Are the project indicators and targets appropriate? Do they adequately represent the results? Are they realistic and attributable?
 - b. Based on results to date, is the Project likely to engender sustainable and systematic development impacts after USAID funding has stopped? How is the implementer ensuring long-term sustainability and transfer of know-how?
 - c. Beyond the immediate stakeholders, is this project likely to have / continue having an impact on the Macedonian Agency for Foreign Investments or the private sector at large? Are programs targeting the appropriate number of beneficiaries to ensure the greatest impact?
4. Analyze the current and future role of the Competitiveness Project in USAID Macedonia’s Economic Growth Program and identify redundancies and potentially counterproductive interventions.
- a. To what extent has the Project complemented or overlapped other USAID projects,

including: Business Environment Activity (BEA), AgBiz, and the Development Credit Authority (DCA)?

- b. To what extent has the Project supported or complemented other Economic Growth projects of other donors?
 - c. How well is this project collaborating with the Macedonian Agency for Foreign Investment? Is the current approach and level of assistance appropriate and adequate?
 - d. Is there a way to increase the project's positive benefits across gender and ethnic groups?
5. Recommend potential modifications that can enhance the effectiveness of the project for the remaining performance period.
- a. Does the project approach need to be modified in order to reflect the reality of the current global economic environment? If so, how?
 - b. Which selected sectors and cross-cutting themes and corresponding activities should be further emphasized, modified or eliminated and why?
 - c. What alternative approaches exist which could lead to better results and greater cost efficiency?
 - d. How can the project enhance collaboration with other USAID and donor projects that maximize cooperation and increase the success and impact of the project?
 - e. What internal management and operational modifications may enhance the efficacy of the project?

Annex B: Cross-Reference Guide

Are the development hypothesis and assumptions behind the Project still valid? (15. Evaluation summary.)

Does the original project design still respond to current needs given the changes in the global economic environment? Is the Project effectively addressing the current needs of Macedonia and the target beneficiaries? (15. Evaluation summary.)

What is the progress to date on the following stated project objects:

Result 1 – Improved business practices (4. Key Findings)

Result 2 – Effective utilization of innovation, and new and appropriate technologies. (4. Key Findings)

Result 3 – Improved skills of workforce and potential for employment (5.3 Light Manufacturing; 5.4 Information and Communication Technology; 6.2 Workforce Development)

Result 4 – Established business associations effectively advocating issues and concerns to government representatives. (11. Associations)

Result 5 – Increase access to capital (4. Key Findings)

Are there too many results and work objectives? If so, how should they be modified? (15. Evaluation summary.)

What is working, what is not working and why not? (whole text)

How effective and appropriate is the approach to supporting the following initiatives: (4. Key findings; 6. Horizontal Components)

- i. market linkages that generate transactions;
- ii. demand-based co-financing of technical assistance;
- iii. seeding workforce development “champions” to invest in sustainable programs; and
- iv. other activities related to access to finance, infrastructure and policy?

Are the selected sectors and cross-cutting themes the most appropriate for this project? (4. Key Findings)

How well is the project fostering the development of Macedonian business service providers? (6. Horizontal Components)

What are the unintended consequences and effects of each program and how did they occur? (7. Results, M&E, Indicators)

Are the results achieved being produced at an acceptable cost compared with alternative approaches? (4. Key findings)

How well is the project being managed internally? (15. Evaluation summary)

How well is the project communicating with beneficiaries, the private sector at large, the Macedonian public, and the Government of Macedonia about important issues of competitiveness, success stories of the project, and industry opportunities? (10. Public Outreach)

How is the project's impact distributed across gender and ethnic groups within Macedonia? (9. Gender and Ethnicity)

Is the process of identifying beneficiaries fair and transparent? (12. Clarification of Intended Beneficiaries)

Are the project indicators and targets appropriate? Do they adequately represent the results? Are they realistic and attributable? (7. Results, M&E, Indicators)

Based on results to date, is the Project likely to engender sustainable and systematic development impacts after USAID funding has stopped? How is the implementer ensuring long-term sustainability and transfer of know-how? (14. Sustainability)

Beyond the immediate stakeholders, is this project likely to have / continue having an impact on the Macedonian Agency for Foreign Investments or the private sector at large? Are programs targeting the appropriate number of beneficiaries to ensure the greatest impact? (13. Coordination and Collaboration)

To what extent has the Project complemented or overlapped other USAID projects, including: Business Environment Activity (BEA), AgBiz, and the Development Credit Authority (DCA)? (13. Coordination and Collaboration)

To what extent has the Project supported or complemented other Economic Growth projects of other donors? (13. Coordination and Collaboration)

How well is this project collaborating with the Macedonian Agency for Foreign Investment? Is the current approach and level of assistance appropriate and adequate? (13. Coordination and Collaboration)

Is there a way to increase the project's positive benefits across gender and ethnic groups? (9. Gender and Ethnicity)

Does the project approach need to be modified in order to reflect the reality of the current global economic environment? If so, how? (15. Evaluation Summary)

Which selected sectors and cross-cutting themes and corresponding activities should be further emphasized, modified or eliminated and why? (16. Summary of Recommendations)

What alternative approaches exist which could lead to better results and greater cost efficiency? (16. Summary of Recommendations)

How can the project enhance collaboration with other USAID and donor projects that maximize cooperation and increase the success and impact of the project? (16. Summary of Recommendations)

What internal management and operational modifications may enhance the efficacy of the project? (16. Summary of Recommendations)

Annex C: Team Composition and Study Methods

TEAM COMPOSITION

The Evaluation Team consisted of: David Snelbecker, Sibley International LLC; Ljubomir Dimovski, EPICENTAR; Stevan Orozovic, EPICENTAR; and Antoinette Ferrara, USAID Consultant.

STUDY METHODS

During the course of two weeks in country, the Team met 21 beneficiary companies, 11 project staff, and 28 other individuals from USAID and stakeholder, partner and subcontractor organizations. Roughly sequentially, the Team first met USAID to understand the Mission's perspective on the Project, then met the Project staff to understand the details of Project activities and Project staff insights, then met various international and Macedonian partner organizations, and then met beneficiary firms.

The Team met with the Project leaders (in the field and home office) and with each of the vertical and horizontal component leaders. In these meetings, the Team sought to understand the details of Project activities, the perspectives of Project staff, the prioritization of tasks, and the allocation of staff resources to tasks. The Team met with numerous Project counterparts and partners, including: other donor organizations; other USAID projects; central and municipal government authorities; access-to-credit and FDI agents; and trade organizations. In these meetings, the Team sought to understand: how the Project cooperates with counterparts and subcontractors, what the impact is, and their perspectives on what the Project does well and where improvements could be made.

In interviews with firms, the Team sought to understand what Project assistance had been received, what the Project impact had been (including verifying any data reported in the PMP), firm perspectives on the Project, and some basic information about the firms. The process of selecting firms for interviews, while not quantitatively rigorous, followed the ideas of stratified random sampling—firms were chosen to be representative of the Project sectors, horizontal component areas, and geographical distribution across the country, with some firms chosen that have had extensive interaction with the Project and some chosen more on the periphery of Project activities. A standardized survey was used for firm interviews, which yielded both quantitative and qualitative results. The survey template is reported in Annex E and individual reports are available in Annex G as a separate document. Results of firm interviews are summarized in section 8.

Throughout the Evaluation process both for qualitative and for quantitative analysis, the Team followed the principle of “triangulation,” seeking to confirm conclusions through supporting evidence from multiple sources. The Team undertook some targeted quantitative analysis. Some firm results are quantitatively summarized and presented. Project PMP data was analyzed and selectively verified with firms. Additional data was requested from and provided by the firm on key questions considered in this Evaluation.

Annex D: List of Documents Consulted, Individuals and Agencies Interviewed

1. Monitoring and evaluation data
2. Financial Platform facilitators cost share
3. Training and Certification Programs
4. EDA Performance Report
5. Contact details of project partners/subcontractors/beneficiaries
6. E-career final report
7. Final Report of the brainstorming sessions at the workshop “Challenges to the private sector’s growth and strengthening of the Macedonian Economy’s Competitiveness”
8. Financial Facilitators invoiced and collected money for the services
9. Process of Growth and Economic Policy in Developing Countries- Harberger USAID, 2005
10. USAID Interns statistics March 2010
11. USAID Macedonia Business Environment Assessment
12. WFD Training and Certification Programs
13. Section C-Copy of the Contract
14. Macedonian mid-term portfolio review
15. MCP Evaluation Presentation
16. MCP Financial Platform Activity Results by March 15, 2010
17. Macedonia Work Force Development Report 2009
18. Financial facilitator MEGAS 06 outputs
19. FY2010 MCP Work Plan
20. FY2009 Annual Report Annex I-Challenges with promoting FDI
21. MCP 2009 Final Annual Report
22. MCP 2008 Final Annual Report
23. MCP Apparel B2B Initial Report
24. MCP Quarterly Report #1, Sep, 2007
25. MCP Quarterly Report #2, Dec, 2007
26. MCP Quarterly Report #3, Mar, 2008
27. MCP Quarterly Report #4, June, 2008
28. MCP Quarterly Report #5, Sep, 2008
29. MCP Quarterly Report #6, Dec, 2008
30. MCP Quarterly Report #7, Mar, 2009
31. MCP Quarterly Report #8, Jun, 2009
32. MCP Quarterly Report #9, Dec, 2009
33. MCP Work plan 2008
34. MCP Work plan 2009
35. PMP FY2009 and IQ10
36. PMP FY2009 and IQ10 with contacts
37. Project Deliverables

Annex E: Individuals and agencies interviewed

CATEGORY	COMPANY/ORGANIZATION	PERSON/TITLE
USAID	Economic Growth Office	Joseph Lessard, Director Margareta Lipkovska-Atanasov, Project Management Specialist W. Cullen Hughes, Enterprise Development Officer
	USAID Macedonia	Michael Fritz, Mission Director
	E-Government Project	Elena Stamatovska, Chief of Party Vanja Mirkovski, Public Outreach, M&E Specialist
	AgBiz Project	James Maxwell, Chief of Party
	BEA (USAID's Business Environment Activity)	Aleksandar Shahov, Chief of Party Kiril Minoski, Senior Advisor for Labour Market and Pension Reform
MCP PROJECT STAFF	USAID CARANA Corporation	Nimish Jhaveri, Chief of Party
		Jasmina Varnaliev, Deputy Chief of Party
		Tatjana Mitrevska, Monitoring Evaluation and Communication Officer
		Visar Ademi, Workforce Development Manager
		Mirjana Makedonska, Investment Support and Market Linkages Manager
		Lidija Damceska, Project Specialist
		Zarko Pop Iliev, Sector Portfolio Manager
		Dejan Janevski, Sector Portfolio Manager
		Goce Peshev, Project Specialist
		Brett Johnson, Global Practice and Market Strategy Advisor
Lori Brock, Home Office Manager		
BENEFICIARY COMPANIES	MASIT and NEXTSENSE	Vasko Kronevski, Ex-Director of MASIT and current CEO of NEXTSENSE
	MAKSIMA, Stip	Ilija Lazarov, Co-Owner
	MOND, Stip	Katerina Daneva, General Manager
	RUEN, Kocani	Zoran Popov, Sales Manager; Gjorgji Dushkov; Antoaneta Markova
	INT, Kocani	Nikolco Ilijev, General Manager; Aleksandra Maksimovska

BENEFICIARY COMPANIES	BRAKO, Veles	Pero Kolev, Technical Director; Vasil Janev
	Hemija-Komerc, Veles	Trajce Trajkov, General Manager; Dragan Trajkovski, Marjan Gjorgov, Marketing Manager
	GEMA PLAS - KM	Kostadin Madzunkov and Tatjana Madzunkova, Managers
	VIVI Prom, Bogdanci	Vasil Ampov, Director
	Mikrosam, Prilep	Samoil Samak, Vice President
	Avto Viza, Prilep	Elizabeta Kotevska, Owner, Manager
	MEGAS 06, Prilep	Goce Mojanoski, Manager
	BAMS Trade, Bitola	Mirjana Trpcevska, Manager
	DABB Commerce, Bitola	Blagojce Andonov, Director
	Teniko Trade, Bitola	Toni Stamenkovik, Director; Bogdan Stamenkovik
	MGI, Skopje	Marcel Melles, Managing Director
	VIPRO, Gevgelija	Viktor Petkov, Director
	FX3X, Skopje	Kristijan Danilovski, Managing Director
	ITC Kariera	Sasho Trajkovski, Manager
Ohridska Bank (Societe Generale), Skopje	Slavko Sazdovski, Training and Development Coordinator	
OTHER STAKEHOLDERS & PARTNERS	CBI – Centre for the Promotion of Imports from developing countries	Bob Smit, CBI Expert
	PREDA – Pelagonija Regional Development Agency	Marijana Mileska, Director, Borce Jankuloski, Program Coordinator-Business sector development
	MBR – Macedonian Bank for Development Promotion	Aleksandar Stanojkovski, Credit and Guarantee Department Manager
	TTA- Textile Trade Association of Macedonia	Natasa Sivevska, Executive Director
	Invest Macedonia – Agency for Foreign Investments of R. Macedonia	Viktor Mizo, CEO
	Embassy of the Kingdom of the Netherlands in Macedonia	Slobodanka Matakova Lakinska, Advisor Economic Affairs
	IMF, Skopje	Alexander F. Tieman, Resident Representative
	Embassy of the United States of America, Skopje	Darren Hultman, Deputy Political and Economic Section Chief Arben Gega, Commercial Specialist Jordan Damcevski M.A., Senior Economic Analyst
	Business Start Up Centre, Bitola	Rozita Talevska Hristovska, BSC Director Suzana Trajkovska Kocankovska, BSC Coordinator
	GO2 Invest, MCP EDA	Anthony Gbadamosi, EDA
Municipality of Gazi Baba, Skopje	Emilija Gjurcinovska, Director of Mayor's support sector; Marija	

		Anastasovska, Intern
	Municipality of Chair, Skopje	Agon Ajrulla, Financial and Tax Officer
	CIRKO-MES, Skopje	Dr. Atanas Kocov, Executive Director
	GTZ, Skopje	Valentina Nushkova, Project Coordinator
	Automotive Cluster of Macedonia, Skopje	Vladimir Tevdov, General Manager

Annex F: Firm Survey Template

Company name _____

Location _____

Type of business? Apparel___ Light manufacturing___ ICT___ Describe. _____

Managers/owners interviewed _____

Number of employees (roughly disaggregated by gender/ethnicity) _____

Annual gross income _____

What assistance did you receive from MCP? Access to credit___ WFD___ FDI___ Other___

Describe the assistance _____

What was the outcome of this assistance? (sales, exports, financing, FDI, jobs, other) _____

Confirm any specific numbers in the PMP. _____

Would this outcome have been achieved without MCP help? No, not at all___ Yes, but not so well or so much___ Yes, completely regardless of MCP help___

Rate the quality and usefulness of MCP assistance (1=very poor; 10=very useful) _____

What impediments do you face to improving competitiveness and increasing sales? _____

In what ways could MCP provide you with more or better assistance? _____
