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**THE MID-TERM PERFORMANCE EVALUATION
OF USAID/MACEDONIA'S
INVESTMENT DEVELOPMENT AND EXPORT
ADVANCEMENT SUPPORT (IDEAS) PROJECT
FINAL REPORT**

This report was produced for review by the United States Agency for International Development (USAID). It was prepared by Optimal Solutions Group, LLC for USAID's "Learning, Analysis, and Evaluation Project" (LEAP).
Contract Number: AID-OAA-C-11-00169

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
LEARNING, EVALUATION, AND ANALYSIS PROJECT
(AID-OAA-C-11-00169)

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SUPPORT (IDEAS) PROJECT**

FINAL REPORT

Submitted to:

U.S. Agency for International Development/Macedonia

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December 12, 2012

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

Acknowledgments

The assessment team is deeply grateful to the assistance provided by USAID/Macedonia, in particular: Robert Wuertz, Mission Director; Joseph Lessard, Economic Growth Office Director; Meri Cuculoska, Project Management Specialist; Ivica Vasev, Project Development and M&E Specialist; and Jennifer Connolly, Democracy Officer.

Special thanks are extended to the IDEAS Project staff for their extremely forthcoming interviews as well as kind assistance they provided to the assessment team during and after their site-visit, in particular: Aleksandar Sahov, Project Director; Goran Lazarevski, Senior Advisor; Gordana Toseva, Senior Advisor; Kiril Minoski, Senior Advisor; and Natasha Stankovik, Communications, Monitoring and Evaluation Manager.

The team would also like to acknowledge the following Government of Macedonia agencies, and private and public institutions, which were represented by the key informants who generously provided the qualitative data that made this evaluation possible:

- AgBiz Project
- Agency for Foreign Investments and Export Promotion
- Delegation of the European Union
- Directorate for Technological Industrial Development Zones
- Economic Chamber of Macedonia
- Economic Chamber Of North-West Macedonia
- IDEAS Project
- Industrial Policy and Competitiveness Unit, Ministry of Economy
- Industry Department, Ministry of Economy
- Infinite Solutions
- International Finance Corporation
- Judicial Strengthening Project
- Macedonian Chambers of Commerce
- MAP
- MASIT
- Ministry of Information Society and Administration
- Organization of Employers of Macedonia

- Public Procurement Bureau, Ministry of Finance
- Small Business Expansion Project
- Ss. Cyril and Methodius University of Skopje, Faculty of Law
- Swiss Import Promotion Programme (SIPPO)
- Te-te Plast
- Textile Trade Association
- The Cabinet of the Vice Prime Minister for Economic Affairs
- The World Bank
- Wines of Macedonia

Acronyms

AEP	Agency for Entrepreneurship Promotion
B2B	Business to Business
BAH	Booz Allen Hamilton Inc.
CoC	Chambers of Commerce
CRM	Customer Relations Management
DI	Direct Investment
DPMEA	Deputy Prime Minister for Economic Affairs
EOM	Employer Organization of Macedonia
ENER	National Electronic Registry of Regulations
ESC	Economic Social Council
EU	European Union
FDI	Foreign Direct Investment
GoM	Government of Macedonia
ICT	Information Technology
IDEAS	Investment Development and Export Advancement Support
InvestMacedonia	Agency for Foreign Investments and Export Promotion
IMEG	Inter-Ministerial Expert Group
IP	Industrial Policy
M&E	Monitoring and Evaluation
MAP	Macedonian Association of Processors
MASIT	Macedonian Association of Information Technology
MoE	Ministry of Economy
MISA	Ministry of Information Society and Administration
NECC	National Entrepreneurship and Competitiveness Council
Optimal	Optimal Solutions Group, LLC
PMP	Performance Monitoring Report
PPD	Public Private Dialogue
RIA	Regulatory Impact Assessment
SOW	Statement of Work
TIDZ	Technological Investment Development Zones

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Executive Summary

This report contains the summary of findings and recommendations of the external Mid-Term Performance Evaluation of USAID/Macedonia's Investment Development and Export Advancement Support (IDEAS) Project, conducted by Optimal Solutions Group, LLC (Optimal) in October and November of 2012. The purpose of this Mid-Term evaluation is to provide USAID with an external assessment that will be used to enhance the effectiveness of the project during the remainder of its performance period, and to inform the future USAID Economic Growth Strategy. In this light, the assessment team was tasked to 1) analyze the progress and effectiveness of the program components of the interventions to date; and 2) recommend potential modifications for improvement.

The assessment team examined the current status of the IDEAS project by conducting a thorough document review, assessing the progress of each project component to-date followed by in-country key informant/stakeholder interviews. The team specifically evaluated each project component with respect to effectiveness, relevance and sustainability prior to formulating their recommendation for respective component.

USAID's IDEAS project, implemented by Booz Allen Hamilton Inc. (BAH) in Macedonia is a 4-year, \$5.1 million project, launched in 2010. The project is expected to conclude in December 2014. The project currently consists of the following components: 1) Industrial Policy Implementation (IP) and Investment Aftercare; 2) Export Promotion; and 3) Enhancement of Public-Private Dialogue (PPD). A fourth component, namely the Continued Professionalization of the Public Procurement System was discontinued, in consultation with USAID, in 2011.

Industrial Policy Implementation and Investment Aftercare component of the project was implemented with the main objective of improving the overall system for industrial policy implementation. In order to achieve this objective, the project focused on strengthening the coordination among all involved stakeholders and also facilitating and supporting investment by streamlining investment aftercare procedures with the government. After extensive project portfolio review and analysis, as well as key informant interviews, the assessment team found that the IP implementation and investment aftercare support component of IDEAS was partially effective. The team determined that while activities such as providing capacity building support for the Government of Macedonia (GoM) to establish Competitiveness portal was an indication of effectiveness, the lack of embracing the IP as the main document among the stakeholders as the guiding economic document has limited the effectiveness of this component. Particularly given the short amount of time left in the project's tenure, the assessment team recommends the IDEAS team to scale back its activities in the IP implementation support to GoM, and focus its efforts in the Monitoring and Evaluation (M&E) Framework activities, which the team strongly believes would have impact beyond the IP implementation area. As for the streamlining of the investment aftercare, the assessment team recommends that the project partner with an agency

such as the Directorate for the Technological Investment Development Zones (TIDZ)—an agency responsible for providing aftercare for companies in the free zones. This is an agency with a mandate and resources, which the team believes would be suitable to partner with in order to materialize important activities under the project’s investment aftercare subcomponent.

IDEAS project’s **Export Promotion** component aims to develop and implement a comprehensive export promotion strategy, which will result in increase in exports from targeted sectors. The assessment team found that the project 1) provided capacity support to the Agency for Foreign Investments and Export Promotion (InvestMacedonia) to build the IT infrastructure for the agency; 2) organized several effective export promotion events; and 3) set up strategic framework for InvestMacedonia. The team determines that the support provided to InvestMacedonia has been partially effective. Although the training support and the IT infrastructure support have been effective and successful, the lack of resources at InvestMacedonia, pointed out by all relevant stakeholders, particularly businesses, and the lack of governmental financial commitment to the agency limited the effectiveness of this project component. The assessment team has also found that the impact of the trade events, including the capacity building support prior to these events provided by the IDEAS to business associations was positive. An important observation the team made during the key informant interviews was the need for export readiness support among Macedonian businesses. The assessment team recommends the IDEAS project to continue supporting InvestMacedonia in export promotion activities if the GoM financial support is forthcoming to agency for the following year. If the GoM financial support does not come through for 2013, the team recommends that capacity building support to InvestMacedonia is discontinued, given the short lifespan of the project remaining. The team also recommends that the project continue supporting export readiness activities through “We Are Learning Export” with Ministry of Economy (MoE) and Agency for Entrepreneurship Promotion.

The final active component of the IDEAS project, during the time of this evaluation, was the **Enhancement of Public-Private Dialogue**. The main objective of this component is to assist Macedonia in achieving a sustainable and productive public-private dialogue (PPD) process on national level, based on the principles of inclusiveness, competence and involvement of all stakeholders. In order to achieve this objective, the project focused on the following main activities within its first two years: 1) providing support for the reestablishment of the National Entrepreneurship and Competitiveness Council (NECC); 2) providing capacity building support to chambers of commerce (CoC); 3) providing support for the Economic Social Council (ESC); and 4) providing support for the implementation of a national Regulatory Impact Assessment (RIA) system. The team found that the reestablishment of NECC was effective. This finding is supported by the key informants’ support for the council as a platform for the business community to interact with each other. The capacity building support to CoC, which was conducted by working with CoC staff on creation of policy papers is found to be very successful by the team as well as all stakeholders interviewed. The project provided support through

upgrading the National Electronic Registry of Regulations (ENER) as part of the RIA system. The assessment team found that this activity was successful and effective, providing for a national platform for stakeholders to comment to interact on legislation. Although the project's initial objective behind supporting ESC was to enhance the PPD on an existing national platform, the assessment team found after key informant interviews that the ESC is not known by a great majority of the stakeholders. This is an indication that the council is not an effective platform on a national level. In regards to the Enhancement of PPD component, the assessment team recommends that the project continues its support to the following subcomponents without interruption: 1) NECC; 2) capacity building of CoC's staff; and 3) RIA. In addition, given the lack of resources in this specific area in the Macedonian economy, and considering the departing donor programs that were supporting the business associations until now, the team also recommends that the capacity building of business associations' staff and resources is taken on as a formal subcomponent. This activity was being conducted on an ad hoc basis. Finally, in light of the feedback received from the key informants, the assessment team recommends that the project scales back support activities to ESC, a council that is not regarded as an effective social-business platform by majority of the stakeholders.

The assessment team also evaluated the effectiveness of the **Continued Professionalization of the Public Procurement System** component of the project, which was discontinued in 2011. The objective of this component was to support the Public Procurement Bureau (PPB) and its efforts to introduce higher standards and professionalism in the public procurement processes and to provide the public procurement community with well-qualified and skilled professionals. Since this was a completed component, the assessment team did not provide any recommendations for further consideration. Nevertheless, this report contains team's observations pertaining to this component. The team has found the project's activities regarding the professionalization of the PPB system effective. These activities range from strengthening the existing legislation to strengthening the usage of e-procurement system and providing capacity building support to the PPB. The key informant interviews as well as the project portfolio review revealed that this component was concluded successfully and rendered effective results.

The assessment team determines that there are cross-cutting and general recommendations that can be applied either throughout the project or can be applied to the future USAID's Economic Growth Strategy. The team lists these as the following: 1) picking the right counterparts at the GoM level who have resources, commitment and well-defined needs to work at implementing any project component; 2) embedding consultants hired by the project in GoM agencies to work on project component implementation and provide capacity building at this agencies; 3) providing opportunities to stakeholders through seminars, coaching sessions and other events where best practices can be provided to their agencies/institutions; 4) reporting mitigation strategies for external challenges such as early elections into project's reporting; and 5) expanding the project's M&E efforts.

During the debriefing meeting with USAID/Macedonia Mission staff that took place on November 1, 2012, the USAID staff requested that the assessment team provide in the evaluation report recommendations pertaining to which existing agencies, organizations or mechanisms can take over which IDEAS project component or activity upon the conclusion of the project. In response, the team provides the following recommendations under the Sustainability section: The team believes that several of the IDEAS's component and activities can be continued by GoM agencies upon the project's conclusion in 2014. The assessment team offers the following recommendations:

- M&E Framework Implementation to be taken on by MoE
- Investment Aftercare to be taken on by TIDZ
- Export Promotion to be taken on by InvestMacedonia *if* the GoM financial support is provided to InvestMacedonia
- Export Readiness activities to be taken on by MoE
- NECC and CoC to sustain themselves respectively
- The implementation of RIA to be sustained by MISA

Business associations and business clusters are to be supported by donor funding in the short term until these organizations can sustain themselves.

Introduction

USAID's Investment Development and Export Advancement Support (IDEAS) project, a 4-year, \$5.1-million project being implemented by Booz Allen Hamilton Inc. (BAH), in Macedonia, was initiated in December 2010 with the following objectives: To improve the business policy environment, to increase private-sector investment, and to promote increased exports of Macedonian products. During its first two years, IDEAS has conducted activities within three active and linked project components:

- **Industrial Policy Implementation and Investment Aftercare:** Within this component, the project provides support to the Government of Macedonia (GoM) in its efforts to increase the competitiveness of Macedonia's economy by strengthening the coordination mechanisms for implementation of the IP and by streamlining investment aftercare procedures.
- **Export Promotion:** The project strengthens Agency for Foreign Investments and Export Promotion (InvestMacedonia) operational capacities by building its processes and mechanisms to provide relevant services to export-oriented companies, focusing on key sectors with the highest potential.
- **Enhancement of Public-Private Dialogue:** The project seeks to develop sustainable models for productive interactions between the private and public sectors as well as civil society, especially on matters related to export and investment promotion.

A fourth component—the **Continued Professionalization of the Public Procurement System**—was discontinued in 2011, in consultation with USAID. The objective of this component was to support the Public Procurement Bureau (PPB) in its efforts to introduce higher standards of professionalism in the public-procurement processes and to provide the public-procurement community with well-qualified and skilled professionals.

The expected results of the project activities, as stated by the project, are as follows:

- Increased efficiency and effectiveness of industrial policy implementation through improved coordination among the responsible government institutions
- Streamlined foreign direct investment (FDI) and direct investment (DI) procedures and improved aftercare services
- Enhanced exports through development and implementation of a comprehensive export promotion strategy and trade policies
- Successful and relevant public-private dialogue (PPD) through improving institutions' capacities and involving all relevant stakeholders
- Improved public procurement capacity

Optimal Solutions Group, LLC (Optimal) was tasked by USAID to conduct a mid-year evaluation of the IDEAS project. The assessment team consisted of Berna Demiralp, Senior

Research Associate at Optimal and Project Director; Banu Demiralp, Consultant to Optimal and Evaluation Analyst; and Ljubomir Dimovski, local consultant, who provided the in-country logistical support and qualitative data collection during interviews. This mid-term evaluation is designed to provide USAID/Macedonia with an external assessment of the IDEAS project to be used to enhance the effectiveness of the project during the remainder of its performance period and to inform the future USAID Economic Growth strategy. This task order covered the period between October 1 and December 10, 2012.

Evaluation activities included developing an evaluation design, implementing a project portfolio review, and conducting in-country key informant interviews with all relevant stakeholders. The site visit was conducted by assessment team in Skopje between October 22 and November 2, 2012. Table 1 presents the organizations and agencies that were represented by the stakeholders interviewed by the assessment team.

Table 1. Organizations/Agencies Represented by Key Informants

AgBiz Project
Agency for Foreign Investments and Export Promotion
Delegation of the European Union
Directorate for Technological Industrial Development Zones
Economic Chamber of Macedonia
Economic Chamber Of North-West Macedonia
IDEAS Project
Industrial Policy and Competitiveness Unit, Ministry of Economy
Industry Department, Ministry of Economy
Infinite Solutions
International Finance Corporation
Judicial Strengthening Project
Macedonian Chambers of Commerce
MAP
MASIT
Ministry of Information Society and Administration
Organization of Employers of Macedonia
Public Procurement Bureau, Ministry of Finance
Small Business Expansion Project
Ss. Cyril and Methodius University of Skopje, Faculty of Law
Swiss Import Promotion Programme (SIPPO)
Te-te Plast
Textile Trade Association
The Cabinet of the Vice Prime Minister for Economic Affairs
The World Bank
Wines of Macedonia

Upon concluding the in-country interviews, the assessment team conducted a debriefing presentation before the USAID/Macedonia staff on November 1, 2012, to present its preliminary findings, conclusions, and recommendations. During the debriefing, USAID requested that, in addition to the requirements set forth in the Statement of Work (SOW), the assessment team analyze and make recommendations regarding which agencies could take over which project activities upon the completion of the IDEAS's tenure. This request is answered within the Sustainability section of the report.

This report presents the findings of the assessment team based on its analysis of data from project documents and key informant interviews. The Evaluation Findings and Recommendations section, following the Methodology and Project Background sections, summarizes analysis results regarding the effectiveness of each project component as well as recommendations specific to each component. Cross-cutting recommendations that can be applied throughout the project are discussed separately following the Evaluation Findings and Recommendations section. Prior to the Conclusion Section, the report presents the Sustainability section, which includes suggested post-project alternatives for each component.

Appendices include the SOW for the evaluation (Appendix 1), the list of organizations represented by the stakeholders interviewed (Appendix 2), and the list of documents reviewed (Appendix 3).

Description of the Project

The USAID's IDEAS project, launched in December 2010, is a four-year, \$5.1-million, Economic-Growth project, being implemented by BAH in Macedonia. The project's overall objective is to improve the business environment, increase domestic investment, attract more FDI, and promote increased exports of Macedonian products. Specifically, the project's goals are to provide assistance to the GoM in the following five areas: (1) implementing the IP of Macedonia between 2009 and 2020 and streamlining investment procedures; (2) developing the institutional capacity for export promotion; (3) further professionalizing public procurement system; (4) enhancing PPD; and (5) strengthening mechanisms and enhancing the legal framework for construction planning and permitting. Since its launch, the IDEAS Project has provided technical and managerial expertise to key government counterpart ministries, departments, and agencies; private-sector institutions and enterprises; and public- and private-sector support organizations. The range of support has included a combination of targeted long-term technical assistance, advisory services, and project initiatives.

Description of Components: The IDEAS project is strongly interrelated and interdependent with cross-cutting themes and activities. It has been divided into four interconnected components that leverage related activities and available resources to achieve the project's overall objective and promote inter-component cooperation.

The four components and their objectives are as follows:

- **Industrial Policy Implementation and Investment Aftercare:** Improve the overall system for industrial policy implementation by strengthening coordination among all stakeholders involved and facilitating and supporting investments by streamlining relevant investment procedures within the Government of Macedonia (GoM).
- **Export Promotion:** Developing and implementing a comprehensive export-promotion strategy and a set of trade policies to support the country's exports. The primary result of the implementation of export-promotion policies and related activities is increased exports from targeted sectors, facilitated InvestMacedonia.
- **Enhancement of Public-Private Dialogue:** Assisting Macedonia in achieving a sustainable and productive PPD process on the national level, based on the principles of inclusiveness, competence, and involvement of all stakeholders.
- **Continued Professionalization of the Public-Procurement System:** Further supporting the PPB in its efforts to introduce higher standards and professionalism in the public-procurement processes and to provide the public-procurement community with well-qualified and skilled professionals.

Activities, Results, and Accomplishments by Components: During the first two years of implementation, the IDEAS project had a number of notable activities, results, and accomplishments. Some of these activities and results are highlighted below.

A. Industrial Policy and Investment Facilitation:

- a. Coordinated activities to strengthen the capacity of Inter-Ministerial Expert Group (IMEG) members to identify, design, and implement competitiveness measures and programs. These activities included workshops, simulations, and focused expert advice aimed at increasing the understanding of IMEG members regarding the characteristics and elements of sound competitiveness programs and the need for integrating and leveraging competitiveness initiatives to achieve more synergy, raising awareness of the importance of organized and efficient coordination among various institutions that implement competitiveness measures, and emphasizing the relevance of efficient and effective dialogue with the business community in the course of the competitiveness policymaking process as well as the necessity of structured and efficient monitoring and evaluation of the implemented initiatives.
- b. Assisted with targeted short-term planning of specific activities for industrial policy implementation, the project team worked with the Ministry of Economy (MoE), the Office of the Deputy Prime Minister for Economic Affairs (DPMEA), and other relevant institutions to draft an action plan for IP implementation for 2012 and 2013 and a framework for monitoring and evaluating the implementation results.
- c. Disbursed \$40,000 to selected Macedonian companies in 2012 as financial support for measures aimed at assisting them with developing new products and accessing new markets.
- d. Improved access to information for Macedonian companies by developing Competitiveness web portal, which provides information on the available support under various competitiveness programs.
- e. Assisted the DPMEA in its efforts to establish a one-stop shop for business licenses and permits by drafting recommendations for streamlining the visa and work permit procedures and assessing the capacity of Macedonian municipalities to implement electronic systems for construction permits.

B. Export Promotion:

- a. Developed a comprehensive strategic framework for InvestMacedonia that included conducting a baseline and comparative analysis of export promotion agencies around the world, with the objective of defining its mission, recommending the organizational structure, preparing an action plan for implementation, and advising on export promotion metrics.

- b. Worked on sector selection and the typology of firms to recommend sectors that have the greatest ability to increase exports, drive production, and increase jobs and to identify the types of enterprises in the key sectors that have the highest potential for export growth.
- c. Promoted and developed service offerings and support for exporters provided through InvestMacedonia, which included proposing a grant scheme or other co-financing arrangements for the exporters.
- d. Held nine export promotion events (trade fairs, business to business (B2B), and business forums) in three strategic sectors (agriculture, automotive, and IT services), which included the participation of 67 companies.
- e. Trained 25 individuals and enhanced the capacity of InvestMacedonia staff to engage in activities related to traditional export-promotion functions.
- f. Improved the IT infrastructure of InvestMacedonia and developed the export web portal as a tool for establishing virtual business leads and electronic matchmaking services to connect domestic exporters with potential clients abroad.

C. Enhancement of Public-Private Dialogue:

- a. Established the NECC as a key instrument to facilitate public-private dialogues on a national level.
- b. Improved the unique National Electronic Registry of Regulations (ENER), which included educating all relevant public-administration professionals from different ministries and agencies not only on the technical aspects of the portal but also on how to build partnerships with the private and civil sectors.
- c. Enhanced the capacity of the Chambers of Commerce (CoC) and advised and trained personnel on the creation of policy papers focusing on exports and investment.
- d. Worked with the Institute of Standardization of Macedonia and assisted in the introduction of ISO26000 CSR Standards Guide in the local Macedonian language.
- e. Partnered with the USAID Judicial Strengthening Project and organized a roundtable, bringing together judges and the business community for the first time.

D. Continued Professionalization of the Public-Procurement System:

- a. Worked with the Center for Solutions and Reforms (REFORMIKO) to implement activities in the public procurement area, including improving the status and capacity of the PPB and public-procurement profession and increasing the usage and promotion of the e-Procurement system.

- b. Conducted a capacity assessment and catalogued findings for officials involved in the procurement process, which will be included in the overall catalogue of civil servants.
- c. Developed technical-training guidelines for the e-Procurement software to train personnel.
- d. Developed an action plan and model contract to enhance the capabilities of the e-Procurement software.

Methodology

The mid-term performance evaluation of the IDEAS project is based on a research design that involved the collection and analysis of data from a wide set of project materials and key informant interviews. The research design, which was revised through the detailed document-review process, was delivered to USAID prior to the assessment team's site visit to Skopje in October 2012. The majority of data collection and analysis involved qualitative data collected through document review and stakeholder interviews, although the team also examined quantitative data on performance indicators provided by USAID. The research design consisted of a thorough analysis of the IDEAS project's portfolio, and interviews with project on which the team based its evaluation and eventual recommendations.

Prior to the site visit, the assessment team conducted an extensive document review of the IDEAS project's portfolio, including annual work plans; annual, quarterly, and monthly reports; and other supporting documentation, such as the IP of the GoM. The full list of documents provided by USAID is included in Appendix 3. Based on the analysis of the project's portfolio, the assessment team drafted a logic model, illustrating the IDEAS project's activities, outputs, and outcomes; the linkages between them; and how they supported the project goals.

Key informant interviews conducted during the assessment team's site visit to Skopje constituted a significant source of data for this evaluation. Identification of the interviewees occurred through consultation with the USAID/Macedonia Mission, which provided a list of representatives of stakeholders associated with the IDEAS project. Based on its review of the project portfolio and other related data, the assessment team identified additional key informants. Table 2 presents the organizations and agencies that were represented by key informants who were interviewed.

Table 2. Organizations/Agencies Represented by Key Informants

AgBiz Project
Agency for Foreign Investments and Export Promotion
Delegation of the European Union
Directorate for Technological Industrial Development Zones
Economic Chamber of Macedonia
Economic Chamber Of North-West Macedonia
IDEAS Project
Industrial Policy and Competitiveness Unit, Ministry of Economy
Industry Department, Ministry of Economy
Infinite Solutions
International Finance Corporation
Judicial Strengthening Project
Macedonian Chambers of Commerce

MAP
MASIT
Ministry of Information Society and Administration
Organization of Employers of Macedonia
Public Procurement Bureau, Ministry of Finance
Small Business Expansion Project
Ss. Cyril and Methodius University of Skopje, Faculty of Law
Swiss Import Promotion Programme (SIPPO)
Te-te Plast
Textile Trade Association
The Cabinet of the Vice Prime Minister for Economic Affairs
The World Bank
Wines of Macedonia

The wide set of agencies/institutions represented by the key informants allowed the assessment team to gather information from various vantage points. The preliminary interview schedule was drafted prior to the site visit and finalized after the assessment team arrived in Macedonia and conducted the first interviews with the project implementers.

In preparation for the key informant interviews, the assessment team developed interview protocols that outlined the purpose, structure, and duration of the interview and the list of questions that would be asked. Interviews were semi-structured in nature, allowing for an open framework and conversational communication, as well as providing an opportunity for follow-up questions during the interviews. Electronic recording devices were not used for the interviews. The team documented the interviews by taking notes on computers and/or by hand.

In-country key informant interviews took place between October 22 and November 2, 2012; 31 interviews were conducted during this time. Most of the interviews were conducted as a full team assessment team. Sometimes two meetings were conducted simultaneously.

The questions for project implementers and partners focused on the achievements and challenges associated with project implementation. The questions targeted to government officials and other project stakeholders concentrated on the perceived benefits associated with the project, implementation challenges, capacity, and topics pertaining to the business environment, FDI, exports, and PPD in Macedonia. For other donor agencies and experts, the questions explored challenges associated with implementing similar projects in Macedonia, perceived key ingredients to project success in this context, and challenges facing Macedonia in the areas of FDI, exporting, and PPD.

Time and budget constraints imposed several limitations on the evaluation design. First, the evaluation design was based primarily on the collection and analysis of qualitative data, such as key informant interviews and document review, as opposed to quantitative measures of outputs. Second, the evaluation was focused on identifying common issues, challenges, and successes across various project components to yield an overall assessment of the project, as opposed to an in-depth analysis of each of the activities within project components.

Evaluation Findings and Recommendations

This Section presents the assessment team's findings on each IDEAS component's effectiveness, based on the data gathered through project portfolio review and key informant interviews. The findings on each component will be followed by recommendations made by the team for the respective component.

A. Industrial Policy Implementation and Investment Aftercare

The general objective of this component is to improve the overall system for industrial policy implementation by strengthening coordination among all stakeholders involved and to facilitate and support investments by streamlining relevant investment procedures within GoM. During its two years of implementation, the IDEAS project conducted activities under the following subcomponents to achieve this general set of objectives:

- **Activities Specific to Policy Implementation Support to the GoM:** These activities include workshops, training, and expert advice to IMEG members; support to MoE and DPMEA and his staff to draft Action Plan to implement IP; support in the development of the Competitiveness web portal; and financial support to companies to develop new products and access new markets.
- **Activities Specific to the Process of Streamlining of Investment Procedures:** These activities include a cost-benefit analysis report and simulation tool for the GoM; recommendations for streamlining of the visa and working permits for the investors and their personnel; capacity assessment of municipalities to implement an electronic system for construction permits; and investor survey for investment aftercare services.

1. Findings

The assessment team found that the IP implementation and investment aftercare component of the IDEAS project has been partially effective. Although during the first half of its tenure the project successfully provided support to the GoM for Action Plan and a monitoring and evaluation framework to be drafted and supported by the government, the team found that IP is still not viewed as the most relevant GoM document and organized structure for supporting the private sector. The project team, BAH, has also noted delays relating to GoM commitment to IP implementation. The team views the development of the Competitiveness web portal as an indication of the effectiveness of this subcomponent; however, it is cautiously optimistic regarding the effectiveness of the portal, similar to the caution stated by the key informants (discussed in detail below). Regarding the support concerning streamlining of investment procedures, the team sees the activities conducted by the project under this subcomponent as having been effective and enhancing the capacity of GoM.

Industrial Policy Implementation Support: One of the biggest challenges the project team faced during the first two years of the project implementation were the early elections of June 2011. The project's first year was carried out as an assessment year. The interviews with the project staff revealed that the early elections—for which clear and concise mitigation strategies were not written into the reporting of the project—put certain aspects of the project components on hold prior to and following the elections. Staff changes within ministries, shifting of agendas at the government agencies, and lack of high-level GoM contacts' engagement in the project during this period made it challenging for the IDEAS to move forward with the IP implementation agenda. Although the project team continued working with mid-level bureaucrats and continued its efforts to consult with the GoM, the elections brought a clear halt specifically to this component of the project. The project's first year was carried out as an assessment year. Key informants do not see IP as the main GoM document or a structure or guide for the private sector. The majority of the stakeholders did not know what the IP contained—they thought that it was a document that was adopted several years ago and “put in a drawer.” The only key informant who determined that the IP is still the most relevant GoM document guiding the private sector and the GoM in the economy was the MoE—the implementing ministry of the IP.

All key informants who were asked about the Competitiveness portal voiced support for it, citing it as an opportunity for capacity growth for the MoE by being able to provide information regarding competitiveness programs to Macedonian companies. The participants also noted that time would determine how effective the portal would be.

Streamlining of Investment Procedures Support: The assessment team determined that IDEAS's support regarding the streamlining of investment procedures has been effective. The project successfully provided support to the GoM regarding visa processing, cost-benefit analysis, and construction permits in an area where there is a need for more built-in structure and mechanisms. Given the GoM's FDI focus of its economic policy and the resources the government allocates to agencies to support aspects of investment aftercare, such as TIDZ, these activities have the buy-in of the government, and this buy-in has provided impetus to the implementation of the activities. The GoM considers FDI to be of utter significance to the country's economy, and, in light of this policy decision, investment aftercare procedures have a significant part in making the GoM's policy in this matter work effectively. Many key informants voiced the opinion that Macedonia faces problems in the area of investment aftercare, a key impediment to increased FDI in Macedonia. Despite the positive steps taken toward making the investment aftercare process easy, convenient, and investor-friendly, many services are lacking or not up to par. The project has effectively concluded the activities taken on in this subcomponent in its first two years. The only concern raised by stakeholders in this regard came from various business associations and some donor agencies, who stated that direct investment (DI) must be given the same privileges as FDI. The assessment team understands that this is a

difference of policy opinion and not an opinion based on evaluation of effectiveness of the subcomponent itself.

2. Recommendations

The assessment team recommends that the IDEAS project scale down its activities under the IP implementation support subcomponent, focusing mainly on M&E framework, and increase its support to investment aftercare activities. The team makes these recommendations mainly due to the short time frame left in the project's tenure before its conclusion and the significance of FDI as a key priority for the GoM, having already built-in government support.

Industrial Policy Implementation Support: The assessment team recommends that the IDEAS project scale down its activities under this subcomponent, for several reasons. The main one is that the majority of the stakeholders do not understand the IP as the main GoM document that guides the private sector in the Macedonian economy. This is a strong indication to the assessment team that the IP is not currently the main GoM economic document, and on that level it loses its relevance from the project's implementation angle. This assessment is supported by the short amount of time that is left in the project's life before its conclusion in 2014; the team believes that two years is not a very long time for all stakeholders, as well as the GoM partners to bring the public and private sectors' perception to a level of unilateral acceptance of IP as the main and guiding document in economic affairs of the country. The assessment team also learned during the key informant interviews that in 2013, the EU is going to be launching a new project in Macedonia, aimed at IP implementation at governmental level. In an environment with few resources, it is imperative to confirm that donor agencies are not duplicating efforts in the same area.

The assessment team recommends that the IDEAS team instead focus its activities under this component on providing support to the MoE in the implementation of the recently adopted M&E framework. Key informant interviews, including those with the IDEAS project staff, revealed that M&E is a concept that is not well engrained in the GoM system. The team believes that a well-defined M&E activity that will render results in a solid M&E framework throughout GoM agencies can lead to knowledge transfer, which will have spillover effects in the M&E of areas other than IP implementation.

Streamlining of Investment Procedures Support: The assessment team recommends that the IDEAS project increase its support for investment aftercare activities. The team has determined that FDI remains a key priority for the GoM, but, according to stakeholders, there is a lack of services in investment aftercare, which constitutes the primary impediment to FDI. Although the assessment team welcomes the IDEAS project's effective activities under this subcomponent, including recommendations for visa and working permit applications for investor and a cost-benefit analysis report tool for the GoM, the team believes that increased support for investment

aftercare is needed, according to the key informant interviews and given the lack of resources in this area.

Recent GoM legislation changed the mandate of the TIDZ. Accordingly, TIDZ is now the agency responsible for providing aftercare for companies in free zones. The assessment team recommends that the IDEAS project partner with the TIDZ in its formalized investment aftercare activities, as it is an agency with a mandate, GoM commitment, and a specified amount of resources that would be allocated to this partnership.

B. Export Promotion

The general objective of the component is to develop and implement a comprehensive export-promotion strategy and a set of trade policies to support the country's exports. The primary result of the implementation of export-promotion policies and related activities is increased exports from targeted sectors, facilitated by InvestMacedonia .

To achieve this main objective, in its first two years, IDEAS engaged in the following main activities:

- Set up strategic framework for InvestMacedonia by providing capacity-building support to the agency
- Provided support to InvestMacedonia in the creation of the Customer Relations Management (CRM) system and an export web portal, both of which are part of the IT infrastructure for the agency to establish virtual business leads and electronic matching of the domestic exporters with potential clients abroad
- Engaged in export-promotion activities, including B2B events, trade fairs, and business forums targeting three strategically selected sectors—agriculture, automotive, and IT services
- Provided coaching, training, and know-how to InvestMacedonia in preparation for these export-promotion events
- Provided support to CoC and other stakeholders in the public sector in the area of export readiness through continuous export education of trainers and support for the “We Are Learning Exports” program of the GoM measure

1. Findings

The assessment team found that during its first two years, the IDEAS project successfully (1) provided the capacity support to InvestMacedonia to build the IT infrastructure, consisting of a CRM system and an export web portal; (2) organized nine promotion events with 67

participating companies providing resources and/or organized export-promotion activities, supporting Business Associations; (3) set up strategic framework for InvestMacedonia and under this large activity built an effective coordination mechanism between the public and private sectors, assisting the business sector.

InvestMacedonia: InvestMacedonia is not a policy-making agency, but a government agency that is mandated by the GoM to implement the government’s export strategy. The team finds that InvestMacedonia as it stands currently is not equipped to effectively implement the export policies of the GoM on its own, due to lack of funding, staffing, and capacity. The biggest challenge is the lack of funding that has been requested from the GoM but has not been forthcoming. Recently, the number of staff members engaged in export promotion at the agency increased from two to six—a very welcome move by all stakeholders involved. The project staff are optimistic that the funding allocation for 2013, to be finalized and published in December 2012, will include the requested funding amount for InvestMacedonia as well. However, the project staff also noted that without direct GoM support, this component of “capacity building of InvestMacedonia” will be difficult to continue.

Prior to trade fairs, B2B events, business forums, and events, IDEAS staff provided capacity-building support through training and coaching activities for InvestMacedonia’s staff. The interviews conducted with InvestMacedonia’s staff indicated that these capacity-building activities were effective.

Other stakeholders interviewed shared the project staff’s conclusion that InvestMacedonia currently does not have the capacity to serve the country’s export-promotion services. Key informants representing the business sector shared a concern that they could not consult with InvestMacedonia regarding their need to be open to foreign markets. Other key informants, including CoC, donor agencies, and business associations, also echoed the general finding that InvestMacedonia did not have the capacity at this point to single-handedly manage Macedonia’s export promotion. One key informant stated the following while explaining this challenge: “Everything comes to resources. Without resources programs can’t be implemented. Export is costly.” While recognizing and agreeing on the fact that InvestMacedonia does not currently have the needed resources, the majority of the participants also stated that InvestMacedonia continues to be the government’s best-suited agency to carry out the mandate to implement the export strategy of the GoM, if given the proper opportunity.

In conclusion, the assessment team finds the IDEAS’s project capacity-building support allocated to InvestMacedonia partially effective. The implementation of the IT infrastructure within the agency is a welcome step; however, if the stakeholders find the agency unable to carry out the mandate to promote exports, the effectiveness of useful infrastructures, such as the CRM and other web portals, would be limited in the long run. Similarly, without funding and subsequent resources, such as staffing, the sustainability and the maintenance of such infrastructure will not be possible. Nevertheless, the assessment team finds that the work

completed thus far in the capacity building of InvestMacedonia has proven effective in preparing the agency to undertake the implementation of the export-promotion mandate.

Business Associations: All key informants stated that trade fairs, B2B events, business forums, and seminars were very effective in promoting exports, and the IDEAS project was tremendously successful in this area. To accomplish this objective, the project provided capacity-building support and training to business associations and clusters in preparation for the above-listed events. The interviewed participants, particularly those who attended these trade fairs, B2B events, and seminars, stated that they found the IDEAS project's support to their organizations particularly useful. The opportunity to witness foreign markets and competitor sectors and the learning process that was involved in preparing the participants to take part in these events were noted as highly effective by all. Additionally, the stakeholders found the coaching sessions, knowledge-transfer opportunities, and any training pertaining to exports or their own sectors particularly useful and requested that they continue in the remainder of the project's tenure.

The assessment team finds the IDEAS project's support to the business associations and clusters in preparation for various B2B, business, and trade events very effective and useful to these organizations in the areas of capacity building, contact and market expansion, and knowledge transfer.

Businesses: The IDEAS project did not directly engage with Macedonian businesses through its activities under the export promotion component. However, the effectiveness of any export-promotion activity should be considered at the private-sector level.

In interviews conducted with representatives from the private sector, the assessment team learned that the private sector finds the resources offered by InvestMacedonia inadequate to serve the needs of businesses in the area of exports. The participants believe that the agency must be able to guide businesses in all their needs as they open to foreign markets and export goods from the country, and currently the agency is not able to do so. Nevertheless, businesses have found the project's activities related to trade fairs, B2B events, and business forums very effective and useful. Participants stated that these B2B events, trade fairs, business forums, and events have provided the private sector with increased contacts and knowledge. Another outcome of these events has been the realization that many of the businesses are not ready to engage with most of their competitors and engage in the foreign markets—in other words, many Macedonian businesses are not export-ready.

The majority of the key informants stated that export readiness is severely lacking in the Macedonian economy. Export readiness includes assessing and ensuring that all aspects of a company or a sector are “ready” to embark on international sales activities. Stakeholders agreed that to make the export-promotion strategy successful and effective, export readiness and export promotion must go hand-in-hand. Donor agencies that are engaged in export-readiness activities voiced concern over the lack of export readiness among businesses, particularly in light of the

soon-departing donor programs that were funding such efforts. The same participants stated a need for support in the area of export-readiness activities for businesses, business associations, and CoC.

After consulting with all stakeholders, the project implementers, and other donor agencies, and upon reviewing the project portfolio, the assessment team concludes that export readiness continues to be a significant problem within Macedonian economy that needs attention. The team also concludes that it is an element that is not easily separated from export promotion in a developing economy, such as Macedonia's.

2. Recommendations

The assessment team recommends that the IDEAS project continue to support InvestMacedonia with its export-promotion activities if GoM support is forthcoming to agency for the following year. The team also recommends that the project continue supporting export-readiness activities through “We Are Learning Exports” with the MoE and the AEP.

InvestMacedonia: The assessment team recommends that the IDEAS project continue its capacity-building support to InvestMacedonia under export promotion in the remainder of its tenure, given that the GoM provides financial support for InvestMacedonia, as is expected by many stakeholders. The team welcomes the increase of InvestMacedonia's staff in charge of export promotion by four, seeing it as a solid indication that the GoM is committed to working with the agency on implementing its export strategy and export promotion activities. The staff increase allows for the needed knowledge transfer to occur during various projects' capacity-building activities involving the agency. Nevertheless, the team is cautiously optimistic and recommends that the IDEAS project re-evaluate this subcomponent when the GoM budgetary details are publicly announced in December 2012. At that time, if the GoM does not commit the required financial resources to InvestMacedonia, the assessment team recommends that this particular subcomponent (i.e., capacity-building support to InvestMacedonia) be dropped from the IDEAS project's portfolio for the remainder of the project's tenure. The assessment team is of the opinion that for this subcomponent to succeed, particularly given the short amount of time left in the project's life—specifically, two years—strong GoM support is required. Export promotion is a government strategy that InvestMacedonia is mandated to implement. The assessment team finds the lack of GoM financial support for InvestMacedonia to be an indication of the lack of commitment from the key stakeholder in this effort. Until this commitment is restored, the team finds it unlikely that the IDEAS project will be able to effectively fulfill its main component objectives.

Export Readiness: The assessment team recommends that the IDEAS project continue supporting export-readiness activities within the Macedonian economy through its support of the MoE's “We Are Learning Export” program and its partnership with the AEP. The AEP is an organization providing support to emerging business, providing them with know-how and other

resources as they position themselves in domestic and international markets. The assessment team determines that partnering with such an organization, which has a mission specifically to train and provide export-readiness information to businesses lacking export readiness, would provide the IDEAS project with the right opportunity to conduct activities in this important area.

C. Enhancement of Public-Private Dialogue

The general objective of this project component is to assist Macedonia in achieving a sustainable and productive PPD process on the national level, based on the principles of inclusiveness, competence, and involvement of all stakeholders. In the first two years of its tenure, the project under its PPD component prioritized the following project activities to achieve this objective:

- Assisted with the establishment of an instrument of PPD on a national platform NECC to include all relevant counterparts and to provide a needed body of the complete business community to interact with all other stakeholders
- Improved the PPD toward a stronger involvement of the business community in the segment of business regulation and lawmaking by supporting the RIA process and the ENER as the key instruments to provide consultations for the private sector in the process of making and revising laws affecting the business community
- Strengthened the capacities of the key participants in the PPD process by working with the staff of CoC as representatives of the private sector on the creation of policy papers focusing on export and investment
- Supported the work of the existing national PPD instrument in the field of social-business issues, the ESC, through the assistance provided to its member from the private sector, the Employer Organization of Macedonia (EOM)
- Raised awareness among and educated media regarding PPD and provided stronger involvement of their professionals in the process of gaining more public attention

1. Findings

The assessment team finds that in its first two years, the project successfully completed the following activities under its PPD enhancement component:

- Reestablishment of NECC after a series of coordination meetings with the public and private sectors
- Upgrading and improvement of ENER by hiring an ICT company to perform the upgrade of the portal to an improved solution and by educating all relevant public-administration professionals from different ministries
- Strengthening the capacities of the CoC staff as representatives of the private sector in policy-paper creation focusing on key issues. The process included training the CoC staff

to perform analysis, write, conduct surveys, and define recommendations and policy proposals for the GoM

- Providing translation assistance and expert review regarding the ISO26000 Corporate Social Responsibility in response to the EOM's request; as a result of this activity, ISO26000 has been adopted and is available to Macedonian businesses.

NECC: All interviewees showed cautious optimism regarding the reestablishment of the NECC. Hesitance among the participants emerged from previous experience with the NECC, which came to an end when the council closed. Another concern was related to the fact that the NECC is organized by the DPMEA, and therefore the platform may possibly lack independence. One key informant, the Economic Chamber of Macedonia, specifically noted this as a problem going forward with the council. Nevertheless, all participants unanimously voiced a need for a platform where businesses, government agencies, and other stakeholders could voice their concerns, ideas, and suggestions relating to the economy and exchange ideas with other stakeholders on any given related issue. In fact, most participants with whom the issue of NECC was discussed indicated the DPMEA's support as a welcome factor, because in Macedonia, such support from a high government office makes the organization, establishment, and maintenance of such multiparty and multilayered efforts as the NECC possible. Although participants were supportive of the NECC as a concept, all stated that it was too early to make a final judgment regarding the success and effectiveness of the council, which will be determined over time.

The assessment team finds that the reestablishment of the NECC is a clear indication of the effectiveness of this subcomponent of the project. This finding is also supported by the key informants' support for the council as a platform for the complete Macedonian business community to interact regarding relevant significant issues. This key informant support is particularly important given the previous unsuccessful experience with the NECC. Also, the assessment team notes that the cooperative interaction among various stakeholders, who are known to have been hostile toward each other in the past, is an additional sign of effectiveness.

Capacity Building of Chambers of Commerce: The assessment team finds supporting the capacity building of CoC by working with their staff as representatives of the private sector on the creation of policy papers focused on exports and investments to be the most successful subcomponent of the PPD-enhancement component of the IDEAS project. This activity also has been utilized by the IDEAS staff to show CoC how to effectively communicate with the GoM. The CoC and business associations interviewed by the assessment team, with the exception of one, voiced strong support for the IDEAS project's capacity-building efforts for its PPD component, working with CoC staff. Participants voiced that learning how to write effective policy and advocacy papers showed them and their organizations a better method of communicating with the GoM and becoming effective stakeholders and participants in the economic policy-making process. During some of the interviews, the assessment team observed that the interviewees were utilizing the advocacy papers prepared with the assistance of the IDEAS project to discuss the issues related to their sector. Participants shared with the

assessment team that they were satisfied with the training, as they could apply the lessons on the paper-writing process to writing other advocacy and policy papers and presenting them to the GoM via such platforms as the NECC. The interviewee who voiced some concern about the process stated that his staff did not receive the training that was necessary to apply to future papers and that the policy paper was written for his organization by the project. This, in his opinion, created a concern regarding sustainability of the capacity-building efforts. The interviewee stated that during the policy paper writing and related capacity building activities conducted by the project, he himself was not employed at his chamber of commerce. However, after he resumed his post as the staff's current manager, he was updated in the staff's capabilities and their previous engagements in the IDEAS project's activities and trainings. In particular, the interviewee was informed by his staff who had participated in the project's capacity building activities that the staff did not perceive the activities to be sustainable in nature. The staff perceived that knowledge transfer from the consultant hired by the project to them was not effective. The staff thought that the consultant hired by the project wrote the papers for the chamber without properly teaching the chamber's staff how to write such papers in the future. In addition, the interviewee stated that based on his observation upon resuming his post, the policy paper had not been utilized strategically in the chamber's advocacy, outreach and other activities, signaling that the staff may have lacked the capacity and/or knowledge to strategically utilize the policy paper in their chamber's operations. The same interviewee, as well as a few other stakeholders stated that in addition to policy-paper training, they would strongly welcome seminars or coaching sessions that would assist them or their staff with future capacity building within their organizations.

Support for Economic Social Council: Review of annual and quarterly reports as well as a briefing with the IDEAS project staff that took place prior to the key informant interviews all pointed to the fact that this specific subcomponent was de-prioritized by the project within its first 1.5 years. Although the main objective of this activity was to support the work of the existing national PPD instrument in the field of the social-business issues, the assessment team finds that this PPD instrument—namely, the ESC—is not known to the majority of the stakeholders. The only participant who voiced any opinion on this council, other than the project staff, was the EOM. The interviewee stated that the ESC was an important platform and needed the project's support. With the exception of two stakeholders, none of the key informants asked about this issue stated any opinions regarding the ESC, likely because the majority of the interviewees had not heard of this council before. One of the stakeholders who voiced support for the ESC is a member of the council, and the other the stakeholder who had an opinion about the ESC was an expert, who also added that he was not knowledgeable about the council's most recent activities or functions. In light of the key informant interviews, the assessment team determined that the ESC is not currently an effective platform for the country's stakeholders to collaborate on economic issues. Under this subcomponent, IDEAS has provided financial support to the EOM as an ESC member representing the private sector. The project has provided translation assistance and expert review regarding the ISO26000 Corporate Social Responsibility

in response to the EOM's request. Other than the EOM, none of the other stakeholders made any comments regarding this accomplishment. Regardless, the assessment team finds the inclusion of ISO26000 Macedonian business as an indication of effectiveness under this subcomponent.

The assessment team finds that lack of knowledge of the ESC among the carefully selected list of stakeholders is a clear indication that this platform has not succeeded in increasing awareness among them. Because stakeholders' support is a crucial element in the success of any PPD instrument, the assessment team views the ESC as a less-effective PPD instrument relative to the NECC.

Regulatory Impact Assessment: The project has championed the activity of supporting the ENER as the key instrument through which to provide consultations for the private sector in the lawmaking and revision process. In its first two years, IDEAS successfully improved the ENER system via training events, upgrading of the portals, and initial promotions of the system. These activities are all part of the implementation of a national RIA system. The main stakeholder the project worked with in the implementation of this subcomponent is the MISA. All stakeholders with whom RIA was discussed showed enthusiasm regarding this process and unanimously voiced that it is a needed national platform. Key informants also stated that the upgrading of the ENER within the MISA is a very encouraging step toward completing the overall RIA process. The only concern that was also voiced by all was regarding the usability of the electronic registry. The interviewees with whom the RIA was discussed understood the need for such a national platform for businesses and the GoM to effectively work together in the policymaking process. However, at the same time, they also stated that such systems were only as good as those who partook in them—that is, those who uploaded the legislations, reviewed and commented on them, received the comments and incorporated them into drafts, among others. Therefore, the participants were optimistic about the RIA but showed skepticism about the success of the program and stated that it would be determined over time.

The assessment team finds that the RIA subcomponent is an effective program. The program achieved its objective during the first half of its tenure through upgrading the ENER and training relevant staff within the MISA. Interviews with key informants also indicated that this type of national system that allows for input from the private sector in policymaking and revisions is a much-needed platform.

Capacity Building of Business Associations: During the interviews with selected business associations and other donor agencies, the assessment team was notified that lack of resources, training, and capacity are significant problems among Macedonian business associations. Supporting business associations by providing capacity building to their staff is not a formalized subcomponent of the IDEAS project under its PPD component. Nevertheless, in the project's first two years, this activity has been taken on by IDEAS on an ad hoc basis and has proven to be very successful and effective. Significant opportunities exist for capacity building and knowledge transfer in business associations that are less well established compared to CoC. The

examples of knowledge transfer provided by the participants ranged from the methods of conducting desk research to policy advocacy training and basic drafting of research papers. The majority of the key informants, who represented business associations and donor agencies that directly work with Macedonian businesses and business associations, voiced concern about the lack of resources and capacity within business associations and the need for funding, training, and capacity building within these organizations to (1) sustain themselves, and (2) be active and effective participants in the Macedonian PPD platforms. Another important concern stated by other donor agencies was the pending departure (within the next year) of some of the donor programs that were supportive of the business associations.

2. Recommendations

The assessment team recommends the uninterrupted continuation of the project's support for the following subcomponents under PPD enhancement: (1) the NECC, (2) capacity building of CoC staff, and (3) the RIA. The assessment team recommends that the capacity building of business associations' staff and resources be taken on as a formal subcomponent, instead of being conducted on an ad hoc basis, as was the case previously. Taking into consideration the stakeholders' responses, review of relevant documents, and analyses of all relevant data, the assessment team recommends that this subcomponent expand into more formalized, continuous, and substantial activities in the remaining lifetime of the project.

Additionally, in light of the feedback received from the key informants, the assessment team recommends that the project scale back its support activities for the ESC, a council that is not regarded as an effective social-business platform by the majority of the stakeholders.

NECC: The majority of the interviewees voiced optimism and support for the reestablishment of the NECC, despite the failure of its earlier version. These stakeholders see the need for a national platform where the public and private sectors can meet to discuss relevant and significant issues related to the country's economy. The same stakeholders show caution given their previous experience with the council, particularly in a public-private environment that can be called "tense" at times. Nevertheless, the assessment team seconds the enthusiasm of the stakeholders regarding the NECC and recommends that the project continue its support in the next two years, a duration that the team finds to be most critical. It is in the project's agenda for the next two years to support the NECC with operational issues, training NECC staff, and capacity building CoC staff to improve their policy-creation skills. The assessment team strongly believes that the initial years of the NECC, as voiced by the key informants, will determine whether the council will succeed and prove to be effective. It is imperative for the NECC to continue receiving capacity-building support until it can reach the momentum to sustain itself at the end of the project's tenure.

Capacity Building of Chambers of Commerce: The assessment team finds supporting the capacity building of CoC by working with their staff as representatives of the private sector on the creation of policy papers focused on export and investment to be the most successful subcomponent of the PPD-enhancement component of the IDEAS project. Thus, the team recommends that the IDEAS project continue to support this subcomponent by providing training to CoC staff on a myriad of subjects, including how to write policy papers and advocacy papers, how to present these via such platforms as the NECC to GoM representatives and other stakeholders, and coaching/training seminars on various subjects, such as organization management.

Regulatory Impact Assessment: Through the upgrading of the ENER and the completion of the related initial promotional and training activities that took place to implement the upgrade, the IDEAS project effectively implemented Phase 1 of the national RIA system. The IDEAS project portfolio documented (and the majority of the key informant interviews supported) that the RIA is a needed national platform in Macedonia. Because the IDEAS project plans to further improve the ENER, raise awareness of the new system to encourage participation among the public, and support capacity building among all who are involved in the RIA, the assessment team enthusiastically recommends the continuation of all these activities and support for the RIA.

Capacity Building of Business Associations: In light of the departing donor agency programs that were supporting Macedonian business associations, and the unanimous support during the stakeholder interviews by key informants for benefits received from the IDEAS project's ad hoc activities targeting the business associations and their staff in capacity-building and training efforts, the assessment team recommends that this activity be elevated to a formal subcomponent. Particularly in the first few years of the NECC, the assessment team determines that it is imperative for business associations to have a strong presence and voice in the council to represent a myriad of business sectors along with the four CoC. The IDEAS project is very well situated to provide this support to the business associations in a formalized manner, as it continues to do for the CoC.

Economic Social Council: The assessment team commends the IDEAS project's accomplishment regarding the inclusion of ISO26000 into the Macedonian business environment by providing translation and expert support to the EOM. The team encourages the project to continue its capacity-building support to the EOM. Nevertheless, in light of the key informant interviews and the project staff's own analysis, which it shared with the assessment team, complemented by the review of the project portfolio, the assessment team recommends scaling back support for the ESC, primarily because the team does not see the ESC as being an effective national platform. As the evaluation findings indicate, the majority of the key informants had not heard of the ESC, and those who had did not have any opinions on the council, not recognizing it as a national economic platform. With only two years remaining to complete the IDEAS project's mission, the assessment team does not believe that IDEAS should spend the time and resources needed to bring the ESC to a level recognized by all stakeholders. The team believes

that at this point, the promise of the NECC may make devoting those resources to the ESC unnecessary.

D. Continued Professionalization of the Public Procurement System

During its first year, the IDEAS project conducted activities in a fourth component: “Continued Professionalization of the Public-Procurement System.” This component, which was discontinued in 2011 with the agreement of USAID, had the following main objective: To further support the PPB in its efforts to introduce higher standards and professionalism in the public-procurement processes and to provide the public-procurement community with well-qualified and skilled professionals. Through this component, the project aimed to help improve the Macedonia’s overall business environment.

To achieve this main objective, the project focused on the following activity areas:

- Strengthening the existing public-procurement law
- Strengthening the public-procurement profession
- Increasing usage of an e-procurement system
- Raising public awareness
- Providing capacity-building support to the PPB
- Developing and running an internship program

The project provided capacity-building and technical-assistance support to the PPB and drafted the Catalogue of Competencies for the Public Procurement Officers. Between July and December 2011, the IDEAS project contracted a local nongovernmental organization, REFORMIKO, to implement this component. In this effort, the project provided direct support to the PPB by (1) providing support for a Catalogue of Competencies for the Public Procurement Officers; (2) providing support for a model contract for the procurement of software-application development; (3) assisting with drafting amendments to the law on public procurements; (4) helping create training subregulations, including Trainers’ Guidelines; and (5) supporting the creation of a training-program assessment.

The assessment team’s review of the project portfolio, particularly the interview conducted with the PPB representative, indicates that this component was effective in achieving its objectives. Although the project provided support to the PPB in various areas, ranging from amendments to laws to model contracts for the procurement of software development, the project’s main area of support was in the area of training programs. The project assisted with the development of training materials, instructions, and guides that are still in use today. The PPB’s resources to sustain its training program were key to ensuring that the project’s assistance with the training program was effective beyond the period of project involvement. Furthermore, the project’s activities were finalized within a relatively short amount of time and without delays.

The assessment team finds that this component is a great example of how a project/project component can efficiently and effectively be implemented—working with the right government counterparts, who have the commitment and necessary resources already allocated to their specific area of commitment. Because e-procurement is considered a success story domestically and internationally, the PPB has the commitment and associated resources provided by the GoM. PPB considered a self-sustainability plan for its training program to further ensure the continuation of its trainings over the long run, providing ample opportunity for and possibility for sustainability of the project's outcomes pertaining to training-program support. Another example of the program's success and effectiveness is reflected in the rate of retention of the PPB's trainers over the years. In a public sector where human resources and turnover are significant problems, the train-the-trainers program, developed under the PPB's public-procurement training program with the support of the IDEAS project, has some of the highest retention rates. In summary, the training of public-procurement professionals—an activity supported by the project—was designed with the sustainability, knowledge transfer, and future of the professionalism of the system in mind, increasing the potential for sustainable outcomes related to the project's support.

Due to the completion of this component, the assessment team has no recommendations to make.

Cross-Cutting and General Recommendations

In this section, the assessment team shares its recommendations that are either general or cross-cutting, meaning they can be applied to more than one component and should be considered throughout the project.

A. Cross-Cutting Recommendations

Picking the right counterparts: In the first two years, the IDEAS project successfully completed upgrading the web portal system in cooperation with the MISA, assisted in the establishment of the NECC in partnership with the DPMEA, and provided support to the PPB's training program. In all these instances, the project had a GoM counterpart that (1) had well-defined needs and associated goals, (2) was committed to achieving these goals, and (3) had the resources to support its commitment (the MISA in the upgrading of the web portal, the DPMEA in the NECC, and the Ministry of Finance in the PPB). The assessment team recommends that the project continue to focus on GoM counterparts that embody these three important characteristics and bring them to the partnership. Key informants unanimously stated that in Macedonia, it is imperative for a project or a project component to have a "champion" at the government level to ensure that it receives the required advocacy and implementation support. The assessment team finds that unwavering commitment at the GoM level also signals sustainability, as the GoM provides resources for sufficient staff, which are necessary if the training and transfer of knowledge provided by the project are to have sizable effects. An alternative approach to working with such GoM counterparts would be for the project to advocate goals to the GoM to obtain its buy-in for the project or its components prior to implementation to ensure that the GoM will not cause any delays. The assessment team does not recommend this alternative approach at this mid-point in the project and recommends instead that the project work with GoM counterparts on components that already have GoM commitment and buy-in to ensure that its target outcomes will be achieved within the project's remaining time frame.

Embedding consultants hired by the IDEAS project in GoM agencies: During the assessment team's initial meeting with USAID/Macedonia on October 22, 2012, prior to key informant interviews, USAID shared the interest of knowing whether the stakeholders would welcome having consultants hired by the IDEAS project embedded in their agencies. The assessment team asked all relevant stakeholders this question, and with the exception of one stakeholder, the participants stated that they would very much welcome having consultants hired by the IDEAS project working at the agencies, as long as the stakeholders were included in the hiring process. The only agency that was not in favour of this proposition was the MoE. The agency's reason against this proposition was based on not having enough working space at their agency. The MoE interviewee also added that Ministry's working relationship with the project currently is very effective. The assessment team recommends that the project consider hiring consultants to

be embedded in such agencies as MISA and possibly InvestMacedonia to assist with capacity building and knowledge transfer.

Best-practices training sessions for all stakeholders: Almost without exception, all key informants across agencies—public, private, and business associations—stated a strong interest in receiving training regarding best practices relevant to their organizations, agencies, and sectors. The participants voiced a particular interest in learning best practices and experiences emerging from elsewhere in the region, and even globally. Knowledge transfer and the application of what has already been tested in similar circumstances through best practices are successful techniques, particularly in developing new structures and strategies, which appears to be the case in previous Macedonian experience. The assessment team enthusiastically recommends that the IDEAS project provide support in the area of best-practices seminars, forums, training sessions, and coaching workshops for all stakeholders when appropriate and useful to provide them with much needed know-how.

B. General Recommendations

USAID: In interviews conducted with the other USAID-funded project representatives in Macedonia, the participants shared their overall impressions with the assessment team and provided recommendations for USAID to consider for its future economic-growth strategy. The recommendations provided in this segment are from these participants and not directly from the assessment team.

The key informants all pointed to intra-USAID project coordination in the country as an area that can be enhanced. The participants stated that coordination among the other USAID-funded projects in Macedonia was currently lacking and that enhanced coordination and effective communication among the implementers would greatly add to the effectiveness of all USAID's projects in the country.

The participants also stated that USAID's projects in Macedonia could benefit from increased regional coordination and cooperation among a broader set of USAID projects in the region. Increased coordination and cooperation among the regional projects could lead to, the participants suggested, better utilization of the at-times-limited resources available to project implementers. Participating in fairs together, organizing events together, keeping each other informed of similar project-component activities, sharing component resources when possible, and sharing contacts are only a few activities that could be coordinated by regional USAID projects.

Although most interviewees mentioned that coordination between foreign donor projects in Macedonia is generally quite successful, they indicated that communication and coordination among the projects are conducted via informal meetings among the project representatives. As one of the participants put it, relationships between the implementers are often more “personal than professional,” but this situation does not prevent them from exchanging information or

collaborating. USAID was praised among other donor agencies for being a friendly, collaborative, effective agency, ready to work with all other donors. Regardless, the majority of the participating USAID and non-USAID donor agency representatives stated that more formal coordination between various donor-funded projects in Macedonia could be helpful.

Mitigation Strategies: Upon reviewing the project portfolio, the assessment team determined that the early elections that took place in the country during the summer of 2011 caused an overall delay in the implementation of the IDEAS project and a particularly severe delay in the implementation of the IP. This determination of the assessment team was seconded by all stakeholders who were interviewed, including the IDEAS staff. When the IDEAS staff were asked about this challenge and various mitigation strategies, the team learned that the mitigation strategies included (1) working with mid-level bureaucrats, (2) working closely with the GoM, and (3) having the flexibility to adapt projects as needed. The team also learned that these strategies were adopted on an ad hoc basis and were not incorporated into the project's initial design. The project reports also do not provide a clear description of the mitigation strategies that were implemented as a result of the early elections. The assessment team believes that it is important to incorporate external factors, such as early elections and associated mitigation strategies, into the project design and periodic reporting, particularly in developing countries, such as Macedonia. This assessment was supported by interviews with current and past donor-project implementers in the country. The assessment team also determines that it is imperative for IDEAS staff to clearly articulate in the project's report the types of external events that are likely to influence project implementation along with the associated mitigation strategies. Therefore, the team recommends the written incorporation of mitigation strategies for such events for the remainder of the project's tenure.

Collection and reporting of data: During its first two years, the project has implemented the collection, analysis, and reporting of data based on its performance-monitoring plan (PMP). The assessment team has recommendations pertaining to the analysis and reporting of collected data and to the data-collection method itself. Based on its PMP, the project collects data from an internal staff member, the Component Support Officer, using an internal data instrument called the special project result report. In addition, the project collects such data as the list of participants at events, correspondence, meeting minutes, and reports to verify the data presented in the report. The assessment team recommends that the project utilize this collected data beyond verification purposes to perform additional analyses in its periodic monitoring and evaluation. For example, the number of meetings can be illustrated on a time line to show how progress in project activities compares to the dates for achieved outcomes. The project could also systematically code its meeting minutes to show the type of activity undertaken in each month. The project could also track and report the number of participants in events and the number of individuals trained by type of event/training and date to provide a better understanding of project's outputs. The inclusion of these analyses in the project's periodic reporting would enhance the monthly, quarterly, and annual reports.

In addition, the assessment team recommends modifying the project's data-collection method when gathering data from internal project staff and implementing partners. The special project result report can be enhanced to include questions pertaining to more granular data, such as disaggregation of the number of people trained by activity type, specific details regarding how the number of days of U.S. Government-funded technical assistance is calculated, dates pertaining to the policies and regulations adopted and implemented, which activities were associated with the adoption and implementation of policies/regulations, and whether activities provided direct or indirect support for the adoption and implementation of policies/regulations. Furthermore, the assessment team recommends that the project devise a simple data-collection instrument to be administered to implementing partners in collecting data on the number of new competitiveness programs, the percentage of issues resolved as a result of USG assistance, and the number of people trained as a result of USG assistance. The instrument should provide operational definitions for each of these data elements to ensure that the data collected are reliable and valid, and it should guide the respondent regarding how to calculate each data element.

Sustainability

During the debriefing meeting with USAID/Macedonia Mission staff that took place on November 1, 2012, USAID staff requested that the assessment team provide in the evaluation report recommendations regarding which existing agencies, organizations, or mechanisms could take over which IDEAS project components or activities upon the conclusion of the project. These recommendations will be taken into consideration for the project's sustainability strategies for the remainder of the IDEAS project's tenure. This request was not included in the original SOW for the evaluation, so the assessment team provides the following recommendations on the basis of the team's final analysis without including it in stakeholder interviews, interview protocols, or overarching preparation prior to the site visit.

Industrial Policy Implementation and Investment Aftercare: As indicated in section A of Evaluation Findings and Recommendations, the assessment team recommends scaling down the IP implementation support subcomponent to a limited set of activities pertaining to the M&E framework. The team believes that strengthening the M&E framework related to IP implementation within the MoE in the next two years can lead to a stronger M&E capacity that can be applied to areas beyond IP implementation. The assessment team recommends that the **MoE** take on the M&E framework and all related activities upon the conclusion of the IDEAS project. As the GoM counterpart that will be implementing the M&E framework, the MoE will be well-positioned to gradually take on increasing responsibilities as the project phases out its operations toward the end of the project. For a smooth transition, transferring the project's responsibilities to the MoE can be integrated into the broader sustainability plan for the M&E framework implementation.

TIDZ, which has recently been given the responsibility by the GoM to facilitate investment aftercare services in the free zones, is believed by the assessment team to embody the mandate and the resources to carry out the investment aftercare services. The agency is committed to streamlining aftercare services, which are currently offered in an ad hoc fashion. The assessment team recommends that **TIDZ** take on the project activities related to investment aftercare after the project ends. The recent mandate, resources, and commitment of the agency to the systems change required for streamlining investment aftercare services enhance the potential for a successful transition.

Export Promotion: As stated in section B of Evaluation Findings and Recommendations, the team advises that the project discontinue its capacity-building support to InvestMacedonia if the GoM's financial support to the agency fails to materialize in the upcoming budget allocations for 2013. If the GoM's financial support for InvestMacedonia is made available as requested, the assessment team is hopeful that InvestMacedonia, with the IDEAS project's capacity-building assistance and the GoM's support, can reach the level needed to adequately serve Macedonia's export promotion needs within the next two years. Therefore, the team recommends that if the

GoM’s commitment to InvestMacedonia’s export-promotion mandate is supported by financial resources made available for 2013, the export-promotion activities implemented by the project should be continued by **InvestMacedonia** upon the conclusion of the project. The assessment team also recommends that the export-readiness activities, which the project was conducting on an ad hoc basis by supporting the MoE’s “We Are Learning Export” initiative, be continued by the **MoE** when IDEAS concludes.

Public-Private Partnership: The assessment team believes that the continuation of the project’s support to the **NECC**, which the team recommends in this evaluation report, is expected to bring the council to a level of self-sustainability. At the conclusion of the project’s tenure, the team expects that the NECC will be operating on its own with the support of its members. The assessment team similarly believes that **MISA**, the project’s current counterpart in supporting the RIA, will have enhanced capacity that can sustain these activities after the project concludes. Thus, the team concludes that the project’s activities to support the RIA, particularly its activities to further improve ENER and raise awareness of the new system to encourage participation among the public be supported by **MISA** after the project’s conclusion. The team also believes that the continued capacity-building support provided to CoC in the next two years—helping these organizations better communicate with the GoM through writing and advocating policy papers and assisting with the presentation of their positions at platforms—will bring **CoC** to a level where they can conduct these activities on their own upon the conclusion of the project. The assessment team concludes that the business associations and business clusters lack the level of resources and capacity of the CoC, at least in the near future. The team determines business associations and clusters to have to have a significant role in the Macedonian economy and its growth and believes in the continuation of their support. For the near future, until business associations and business clusters can sustain themselves, the team recommends that these organizations be supported by other **donor projects**.

Table 3 presents the summary list of agencies and institutions that are proposed to take over the implementation of the project activities after the conclusion of the IDEAS project.

Table 3. Summary List of Agencies/Institutions That Are Proposed to Sustain the Activity Upon Conclusion of IDEAS Project

Project Component	Project Activity	Proposed Agency/Institution to Sustain the Activity Upon Conclusion of IDEAS
Industrial Policy Implementation & Investment Aftercare	M&E Framework Implementation	MoE
Industrial Policy Implementation & Investment Aftercare	Investment Aftercare	TIDZ
Export Promotion	Export Promotion Activities	InvestMacedonia

Project Component	Project Activity	Proposed Agency/Institution to Sustain the Activity Upon Conclusion of IDEAS
Export Promotion	Export Readiness	MoE
Enhancement of Public Private Dialogue	Capacity building support to NECC	NECC
Enhancement of Public Private Dialogue	Support for implementation of RIA	MISA
Enhancement of Public Private Dialogue	Capacity building support to CoC	CoC
Enhancement of Public Private Dialogue	Capacity building support to Business Associations and Clusters	Donor Projects

Conclusion

Upon careful and extensive document review, more than 30 key informant interviews, and qualitative data analysis collected from carefully identified sources, the assessment team concludes that the IDEAS project is a well-designed, well-managed, and ambitious economic-growth project led by staff who are well-respected by the stakeholders. As discussed in detail in this evaluation report, the team has been particularly effective in the following subcomponents or activities: (1) export-promotion events, (2) capacity-building support provided to CoC, (3) capacity-building support provided to business associations and clusters, (4) support for building the Competitiveness portal, (5) support for the RIA process, (6) support for the establishment of the NECC, and (7) Continued Professionalization of the PPB System.

The assessment team strongly recommends that the IDEAS identify counterparts that (1) have well-defined needs and associated goals, (2) are committed to achieving these goals, and (3) have the resources to support their commitments. The IDEAS project's remaining two years in Macedonia are not sufficient to overcome the challenges the project has faced in the first two years of its tenure, including delays regarding the IP implementation and Export Promotion implementation components due to early elections in June 2011, the lack of understanding of the IP document among the majority of the stakeholders as the main guiding economic document, and lack of GoM funding allocated to InvestMacedonia to support the agency's Export-Promotion mandate. Therefore, the assessment team recommends that the IDEAS project spend the last two years of its tenure focusing on activities that will lead to effective and measurable results. The team also recommends the speedy implementation of enhanced data collection, analysis, and reporting by the project.

In closing, the team congratulates the IDEAS staff for its dedication and commitment to alleviating Macedonia's economy and implementing significant steps in enhancing the country's business environment, investments, and exports. The team recognizes that the majority of challenges have emerged as external factors outside the IDEAS project's control. The team, therefore, recommends that mitigation strategies for these outside factors be written into the project reporting to protect the project from future delays and challenges or to provide alternatives.

Appendices

APPENDIX 1

STATEMENT OF WORK FOR THE PERFORMANCE EVALUATION OF USAID/MACEDONIA'S
INVESTMENT DEVELOPMENT AND EXPORT ADVANCEMENT SUPPORT (IDEAS) PROJECT

I. SUMMARY

The United States Agency for International Development (USAID) in Macedonia seeks the services of a Contractor to perform a mid-term performance evaluation of the USAID-funded Investment Development and Export Advancement Support (IDEAS) project, award #165C-00-11-00102-00, in October/November 2012.

II. BACKGROUND

Since its independence in 1991, Macedonia has weathered difficult economic circumstances, inter-ethnic strife, significant “brain drain,” high unemployment, issues with land rights, and a continuing disagreement with its neighbor, Greece, over rights to its name, which threatens Macedonia’s entry into NATO and the EU.

At the same time, Macedonia can be described as stable, with reasonable economic growth and low inflation, a Framework Agreement that has brought peace between the majority Macedonians and minority Albanians, growing exports of food and fine wine, opportunities for tourism, and continued aspirations of membership in both NATO and the EU. Currently, the major barriers to development are corruption, poor governance, a low-skilled workforce, and low-quality work-force development. Continued progress and growth is expected to be a challenge in the current economic environment, which has dramatically reduced exports and foreign direct investment.

USAID has been supporting economic growth, democracy, governance, and social services since opening its Macedonia Mission in 1993. As with many transitioning countries, its programs were expected to end by a certain year (in Macedonia’s case it was 2012), but a gap analysis done in 2008 revealed that while Macedonia has made substantial progress, critical gaps between 2004 reform projections and the current status of reform threatened the sustainability of Macedonia’s transition, as well as its inclusion in NATO and the European Union. Subsequently, it was decided that USAID would remain in Macedonia five (5) years beyond the Mission’s planned close-out date. For this reason, USAID/Macedonia is undertaking evaluations of all of its programs and the sectors they operate in, in order to determine what its programming should comprise in the coming 6 years.

The IDEAS project was initiated in December 2010 to enhance the government’s capacity and coordination related to domestic and foreign investment under its new Industrial Policy, export promotion, public procurement, public-private dialogue and the laws related to the planning and permitting of construction land. It is a four-year, \$5.1 million project (2010 – 2014), implemented by Booz Allen Hamilton. The project is organized around the following five main components, which are strongly interconnected:

- **Industrial Policy (IP) Component**—Seeks to develop coordinated mechanisms that enable the GoM to make well-informed decisions on policies that will have a positive effect on investment and exports.

Documents produced to date:

1. Action Plan for Industrial Policy Implementation 2012 – 2013. The document maps all activities planned for implementation by government institutions for improvement of the competitiveness of Macedonian companies in all five areas of IP implementation: internationalization, SME development, R&D and innovations, eco technologies and cluster development.

2. Framework for monitoring and evaluation of the industrial policy implementation. The document provides elaboration of the M&E approach, provides an exhaustive list of indicators that will enable quantitative monitoring of the progress of Macedonian economy and industry and proposes actions needed for successful implementation of the M&E process.

3. Cost – benefit analysis of the benefits available to TIDZ (technological industrial development zones) investors - provides an ex-post analysis of the two existing investments in TIDZ Skopje 1 and offers a tool, i.e. tailored excel spreadsheet that will enable InvestMacedonia to carry out ex-ante analyses of potential investment deals by running different incentive scenarios.

4. Technical specification and requirements for development of the web portal KonkurentnostMK – the portal will provide information to the business community on all programs and measures implemented by government institutions to support companies to strengthen their competitiveness.

Implementing issues and/or challenges – The cooperation with the Ministry of Economy and the members of the Expert Group in the implementation of activities relating to supporting the overall process of industrial policy implementation is excellent. The project has however noted insufficient interest for this process on the side of the Deputy Prime Minister for Economic Affairs (DPMEA) and his staff. Although all activities implemented by the project are included in the Industrial Policy document adopted by the government in 2009, it seems that the implementation of this document is not seen as priority by the highest government levels. The assumption is that such situation is due to the following reasons: 1) Lack of understanding of the relevant policy makers on the overall concept of IP as a broad strategy that should provide coordinated and integrated implementation of all competitiveness initiatives; and 2) Lack of staff in the Cabinet of DPMEA that results in their inability to provide due attention and treatment for this important and complex process. As a result, insufficient funds were dedicated for the implementation of competitiveness measures from the IP.

- **Export Promotion Component**—Works directly with the Agency for Foreign Investments and Export Promotion (InvestMacedonia) to strengthen its capacities.

Documents produced to date:

1. Action Plan for implementation of the Export Strategy prepared together with the Ministry of Economy.
2. Strategic Framework for Invest Macedonia which is a set of documents covering the organizational aspects, business processes, model of services, comparative analysis and action plan.

Implementing issues and/or challenges: The main challenges that the project is facing are the 1) Frequent changes of the staff designated to work with the project, 2) Lack of appropriate HR systematization and clear HR procedures, and 3) Limited funds from the state budget dedicated to export promotion activities.

- **Public Procurement Component**—Addresses legal harmonization and capacity-building geared toward national and local governments.

Documents produced to date:

1. Catalogue of Competencies for the Public Procurement Officers
2. Technical specification for training software
3. Action Plan for further development of the e-Procurement system 2011-2012
4. Model contract for procurement of software application development
5. Comparative analysis in regard to the status of the PPB, specialized training and mandatory certification
6. Amendments to the Law on Public Procurements
7. Training sub-regulations: 1. Rulebook on Training Program, Manner of Implementation of the Training, Fees, as well as the Form and Content of the Certificate, 2. Instruction on Organization and Implementation of Public Procurement Trainings and 3. Trainers' Guidelines
8. Training Program Assessment
9. Action Plan for gradual introduction of mandatory certification
10. Status Report on the e-Procurement system
11. Detailed instructions for issuing bank guarantees in electronic form

Implementing issues and/or challenges: Activities under this component were fully implemented in Year 1 of the project. In consultation with USAID, the project did not continue to work on this component in Year 2.

- **Public-Private Dialogue Component**—Acts as a cross-cutting theme that links the other three components and aims to develop sustainable models for productive interactions between the private and public sectors, as well as civil society, especially on matters related to export and investment promotion.

Documents produced to date:

1. Founding documents of the National Entrepreneurship and Competitiveness Council (NECC), such as the founding act, performance program, statute, rules of procedure, rules of procedure of NECC Managing Board, agreement on partnership collaboration, membership application form and rules of internal organization, organization forms and performance of the executive office of NECC.
2. Policy paper for the Macedonian Economic Chamber (MEC) focusing on export and investment in the field of development of rural tourism in Macedonia.
3. Position Paper for the Economic Chamber of Macedonia (ECM) on the agriculture processing industry in the Republic of Macedonia.
4. Policy paper for the Economic Chamber of North-Western Macedonia (ECNWM) on export and investments in the furniture industry.
5. Policy paper for the Macedonian Association of IT (MASIT) on the unique value proposition for the Macedonian software and IT Services industry.
6. Technical specification document for the identification of improvement models for Unique National Electronic Register of Regulations (ENER).
7. Macedonian issue of the ISO26000 Corporate Social Responsibility and Sustainability standard for the Economic and Social Council of Macedonia.

Implementing issues and/or challenges:

NECC: The project cannot take further actions in the process of NECC's revival due to remaining open issues that need to be resolved in regard to the legal status of this organization. Further coordination has been maintained with the DPMEA Cabinet and the Chambers of Commerce since there is still open issue to be resolved in regard to organizational details and functioning of the new NECC that needs to be established. The official first assembly is still outstanding as the negotiations between the government and chambers are underway.

2. Chambers of Commerce: MEC has shown lack of ability to mobilize the membership in the process and lack of staff to commit to the policy making process. ECM is burdened by slow responding and poor internal coordination. Example is the position paper that was submitted for their review, and despite project's reminders, still after two months there is still no position on the document. ECNWM recently changed the complete management and staff which caused the process to slow down and currently the policy paper is under review. The new staff offers more professionals and an improved ability to cooperate. At their request, MASIT was given an extension of the time limit for the policy paper which delayed the plan for public debates and promotion. Instead of having a debate at the MASIT conference in May 2012, and promoting it at the October conference, the debate will be in summer to have the document ready for the October high-level conference.

- **Legal Framework on Planning and Permitting of Construction Land Component- Note:** The component on land reform, originally included in the IDEAS Request for Proposal, and Booz Allen's response, has been temporarily removed from the Y1 Work Plan, in agreement with USAID. Considering the Government of Macedonia has been proactive in reforming the legal framework for land management, and other USAID projects have provided substantial assistance to the government in terms of IT support, capacity building and legal implementation, USAID has decided to re-evaluate the relevance of IDEAS Land Component each FY.

The IDEAS project launched a series of complementary and interconnected activities that have establish the foundations for future growth in investment and export initiatives in Macedonia. The focus was on operational implementation of the economic development policies and high-level directions driven by the Government of Macedonia. Concurrently, the project has focused on developing mechanisms to ensure sustainable PPD and civil society dialogue and on attaining tri-partite consensus-driven decisions for the well-being of the Macedonian economy. The baseline data and the Project's Monitoring Plan (PMP) will be available for review to the evaluator.

For more information see <http://www.ideas.org.mk/>. The IDEAS Project implementing partner is Booz Allen Hamilton <http://www.boozallen.com/>.

III. PURPOSE OF THE EVALUATION

The purpose of the performance evaluation is to provide USAID with an external assessment of the IDEAS 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. **Analyze the progress and effectiveness of the interventions to date**
2. **Recommend potential modifications for improvement**

IV. SCOPE OF WORK

A. Analyze the progress and effectiveness of interventions to date

1. What is the progress and the effectiveness of project's interventions to date on the following stated project objectives:

Objective 1 – Improved Foreign Direct Investment (FDI) and Domestic Investments (DI)

Result 1: Develop coordinated mechanisms that enable the GoM to make well-informed decisions on policies that will have a positive effect on investment and exports, and implement specific measures from the IP.

Result 2 – Enhanced inter-ministerial coordination for DI, FDI and aftercare by supporting the process of streamlining investment procedures.

Objective 2 – Improved Export Facilitation and Investment Aftercare

Result 1: Increased volume of exports from targeted sectors facilitated by InvestMacedonia through USG assistance (in MKD).

Result 2: Strategic Framework for InvestMacedonia adopted

Objective 3 - Improved Public Procurement Legal Framework

Result 1: New policies and/or regulations submitted to government for review and adoption as a result of USG assistance.

Objective 4 - Enhanced Public-Private Dialogue

Result 1: Issues resolved as a result of dialogue efforts supported by USG assistance.

Result 2: New public- private dialogue mechanisms institutionalized by government as a result of USG assistance.

2. Is Industrial Policy still the most relevant government document and organized structure for supporting the private sector or there is another approach that can be utilized?
3. How well is the project communicating with beneficiaries, the Government of Macedonia and business associations about important issues of business environment?
4. Based on results to date, is the Project likely to engender sustainable and systematic development impacts after USAID funding has stopped?

B. Recommend potential modifications for improvement

5. Does the project approach need to be modified in order to reflect the reality of the current business environment? If so, how?
6. Which selected actions and cross-cutting themes and corresponding activities should be further emphasized, modified or eliminated and why?
7. What should the implementer do to ensure sustainability and transfer of know-how?
8. What alternative approaches exist which could lead to better results?

V. METHODOLOGY

The evaluation team, in collaboration with USAID/Macedonia, will finalize the overall evaluation methodology once in-country. However, the Mission expects that, at a minimum, the team will:

- review and analyze the existing performance information from USAID’s current partners in the subject field;
- conduct site visits;
- meet and interview USAID project beneficiaries, partners, host government counterparts at appropriate levels;
- interview USAID staff and a representative number of experts working in the sector;
- propose sustainability criteria for the mechanisms introduced or developed by the project.

The evaluation team will spend approximately **two** weeks in Macedonia carrying out this Statement of Work. Before arrival in country, the team members shall familiarize themselves with documentation about the IDEAS project and USAID’s current assistance in the Economic Growth Area. USAID Macedonia will ensure that this documentation is available to the team prior to their arrival in Macedonia. The literature includes at a minimum:

- The USAID – IDEAS project contract Statement of Work
- The IDEAS project reports and materials: annual, quarterly and monthly reports, annual work plans, the PMP, and miscellaneous thematic reports from other sources such as the AgBiz project.

- World Economic Forum, Global Competitiveness Index, Industrial Strategy 2009, Programme for Stimulating Investment in the Republic of Macedonia 2011 – 2014.

VI. QUALIFICATIONS

Evaluation Team Members: The team should be comprised of one independent (U.S., Third Country National, local) expert, Team leader, who has experience with business environment projects, assessments and/or evaluations in Southeastern Europe, one or two local experts, and one USAID EGAT Office business environment expert pre-selected by USAID/Macedonia (part time). Cumulatively, the team should have significant experience in evaluating development assistance and working on or evaluating projects aimed at improving business environment. All team members should have a very strong understanding of business environment issues. Knowledge of USAID and other donor assistance in the business environment area is desired. All attempts should be made for the team to be comprised of an equal number of male and female members. Local team members should have excellent understanding of the Macedonian business environment and be able to establish contacts and communicate effectively with government officials and private sector representatives. The expatriate expert and at least one local team member must be proficient in English. To avoid conflict of interest, none of the team members should have current or past business relationships with the Project, including the work on the assessment on business environment conducted in 2009.

All Team members will be required to provide a signed statement attesting to a lack of conflict of interest, or describing an existing conflict of interest.

The Evaluation team shall demonstrate familiarity with USAID's Evaluation Policy (<http://transition.usaid.gov/evaluation/USAIDEvaluationPolicy.pdf>)

VII. SCHEDULE AND DELIVERABLES

The evaluation effort should commence in **October/November 2012**. The Team Leader should arrive in Skopje, Macedonia and be prepared to begin work immediately. USAID/Macedonia will provide the team with input and guidance in setting up a schedule of interviews and site visits, but the responsibility for the schedule resides with the Contractor. The schedule should be defined before the Team Leader arrives in country and should be finalized as soon as possible after the full Team is assembled in Macedonia. The draft schedule should be ready for review and discussion at the initial team planning meeting with USAID, which should take place within two days of when the team first convenes in Macedonia.

The evaluation Team shall complete an Evaluation Design document as part of their technical proposal. The evaluation design will include an evaluation design matrix (including the key questions, methods and data sources used to address each question and the data analysis plan for each question), draft questionnaires and other data collection instruments or their main features, and known limitations to the evaluation design. Prior to beginning of the field work in Macedonia, all team members will review

background program documents to gain a firm understanding of the situation in Macedonia and the USAID IDEAS project.

The Team leader will spend **no less than twelve working days** in Macedonia. The team will interview key USAID and Project staff, beneficiaries of USAID's assistance, representatives of the Government of Macedonia (GOM), business associations, other appropriate donor organizations providing assistance in the area, researchers who have conducted research on business environment issues in Macedonia, and other program stakeholders. Additionally, in its response, the Contractor shall propose its plan for selecting a representative number of Project activities for the evaluation team to assess. In selecting a representative number of initiatives for in-depth evaluation, the Contractor shall consider geographic, size, ethnicity, gender, and other relevant factors. The following is an illustrative list of those to be interviewed by the team:

- Relevant USAID staff and project staff
- Central Government officials (Deputy Prime Minister in charge for Economic Affairs and his staff, Minister of Economy and his staff, Director of the Agency for Foreign Investments and Export promotion and his staff, Minister and/or Deputy Minister of Information Society and Administration and his staff, Director of Public Procurement Bureau and her staff)
- Relevant business associations/organizations (Chamber of Commerce, Association of Chambers of Commerce, MASIT - IT Chamber, Chamber of North-West Macedonia, Economic and Social Council)
- Relevant USAID Projects (AgBiz)
- Other donors providing assistance in the area, including the World Bank, Swiss International Development (SIPPO), and GIZ.

The Contractor is encouraged to identify and visit additional Macedonian organizations and groups, both formal and informal, based on its review of materials.

Proposed schedule:

Week of October 15th – 1) Expatriate team leader should conduct literature review; 2) Local team members should conduct literature review, schedule upcoming meetings, and arrange logistics in Macedonia; 3) Draft schedule submitted to USAID Contracting Officer's Representative (COR). **(Deliverable 1)**

Week of October 22nd – 1) Start of the field work; 2) Kick-off meeting with USAID with the goal to establish clear expectations about the outcomes of the assessment and go over the goals, schedule and methodology of the assessment; 3) At the end of the week, brief USAID orally on the progress and findings to date. **(Deliverable 2)**

Week of October 29th – 1) Second week of field work; 2) At the end of the week the Contractor is required to submit a detailed outline of the evaluation with substantial substance to USAID for discussion and comment, as well as brief USAID orally on the key findings and recommendations.

o/a November 9th – Contractor shall finalize the Evaluation and submit a penultimate draft to USAID. **(Deliverable 3)**

- a. Evaluation Report. The following sections shall be included in the document:
- i. Table of Contents
 - ii. An Executive Summary – (3- 5 pages) summarizing the purpose, background of the project being evaluated, main evaluation questions, methods, findings, conclusions, and recommendations and lessons learned (if applicable).
 - iii. Evaluation Findings (no more than 15 pages), which provides analysis and answers the questions listed above in Section IV Scope of Work.
 - iv. Detailed Recommendations and their potential impacts
 - v. Report Appendices, including:
 - o A copy of the evaluation Statement of Work;
 - o Cross-reference guide listing the evaluation questions from Section IV and specifying on which page the questions are answered in the report.
 - o Team composition and study methods (1 page maximum);
 - o A list of documents consulted, and of individuals and agencies interviewed; and
 - o More detailed discussions of methodological or technical issues. Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (e.g., selection bias, recall bias, unobservable differences between comparator groups, etc.).
 - o Any “statements of differences” regarding significant unresolved difference of opinion by funders, implementers, and/or members of the evaluation team (final draft only).
 - o All tools used in conducting the evaluation, such as questionnaires, checklists, and discussion guides.
 - o Disclosure of conflicts of interest forms for all evaluation team members, either attesting to a lack of conflict of interest or describing existing conflict of interest.

o/a November 16th - USAID will provide the Contractor with final comments.

Per the USAID evaluation policy, draft and final evaluation reports will be evaluated against the following criteria to ensure the quality of the evaluation report.¹

- The evaluation report should represent a thoughtful, well-researched and well organized effort to objectively evaluate what worked in the project, what did not and why.
- Evaluation reports shall address all evaluation questions included in the scope of work.

¹ <http://www.transition.usaid.gov/evaluation/USAIDEvaluationPolicy.pdf>

- The evaluation report should include the scope of work as an annex. All modifications to the scope of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline need to be agreed upon in writing by the technical officer.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists and discussion guides will be included in an Annex in the final report.
- Evaluation findings will assess outcomes and impact on males and females.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
- Evaluation findings should be presented as analyzed facts, evidence and data and not based on anecdotes, hearsay or the compilation of people’s opinions. Findings should be specific, concise and supported by strong quantitative or qualitative evidence.
- Sources of information need to be properly identified and listed in an annex.
- Recommendations need to be supported by a specific set of findings.
- Recommendations should be action-oriented, practical and specific, with defined responsibility for the action.

o/a November 21st - The Contractor shall incorporate all comments and submit the final Evaluation report to USAID. **(Deliverable 4)**

All records from the evaluation (e.g., interview transcripts or summaries) must be provided to the COR. All quantitative data collected by the evaluation team must be provided in an electronic file in easily readable format agreed upon with the COR. The data should be organized and fully documented for use by those not fully familiar with the project or the evaluation. USAID will retain ownership of the survey and all datasets developed.

The USAID/Macedonia COR and Project Development Specialist will be responsible for review and approval of the final document.

The Contractor shall be responsible for providing the final deliverables to USAID Macedonia via email and in hard copy. The Contractor shall also provide an electronic copy to DEC, the database of the USAID Development Experience Clearinghouse (DEC) in accordance with normal AID/W requirements. <http://dec.usaid.gov>

VIII. PROPOSED LEVEL OF EFFORT

Expatriate Evaluation Specialist

Expatriate Team Leader

5 days preparation

12 days fieldwork

10 days follow up and report preparation

= 27 days total

APPENDIX 2

Organizations/Agencies Represented by Key Informants

Category	Organization/Agency
USAID-funded Projects	AgBiz Project
	IDEAS Project
	Small Business Expansion Project
	Judicial Strengthening Project
Government of Macedonia	DPMEA
	InvestMacedonia
	MISA
	MoE
	PPB
	TIDZ
Chambers of Commerce, Business Associations, Clusters	Economic Chamber of Macedonia
	Economic Chamber of North West Macedonia
	MAP
	MASIT
	Macedonian Chamber of Commerce
	Organization of Employers of Macedonia
	Textile Trade Association
	Wines of Macedonia
Private Sector	Infinite Solutions
	Te-te Plast
Expert	Ss. Cyril and Methodius University of Skopje, Faculty of Law
Donor-funded Projects	Delegation of the European Union
	International Finance Corporation
	Swiss Import Promotion Programme (SIPPO)
	The World Bank

APPENDIX 3

List of Supporting Documents Reviewed

- Investment Development and Export Advancement Support Project Fiscal Year 2011 Annual Report, December 2010–September 2011
- Investment Development and Export Advancement Support (IDEAS) Project IDEAS Project Year 1 Work Plan, December 28, 2010–September 30, 2011
- USAID Investment Development and Export Advancement Support (IDEAS) Project Proposed activities to be undertaken prior to Year 1 Work Plan Approval
- Investment Development and Export Advancement Support Project Year II Work Plan, October 1, 2011– September 30, 2012
- Investment Development and Export Advancement Support Project Semi-Annual Report, December 2010–June 2011
- IDEAS Bi-Monthly Report, July-August 2011
- IDEAS Monthly Report, January 2012
- IDEAS Monthly Report, February 2012
- IDEAS Monthly Report, April 2012
- IDEAS Monthly Report, May 2012
- IDEAS Monthly Report, July 2012
- IDEAS Monthly Report, August 2012
- IDEAS Performance Monitoring Plan (PMP), April 2011
- IDEAS Performance Monitoring Plan (PMP), September 10, 2012
- IDEAS Performance Monitoring Plan (PMP), September 30, 2012
- IDEAS Quarterly Report, January 2012-March 2012
- IDEAS Quarterly Report, October 2011-December 2011
- IDEAS Quarterly Report April 2012-June 2012
- IDEAS Technical Proposal by Booz Allen Hamilton
- Establishment of the Competitive Range and Opening of Discussions Letter from USAID to Booz Allen Hamilton
- IDEAS Status of the Activities and Future Plans, October 2012
- Key Persons for IDEAS Partner Institutions, September 28, 2012
- Statement of Work for the Performance Evaluation Of USAID/Macedonia's Investment Development and Export Advancement Support (IDEAS) Project, August 2012
- Industrial Policy of Macedonia, 2009-2020
- Programme for Stimulating Investment in the Republic of Macedonia 2011-2014
- Matrix for Implementation of the Programme for Stimulating Investment, 2011-2014.