



# NORTH MACEDONIA BUSINESS ECOSYSTEM PROJECT

Quarterly Progress Report  
January 1 – March 31, 2021 (Q2 FY2021)

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## INDEX OF COMMON ACRONYMS AND ABBREVIATIONS

A2F	Access to Finance
AHK	Auslandshandelskammer
BA	Business Angel
B2B	Business to Business
BEP	Business Ecosystem Project
BME	Bundesverband Materialwirtschaft, Einkauf und Logistik
BSCI	Business Social Compliance Initiative
BSO	Business Support Organization
CEED	Center for Entrepreneurship and Executive Development
CLA	Collaboration, Learning and Adaptation (or Collaborate, Learn, Adapt)
CM	Concurrence Memo
COR	Contracting Officer's Representative
CUP	Center for Change Management
DBNM	Development Bank of North Macedonia
DTIDZ	Directorate of the Technological Industrial Development Zones
DVM	Doctor of Veterinary Medicine
ECMT	European Conference of Ministers of Transport
ECNWM	Economic Chamber of Northwest Macedonia
EU	European Union
ENER	Single Electronic Register of Legislation
FF	Financial Facilitator
FI	Financial Institution
FITD	Fund for Innovation and Technology Development
FY	Fiscal Year
GEF	Global Ecological Fund
GEW	Global Entrepreneurship Week
IME	Increasing Market Employability Project
IPARD	Instrument for Pre-Accession Assistance for Rural Development
J2SR	Journey to Self-Reliance
LOP	Life of Project
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MAMEI	Macedonian Association of Metal and Electrical Industry
MATA	Macedonian Artisan Trade Association
MECA	Macedonian E-Commerce Association
MEIP	Market Entry Information Packages
MEL	Monitoring, Evaluation and Learning
MFI	Microfinance Institution
MME	Macedonian Manufacturing Expo
MoE	Ministry of Economy
MoES	Ministry of Education and Science
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MSE	Macedonian Stock Exchange
MSME	Micro, Small and Medium Enterprise
N/A	Not applicable
NBRM	National Bank of the Republic of Macedonia
O1	BEP Objective 1
O2	BEP Objective 2
O3	BEP Objective 3
ODC	Other Direct Cost
PM	Project Manager

PO	Purchase Order
PR	Public Relations
PSE	Private Sector Engagement
QW	Quick Win
RFQ	Request for Quotations
RNM	Republic of North Macedonia
SDC	Strategic Development Consulting
SWISS-EP	Swiss Entrepreneurship Program
TIDZ	Technological Industrial Development Zones
TTA	Textile Trade Association
USAID	United States Agency for International Development
USG	United States Government
VET	Vocational Education Training
VFX	Visual Effects
YES	Youth Entrepreneurship Service Foundation

## PROJECT BACKGROUND

The United States Agency for International Development (USAID) North Macedonia Business Ecosystem Project (BEP) is a four-year economic development project that will transform the competitiveness of micro, small, and medium enterprises (MSMEs) in North Macedonia by strengthening business services, finance, and market linkages to catalyze a significant increase in MSME growth, productivity, and employment. The Project, implemented by Palladium, officially started operating on September 29, 2017 and is set to conclude in September 2021. BEP has three overarching and interlinked objectives:

1. **IMPROVED BUSINESS SUPPORT ORGANIZATION (BSO) SERVICES TO MSMEs.** Through a mix of grants and technical assistance, BEP will strengthen BSOs to provide services for MSMEs and startups tailored to meet their most pressing constraints to growth—increasing productivity and job creation—by introducing new technologies, innovations, standards, and business practices; facilitating relationships with new clients or markets; and building their technical and business skills.
2. **IMPROVED MSMEs' ACCESS TO SOURCES OF FINANCING.** BEP will work with traditional and alternative financial instruments and with MSMEs to ensure appropriate sources of financing are available and accessible for business expansion efforts.
3. **LEAD FIRMS INVEST IN THE DEVELOPMENT OF SUPPLY CHAINS AND LABOR FORCES (PRIVATE SECTOR ENGAGEMENT[PSE]).** BEP will catalyze lead firms to invest backward in their supply chains, helping suppliers meet standards, improve quality, and introduce new technologies and know-how, ultimately demonstrating the mutual advantages of investing in these areas.

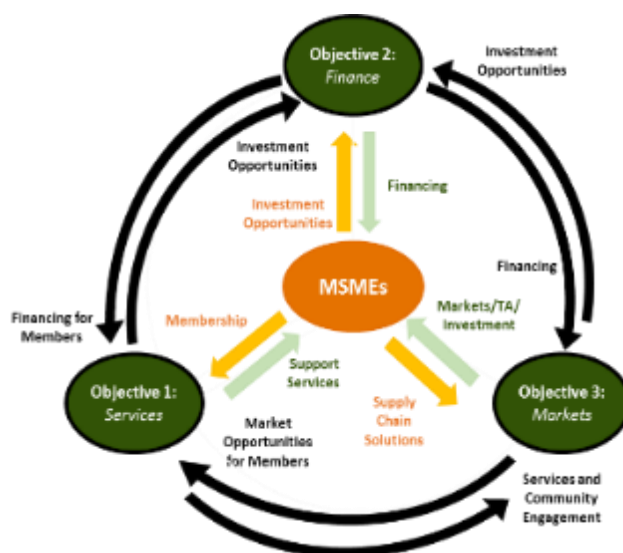
BEP will bring transformative, sustainable change to North Macedonia's business ecosystem at scale within its four-year life of project, paving the way for North Macedonia's market system to continue to function without USAID after BEP has concluded. To that end, BEP will achieve the following results:

- Generate 15 percent average annual growth rate for MSMEs, resulting in \$81.5 million in MSME revenue growth;
- Create 5,750 new jobs;
- Provide access to alternative and traditional financing for 250 MSMEs;
- Facilitate \$100 million in financing (investment and credit) for MSMEs and startups; and
- Leverage \$10 million from lead firm and private sector partners in support of project activities.

## OVERVIEW

BEP made impressive strides in the past three years, surpassing several indicator targets while remaining flexible and responsive to the changing needs of the project through our Collaborate, Learn and Adapt (CLA) framework. By implementing proof-of-concept activities with the private sector in the first two years of the project, BEP developed insights to scale successful initiatives in targeted sectors for Years 3 and 4. BEP deepened collaboration with both the private and public sector through its integrated approach ensuring sustainable results and strengthening the impact of activities by bringing together an array of multi-level stakeholders.

BEP's three components address key facets of the business ecosystem that are naturally interconnected and mutually reinforcing. BEP takes an integrated and innovative approach to ensure activities leverage the benefits to MSMEs from the interrelated nature of services, finance, and PSE. For example, the ability of MSMEs to access finance does not depend solely on facilitating lenders to enter and invest in this market, but also depends on access to complementary services by BSOs to prepare firms to receive financing. BSOs also play a critical role in helping MSMEs access finance (e.g., incubators link investors with strong start-ups). Similarly, links with lead firms provide MSMEs with market opportunities that stimulate a need for financing to expand and/or improve production or services to meet buyer requirements.



COVID-19 started escalating again toward the end of Q2, forcing BEP to postpone activities in all three objectives, especially during the initial lockdown period. Many initiatives were delayed by a few months, while others needed restructuring to adapt to the crisis. However, this period also opened opportunities for new interventions, specifically in the field of access to finance for an unserved population of nano enterprises. Throughout Q2 of FY4, most of BEPs planned work has been finalized, from processing close-out activities for part of the BSOs, to lobbying for additional A2F opportunities, to procurement and installation of the equipment in the PSE activities.

Under Objective 1 (O1), BEP and Strategic Development Consulting (SDC) continuously worked with BSOs to address challenges imposed by COVID-19, while providing consultation and support to find alternative ways to adapt project activities. All adjustments of project milestones and implementation schedules are in line with the original grant activities: events were organized virtually or hybrid (online and offline), completely new services were developed to meet the changing needs of BSO members. Following the grant agreements, six BSOs—Startup Macedonia, Textile Trade Association (TTA), Economic Chamber of North-West Macedonia (ECNWM), Chamber of Crafts, Veterinary Chamber, and Center for Entrepreneurship and Executive Development (CEED) with Macedonian Stock Exchange (MSE)—finished with implementation of the activities. Another four BSOs—Macedonian Association of Metal and Electrical Industry (MAMEI), Macedonian E-Commerce Association (E-commerce), Makam-Trans and Solar Macedonia—submitted requests and received approval for no-cost grant extensions through May 31, 2021.

Furthermore, to capitalize on some of their converging objectives, BEP implemented activities aimed at fostering cooperation among various BSOs, including government institutions where their interests overlapped. Additionally, BEP organized a regional networking event to empower BSOs and introduce a new regional approach for BSOs cooperation with their role as catalyzers in the business ecosystem.

Under Objective 2 (O2), the Financial Facilitator (FF) Support Network was officially closed during this quarter. Ultimately, the the FFs' work resulted in a total of 1,014 assisted MSMEs, of which 613 successfully accessed a total of \$110,549,319; of this total amount, \$81,929,466 was mobilized finance and \$28,619,853 own finance. Aiming to encourage investors to consider investing despite the current economic instabilities posed by COVID-19, BEP continued working with the MSE in promoting the equity crowdfunding platform called Funderbeam. This quarter, with the signing of the first investment contract for the platform, Kiimo became the first Macedonian startup that attracted the domestic company Eurovia as a lead investor to initiate an official campaign for further raising of funds through Funderbeam.

Moreover, resulting from the cooperation with the Development Bank of North Macedonia (DBNM) and the Swiss-funded Increasing Market Employability Project (IME), in Q2 BEP signed an MoU to formalize the joint initiative to digitalize the DBNM's application processes. This web-based platform will simplify application for services provided by DBNM, allowing more and smaller companies to utilize them. This in turn should unleash the full potential of trade insurance and factoring as financial management tools, especially for export-oriented companies. In accordance with BEPs Journey to Self-Reliance (JTSR) approach, the Project leveraged its own and DBNM's resources, as a minimum of 50 percent of the expected \$80,000 cost for the initiative will be covered by DBNM, while the remaining 50 percent will be divided amongst donors.

BEP provided continuous support of Rollsoft RSM in their efforts to introduce the first multilateral cashless settlement system in North Macedonia. As a result, 120 companies registered on the platform to date. Meanwhile, the microfinance institutions FULM and Moznosti continued with the promotion of their COVID-19 support loan products. BEP expects these activities to continue until the end of Q3, when funds intended to support at least 300 nano and micro companies should be fully exhausted. This quarter, both MFIs disbursed a total of \$207,611 to 74 clients.

Under Objective 3 (O3), BEP finalized the organic re-certification of lead company IRN Agro's suppliers of aronia (chokeberry) and has also developed additional interventions with five lead dairies, which will be supporting productivity improvements on a total of 31 farms across the country. The procurement processes have already been initiated, targeting to finalize the whole intervention during Q3 of FY4. At the same time, BEP supported the lobbying efforts of the BSO "Seal of Quality" and will continue these activities in the following period. Agro link, the lead in another supported supply chain that produces value-added products, also started with processing operations. Their range includes three different snail products: snail meat, processed snails poached in butter, and snail slime for the cosmetics industry – an experimentation completed with a local pharmaceutical company. For the time being, their food market has been secured from local consumption as they have signed contracts with local restaurants and markets. Throughout Q2, BEP also facilitated delivery and installation of the equipment for the potato cleaning and packaging machine.

Finally, BEP completed the six-month training courses for VFX (Visual Effects) and CG (Computer Graphics) animators, a part of the Training for Employment PSE initiative in FY3. Sixty candidates successfully finished the trainings (27 candidates on CG and 33 candidates for VFX animation); about 50 of these participants are, or will be, engaged in future projects.



BEP promotion of the PSE approach resonates with the public sector in North Macedonia. In the past quarter, two new initiatives from the Ministry for Agriculture, Forestry and Water Economy (MAFWE) and FITD mirroring the PSE approach have been either launched or are planned to be. Both initiatives call for co-investments from the private sector. The team took part in several working groups and meetings, providing feedback on the Fund for Innovation and Technology Development's (FITD)

“Corporate Innovation Program” as BEP identifies this opportunity as a potential for future donor support. The Project also initiated dialogue on the MAFWE's plan to support farming supply chain development through co-financing schemes. Finally, BEP was contacted by the Directorate of the Technological Industrial Development Zone (TIDZ) to discuss the availability of potential workforce, something that BEP tackled through its Training for Employment PSE initiatives. BEP proposed, and the TIDZ promised to seriously consider, an approach emulating BEP's Training for Employment interventions where co-financing of training activities would be provided by the Government working with local educational and training institutions.

To further North Macedonia's Journey to Self-Reliance (J2SR), BEP continued working with the MoE and the MAFWE on measures to support PSE activities. For the third-year in a row, BEP helped the MoE in promoting their Program for Competitiveness, Entrepreneurship, and Innovation for 2021. The presentation of the Program was done before the BSOs, their members/companies and the O2 financial facilitators. By including these groups of partners to the presentation, BEP not only provided an opportunity for direct promotion of the measures to companies, access to more in-depth information for the facilitators, but also provided an opportunity for the Ministry to gather recommendations to improve Program implementation results. Even though BEP will most likely be closed by the time of announcement of next years' Program, it has recommended to the MoE to continue the same practice, organizing these promotional and informative sessions in the future. This year's presentation was virtual due to COVID-19.

## HIGHLIGHTS

U.S. AMBASSADOR KATE MARIE BYRNES PARTICIPATED IN A PANEL DISCUSSION ON THE REGIONAL BSO NETWORKING EVENT



*US Ambassador Kate Marie Byrnes delivers her remarks.  
Photo Credit: BEP Team*

## 3D & ANIMATION TRAINING CLOSE-OUT AND CERTIFICATE AWARD EVENT



*A trainee receiving his certificate.  
Photo Credit: BEP Team*

USAID COUNTRY REPRESENTATIVE ERIK JANOWSKY DELIVERED HIS OPENING REMARKS ON ECNWM'S POST COVID-19 TRANSFORMATIVE PROGRAM CLOSE OUT EVENT



USAID Country Representative Erik Janowsky delivers his remarks.  
Photo Credit: BEP Team

FIRST CROWDFUNDING CAMPAIGN IN NORTH MACEDONIA LAUNCHED ON THE FUNDERBEAM PLATFORM



Signing of the MoU between Startup KIIMO and the Lead Investor Eurovia.  
Photo Credit: Innovativnost.mk

## PSE INITIATIVE IN THE DAIRY INDUSTRY: INSTALLATION OF MILKING SYSTEMS



## REGIONAL BSOS NETWORKING EVENT: GRANTEES RECEIVE THEIR CERTIFICATES OF APPRECIATION FROM BEP



Grantees receive their certificates of appreciation at the Regional BSOS Networking Event  
Photo Credit: BEP Team

## OBJECTIVE I: IMPROVED BSO SERVICES TO MSMES

### OVERVIEW

North Macedonia has a wide range of BSOs, many of which are commercially unsustainable due to an overdependence on donor support and funding. Consequently, member MSMEs see BSOs as weak and place little value on their services. Many BSOs lack a coherent vision and require support to hone and target the services they provide to their MSME members and clients. Through a mix of grants and technical assistance, BEP is working with BSOs to identify the services that are demanded by their members/clients, fill a market need, and hone and target their service offerings. BEP is demonstrating to MSMEs the value and impact these services can have for their growth and productivity, incentivizing MSMEs to begin paying for these services. BEP activities under OI are designed to build stronger relationships between MSMEs and their BSOs leading to ongoing and self-sustaining fee-for-service relationships in the future.

Due to COVID-19, all BSOs have experienced delays in their grant implementation schedules requiring adjustments to their originally approved grant activities. This constantly changing situation has demonstrated the need for BSOs to be proactive in adjusting their services to meet the needs of their members and adapt to the changing business environment. To that end, BEP and SDC have continuously supported the BSOs by providing advice, information, and additional capacity building activities, including organization of digital, online events, crisis financial management, new service development, and adapting lobbying activities to COVID-19 responses.

The BSOs fully adapted to operating in the “new normal”, imposed by the COVID-19 pandemic. The organizations successfully implemented activities with the adjustments made in previous months, including the following:

- **Matching funds milestones** connected with membership and training fees. Three BSOs—ECNWM, MAMEI, and E-commerce—continued providing free services or offering delayed membership fee payment options to support struggling businesses.
- **New Services.** Creation of completely new services developed for their members in response to the pandemic crisis. Three BSOs—Chamber of Crafts, ECNWM, and the CEED—completed implementation of new grant activities/services.
- **Event organization**, such as trainings, fairs, conferences, networking, and business to business (B2B) events. Eight BSOs continued organizing various events in a virtual or hybrid (online and offline) method—Solar Macedonia, Veterinary Chamber, the Macedonian E-Commerce Association, Makam-Trans, ECNWM, Startup Macedonia, CEED and MAMEI.

During Q2, BEP oversaw the completion the following six grantee agreements:

- Startup Macedonia and Textile Trade Association (TTA) successfully completed all activities. All administrative procedures related to grants close-out were finalized.
- ECNWM also successfully completed all planned grant activities.
- BEP approved Veterinary Chamber’s reallocation of saved funds from their lobbying activity to organizing a specialized training for veterinarians and farmers; thus, they completed all activities.
- Chamber of Crafts completed all but one activity, related to implementation of the “Baker vocational education program” due to the lack of interested candidates caused by COVID-19.
- CEED and MSE had milestones related to investments that due to the fluctuating economic conditions and changes in market, proved to be very challenging. CEED managed to complete

only one out of two planned Business Angel investments. MSE managed to achieve launching of one out of the planned three investment campaigns on the Funderbeam platform.

Administrative procedure related to grants close-out with ECNWM, Veterinary Chamber, Chamber of Crafts and CEED with MSE will be finalized during Q3.

Four grantees - MAMEI, E-commerce, Makam-Trans and Solar Macedonia - submitted requests and were approved a non-cost grants extension through May 31, 2021.

## **STRENGTHEN INTERNAL CAPACITY AND SUSTAINABILITY OF BSOs**

Led by the subcontractor SDC, BEP continues to provide mentoring and training to the BSOs by providing specialized guidebooks, organizing customized training and mentorship sessions, as well as providing direct and specific support in areas key to their development.

SDC is supporting the BSOs by analyzing their operating models and revenue streams to target capacity-building training where it is most needed. Thus, a set of 13 capacity-building activities for BSOs were designed to be implemented in two years, enabling the BSOs to upscale their services to members. In Year 3, BEP implemented nine different capacity-building activities and some of the benefits of these activities were evident during this quarter. Thus, the seamless organization of on-line events by the BSOs has much to do with the capacity building on digitalization provided during the initial months of the pandemic. Also, as a result of the trainings on communication with the public sector the BSOs developed 23 policy proposals, 8 of which have been adopted.

BEP measured and reported the impact of some of the policy documents submitted and adopted in the previous period and the benefits these bring for the BSOs membership. A direct contributor to the success of these lobbying and advocacy activities was the Government Coordination Training organized by BEP. The training equipped the BSOs with the knowledge needed for better preparation for lobbying and advocacy, as well as coordination with the relevant government institutions on activities aimed at improving and adapting national legal frameworks and reforms based on the interests of their constituents. One positive example from Q2 is the association Makam-Trans. From the start of their grant, this organization managed to submit 11 initiatives, of which three were adopted. The initiatives submitted by the association related to the impact of COVID-19 were timely, appropriate, and successfully utilized by their members. Based on these initiatives, several economic measures introduced by the Government had a positive financial impact on the transport carriers as one of the most affected sectors from the pandemic. For example, 364 companies from the transportation sector managed to use interest-free loans in a total amount of EUR 2.3 million, available through the first line COVID 1 support of the Government. A total of 1,427 companies with 10,668 employees, of which 516 companies were from the transportation sector, used this support for salaries and contributions. The measure for exemption from paying advance payments of the profit tax was used by a total of 818 companies/taxpayers, out of which 165 from the transportation sector.

## **IMPLEMENTATION OF GRANTS AND TECHNICAL ASSISTANCE TO BSOs**

BEP continued implementing all grants according to the BSO's work plans, milestones, and COVID-19 amendments, which were applied in Year 3 due to the fluctuating economic conditions. The following tasks were accomplished in Q2:

- Regularly prepared and submitted monthly reports and other supporting documents;

- Continued activities for gathering information from members and maintaining an up-to-date Monitoring, Evaluation and Learning (MEL) system;
- Delivered monthly/quarterly technical and financial reports, implemented activities, financial management and communication through mentoring;
- Facilitated various events organized by BSOs within their grant supported projects; and
- Held regular monthly and ad hoc BSO meetings to assess progress made toward activities associated with grant agreements and provide necessary guidance and support. BEP focused monthly meetings on the accomplishment of activities and needs for adjustments, reallocation of funds, and/or non-cost extension.

BEP and SDC closely monitored the implications of COVID-19, the impact of which was evaluated monthly. BEP remained in constant communication with grantees to assess possible delays and any potential further adjustments to the implementation schedule as needed. As a result of these analyses and assessments, as well as requests submitted by the grantees, BEP approved certain modifications to secure the successful completion of planned activities. Based on these, grant completion will be implemented via one of the following scenarios:

- Completion of grant activities on time, as planned: Startup Macedonia, TTA and ECNWM;
- Completion of grant activities on time, with some reallocation of savings from one milestone to another: Veterinary Chamber;
- Completion of grant activities with no-cost extension of two months and with some reallocation of savings from one milestone to another: MAMEI, Makam-Trans, Solar Macedonia;
- Completion of grant activities with no-cost extension of two months: E-commerce;
- Completion of grant activities with certain milestones unable to be accomplished: CEED with MSE, Chamber of Crafts.

Four BSOs that were approved a non-cost extension are expected to complete grant activities by May 31, 2021.

## GRANT IMPLEMENTATION STATUS

### MACEDONIAN SOLAR ENERGY ASSOCIATION – SOLAR

#### **Project Title: Strengthening the solar sector through trainings, exhibitions at fair and public sector engagement activities**

Solar Macedonia focuses on strengthening MSMEs that work with solar energy by providing trainings for solar thermal, photovoltaic, and photo/thermal solar systems (on topics such as installing, dimensioning, and commissioning); organizing workshops with international solar experts; exhibiting at the Inter Solar fair in Munich, Germany; and lobbying the public sector to improve the enabling environment for the solar sector of North Macedonia.

DESCRIPTION OF ACTIVITIES	OUTCOMES	ACHIEVEMENTS TO DATE
<b>Training for solar installers and workshop for solar trainers</b>	<ul style="list-style-type: none"> <li>• Training center certified;</li> <li>• 15 people trained from certified center;</li> </ul>	<ul style="list-style-type: none"> <li>• Adult Educational Center verified the Training center and program for solar installers;</li> </ul>

	<p><i>* The grant was amended to include one additional training and at least 15 new participants;</i></p> <ul style="list-style-type: none"> <li>• Five MSMEs receiving business development services;</li> <li>• Three MSMEs with linkages to new buyers; and</li> <li>• 25 people trained with new skills.</li> </ul> <p><i>* The grant was amended to include one additional training and at least seven new participants;</i></p>	<ul style="list-style-type: none"> <li>• 20 participants finished the training in January 2021; Organized ceremony for promoting all participants who successfully finished the training;</li> <li>• 15 MSMEs received new business development services by purchasing updated software for dimensioning of solar systems and starting to use new technology;</li> <li>• Participants of the training for solar installers to establish linkages and purchase solar equipment from the trainers;</li> <li>• 26 people trained and 10 new members registered. Solar Macedonia organized an online training with an international consultant Chris Laughton from Solar Design Company (UK).</li> </ul>
<b>Domestic producers of solar equipment to exhibit at Inter Solar 2021</b>	<ul style="list-style-type: none"> <li>• Four MSMEs with linkages to new buyers; and</li> <li>• Four MSMEs receiving business development services.</li> </ul>	<ul style="list-style-type: none"> <li>• Inter Solar 2020 was cancelled and rescheduled for 2021. The new dates for the fair are 21-23 of July 2021 in Munich, Germany. All companies agreed to uphold the amount for booth space in Inter Solar 2021. Four Exhibiting MSMEs are contacting potential buyers and creating linkages. So far, all four companies have made successful business deals;</li> <li>• Four companies are receiving business development services for their exhibition at the Inter Solar 2021 to create linkages with foreign buyers. Solar Macedonia continued coordinating logistics and they received a full refund for accommodation. Until further notice, booth construction and airport transportation offers are defined, but payment put on standby. Inter Solar credited 95 percent of the amount for booth space in 2021. Solar Macedonia is waiting for booth space location suggestions from Inter Solar.</li> </ul>
<b>Lobbying for improved market conditions for the solar energy sector</b>	<ul style="list-style-type: none"> <li>• Submitted three policy papers to government bodies: <ul style="list-style-type: none"> <li>○ Revision of scheme for solar thermal system (MoE);</li> <li>○ Policy paper submitted to the Global Ecological Fund (GEF) to adopt new technologies;</li> <li>○ Policy paper submitted to local municipality for supporting green technologies</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Submitted two policy papers and one additional paper is currently being developed: <ul style="list-style-type: none"> <li>○ Policy paper to revise installed solar systems subsidy scheme for the MoE;</li> <li>○ Policy document for GEF finalized. To be submitted in April 2021;</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>in institutions or companies (Green Sticker); and</li> <li>• One policy adopted. <i>*The grant was amended and remaining funds from this activity were reallocated for additional Training for solar installers and workshop for solar trainers</i></li> </ul>	<ul style="list-style-type: none"> <li>○ Policy paper for supporting the Green Sticker was submitted to the Municipality of Stip</li> </ul>
<b>CHALLENGES</b>	<p>Inter Solar Fair 2020 was officially cancelled, and all four companies agreed to credit the already paid amount for the booth at Inter Solar Fair 2021 in July. Solar Macedonia's originally planned lobbying activities will be challenging. The grantee foresees that signing an MoU with the EU Delegation in North Macedonia is not realistic due to conflicting priorities of the institution, so Solar Macedonia requested a reallocation of funds, which BEP approved. After this amendment, lobbying activities include submission of three policy papers, two of which have been submitted and one due for submission in April 2021. Reallocated funds shall be used for implementation of additional training activities.</p> <p>Two months no-cost extension of the grant period through May 31, 2021 was approved.</p>	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$32,310</b>	<b>\$26,810</b>	<b>\$5,500</b>

## VETERINARY CHAMBER OF NORTH MACEDONIA

### Project Title: Increasing recognition of the role of the veterinary profession through ensuring its economic growth and sustainability

The Veterinary Chamber aims to improve its own and members' capacity to regulate and manage the practice of veterinary medicine. Through educational, business development and advocacy services, the Chamber's goal is to empower veterinary MSMEs to increase their income and achieve support from national programs and funds. The Chamber and its members ensure that veterinary medicine is regulated with high standards and that veterinary MSMEs are competent and sustainable. Through this program, the Veterinary Chamber will: set minimum standards for the veterinary practice, promote high standards for veterinary education and conduct, register veterinarians, recognize veterinarians' appropriate qualifications by providing Doctor of Veterinary Medicine (DVM) licenses, and strengthen the capacity for competitiveness and economic growth among veterinary MSMEs.

DESCRIPTION OF ACTIVITIES	OUTCOMES	ACHIEVEMENTS TO DATE
<b>New business development services</b>	<ul style="list-style-type: none"> <li>• 10 new jobs in assisted MSMEs;</li> <li>• Five new veterinary companies established; and</li> <li>• Five new members registered.</li> </ul>	<ul style="list-style-type: none"> <li>• 17 new jobs in assisted MSMEs;</li> <li>• 11 new veterinary companies established; and</li> <li>• 37 new members registered.</li> </ul>
<b>Veterinary training and integrated veterinary program</b>	<ul style="list-style-type: none"> <li>• 300 people trained through certified program (support in the renewal of DVM license for 300 persons); <i>* The grant was amended to include one additional training and at least 50 new participants;</i></li> <li>• 200 companies using Integrated VetSoftware (software developed in partnership with Agrolider</li> </ul>	<ul style="list-style-type: none"> <li>• 352 people trained through certified programs and 879 participants in four trainings: <ul style="list-style-type: none"> <li>○ "Nutritionism in productive animals - current situation and perspectives" (124 persons trained);</li> <li>○ "Aquaculture" (77 participants, including 37 new persons trained);</li> <li>○ "Reproduction and pathological changes in animals" (139</li> </ul> </li> </ul>

	<p>during BEP's implementation); and</p> <ul style="list-style-type: none"> <li>• Integrated veterinary program upgraded with new data records with significant importance for veterinarians, dairy processing plants, and public institutions.</li> </ul>	<p>participants, including 60 new persons trained);</p> <ul style="list-style-type: none"> <li>○ "New trends and diagnostic treatment in parasite disease" (134 participants, including 26 new persons trained);</li> <li>○ "Soft tissue surgery and prevalence of endocrine diseases in small animals in everyday practice" (163 participants, including 33 new person trained);</li> <li>○ "Current topics in the veterinary clinical practice of small animals" (113 participants, including 22 new person trained);</li> <li>○ "Organic Agricultural Production" (129 participants including 50 new person trained).</li> </ul> <ul style="list-style-type: none"> <li>• 200 companies licensed and are using Integrated VetSoftware; and</li> <li>• Integrated veterinary program upgraded with new data records that have significant importance for vets, dairy processing plants, public institutions.</li> </ul>
<p><b>Lobbying and advocacy</b></p>	<ul style="list-style-type: none"> <li>• Develop and submit four policy papers: <ul style="list-style-type: none"> <li>○ Policy on veterinary services costs provided under the national program of primary health care submitted to the Agency of Food and Veterinary;</li> <li>○ Policy on reducing the value added tax (VAT) of veterinary services—submitted to Ministry of Finance (MoF). To date, VAT has been reduced for veterinary medicines only, not services;</li> <li>○ Policy on improving animal—health policies and delivery systems was submitted to the MAFWE;</li> <li>○ Policy on involving the veterinary sector in agriculture and rural development program – submitted to MAFWE; and</li> </ul> </li> <li>• Two policy papers adopted. <ul style="list-style-type: none"> <li>* <i>The grant was amended and remaining funds from this activity were reallocated for additional training</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Developed and submitted four policy papers: <ul style="list-style-type: none"> <li>○ Policy of increasing the national payment for veterinary services costs provided under the national program of primary health care submitted to the Agency of Food and Veterinary in November 2019;</li> <li>○ Policy paper for reduced taxes for veterinary services (from 18 percent to five percent) developed and submitted in December 2019;</li> <li>○ Policy on improving animal health policies and delivery systems is currently with the Agency of food and veterinary and MAFWE. Policy paper amended and submitted to the National Authority Agency of Food and Veterinary aimed at engaging private veterinary entities to provide services for the prevention and control of African swine fever in June 2020;</li> <li>○ Policy to involve the veterinary sector in the Competitiveness, Innovation and Entrepreneurship Program submitted to the MoE in November 2020;</li> </ul> </li> <li>• Two policy papers adopted: <ul style="list-style-type: none"> <li>○ Policy of increasing the national payment for veterinary services costs provided under the national program of primary health care</li> </ul> </li> </ul>

		<p>adopted by the Agency of Food and Veterinary;</p> <ul style="list-style-type: none"> <li>○ Policy for development of measures that engage private veterinary entities to provide veterinary services for the prevention and control of African swine fever adopted by the Agency of Food and Veterinary; and</li> <li>● Policy for reduced taxes for veterinary service (from 18 percent to five percent) was rejected. The policy paper will be revised according to suggestions.</li> </ul>
<b>CHALLENGES</b>	The MOE did not adopt the Veterinary Chamber’s policy paper regarding including the veterinary sector in the Competitiveness, Innovation and Entrepreneurship Program. The Chamber requested a reallocation of the remaining funds in related milestone to be used for organization of another veterinary training, which BEP approved. After this amendment, the Chamber’s lobbying activity includes acceptance of two policy papers. The Chamber conducted the final training on March 31, 2021.	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$25,500</b>	<b>\$25,500</b>	<b>\$0</b>

## CHAMBER OF CRAFTS – SKOPJE

### **Project Title: Building capacity for improvement of the craft employment and businesses in North Macedonia**

Focused on increasing revenue and youth employment in the crafts profession, the Chamber of Crafts Skopje will work with 19 craft sections through a support mechanism and apprenticeship program. The program is a large direct employment measure that involves students from vocational and other schools who want to have a career in the selected craft industries. A new service will be introduced by the Chamber of Crafts Skopje for its members—training for mentors at craftsmen employers. Mentor training is general for all profiles and will cover 19 sections in the Chamber of Crafts. Due to the lack of labor force in the bakery and bread production fields, including production of the traditional burek (a type of savory flaky pastry), the Chamber of Crafts Skopje will develop a bakery training program verified through the Adult Education Center and the Ministry of Education and Science (MoES). The Chamber will engage in four lobbying activities and is expected to contribute to three adopted policy papers.

<b>DESCRIPTION OF ACTIVITIES</b>	<b>OUTCOMES</b>	<b>ACHIEVEMENTS TO DATE</b>
<b>Apprenticeship</b>	<ul style="list-style-type: none"> <li>● 10 young people trained* for the following crafts: cosmeticians, auto mechanics, bakers, confectioners, hairdressers, and locksmiths.</li> <li>* <i>The grant was amended to include a new milestone to support the establishment of 27 new craft businesses; and</i></li> <li>● 15 apprentices employed.</li> </ul>	<ul style="list-style-type: none"> <li>● 10 young people trained for the following crafts: cosmeticians, auto mechanics, bakers, confectioners, hairdressers, and locksmiths;</li> <li>● 27* craft businesses registered within the program for financial support of new craft businesses; and</li> <li>● 16 young people employed (six from the apprenticeship program and 10</li> </ul>

		self-employed from the financial support of new craft businesses).
<b>Training for mentors in craft businesses</b>	<ul style="list-style-type: none"> <li>• Introduce a new mentor training at the craftsmen employers in the Chamber of Craft Skopje; and</li> <li>• 60 mentors trained at craftsmen employers in accordance with the VET verified program.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduced a new mentor training at the craftsmen employers in the Chamber of Craft Skopje beginning in December 2019; and</li> <li>• 66 mentors trained in accordance with the VET verified program.</li> </ul>
<b>Verification of baker vocational education program at the Centre for Education and the MoES of the Republic of North Macedonia (RNM)</b>	<ul style="list-style-type: none"> <li>• Baker's program verified by the Adult Education Center and the MoES;</li> <li>• Training for bakers executed for 10 participants; and</li> <li>• Three bakers employed.</li> </ul>	<ul style="list-style-type: none"> <li>• The baker's program has been verified at the Adult Education Center, and the MoES; and</li> <li>• The training was not implemented due to lack of interest. Activities undertaken to promote the program: developed a list with potential participants in the training, published announcement to recruit participants, obtained list of unemployed bakers from the Employment Service Agency, dissemination of the call for participants on the social and traditional media.</li> </ul>
<b>Lobbying</b>	<ul style="list-style-type: none"> <li>• Increase craftsman's revenues by five percent;</li> <li>• Increase new investments in the craft sector in the labor force and equipment by five percent <ul style="list-style-type: none"> <li>○ Policy on amending the law on VAT-increase of the amount for entry into VAT registration;</li> <li>○ Policy on establishing preferential rate of five percent VAT for the sale of bakery products;</li> <li>○ Policy for releasing the lump taxed craftsmen with business residence in rural areas from paying the "communal tax for companies" to the council of the city of Skopje;</li> <li>○ Policy on specifying the regulations of the law for safety and health for the obligations that need to be fulfilled by self-employed craftsmen who are hiring workers; and</li> </ul> </li> <li>• Adopt two policy papers.</li> </ul>	<ul style="list-style-type: none"> <li>• The increase in the craftsman's revenues will be measured in May 2021 after the financial data becomes available.;</li> <li>• All four policy papers submitted: <ul style="list-style-type: none"> <li>○ Policy on amending the law on VAT—increase of the amount for entry into VAT Registration was submitted in November 2019;</li> <li>○ Policy on establishing preferential five percent VAT for the sale of bakery products</li> <li>○ Policy for releasing the lump taxed craftsmen with business residence in rural areas from paying the "communal tax for companies" to the council of the city of Skopje. The policy paper was developed and submitted in April 2020;</li> <li>○ Policy on specifying the regulations of the law for safety and health for the obligations that need to be fulfilled by self-employed craftsmen who are hiring workers.</li> </ul> </li> <li>○ ;</li> <li>• Two policy papers adopted and one policy paper partially adopted: <ul style="list-style-type: none"> <li>○ Policy on amending the VAT increase law for VAT registration—adopted;</li> <li>○ Policy paper for exemption from communal tax for companies to the City of Skopje approved with certain modifications—adopted; and</li> <li>○ Policy on establishing preferential rate of VAT 5 percent for the sale</li> </ul> </li> </ul>

		of bakery products—partially accepted. Used from January 1, 2021 by craftsmen registered in the territory of the whole country, for all the following craft activities: VAT 5 percent for hairdressers, shoemakers, bicycle repair and VAT 10 percent for bakeries and catering services.
<b>Implementing a software solution for building a database and managing relations with members</b>	<ul style="list-style-type: none"> <li>• Increase of the Chamber's income from membership fees by 10 percent; and</li> <li>• Increase the number of active members that use the services of the chamber by 10 percent (i.e., 100 MSMEs and 56 craftsmen).</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of the Chamber's income from membership fees by 35.16 percent; and</li> <li>• The number of active members that use the services of the chamber is increased by more than 10 percent. So far, the Chamber has 69 new Craftsman, and new 105 MSMEs.</li> </ul>
<b>CHALLENGES</b>	Implementation of the baker vocational education program was challenging due to the massive impact of COVID-19 on all similar programs that are lengthy and must be attended in-person due to the essential practical training parts. Despite all promotional activities, there was no interest in the training, therefore, the Chamber did not implement the program.	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$55,401</b>	<b>\$51,885</b>	<b>\$3,516</b>

## MAKAM-TRANS SKOPJE

### **Project Title: Learning is an experience that makes transport companies successful**

Makam-Trans will improve the capacity of transportation companies through vocational training curricula certified by the MoES. Additionally, their existing mobile application will be promoted regionally as a tool for providing a more effective information channel for their member companies, whose work is spread throughout Europe. BEP is also supporting the promotion and development of the international transport of goods, as well as inland transport within the territory of the RNM. Finally, BEP is supporting lobbying efforts to change or introduce several legal provisions that will directly improve the economic and social status of their members.

<b>DESCRIPTION OF ACTIVITIES</b>	<b>OUTCOMES</b>	<b>ACHIEVEMENTS TO DATE</b>
<b>Workforce development</b>	<ul style="list-style-type: none"> <li>• Certify 50 candidates for the program for logistics clerks; * <i>The grant was amended to include one additional training and at least 15 new participants;</i></li> <li>• Train 100 drivers.</li> </ul>	<ul style="list-style-type: none"> <li>• 75 participants, in three groups, started the trainings. 50 candidates completed the program. At least 15 more are expected to complete the program by April 2021; and</li> <li>• 100 trained drivers in 10 trainings.</li> </ul>
<b>Preventive legal protection of members</b>	<ul style="list-style-type: none"> <li>• Generate fees from their first legal service from five users;</li> <li>• Generate fees from the second service of 10 users (correspondence with transport users, preparation of expert opinion, and other documents regarding carriage of goods in specific</li> </ul>	<ul style="list-style-type: none"> <li>• Generated fees from the first service from 11 users: Frukta Fruta Transport, Transuno, MS Internacional Todorovski, Shped Expres Logistik, Global Transport, Best, Sims Transport, Rive Shped, Joker Plus Transport, and Eni-Shped;</li> </ul>

	<p>cases of seizure of goods as a basis for collection of a transport claim);</p> <ul style="list-style-type: none"> <li>• Increase service satisfaction of the members; and</li> <li>• Support 15 MSMEs through project interventions.</li> </ul>	<ul style="list-style-type: none"> <li>• Generated fees from the second service of 10 users: Partner Dooel, Trgocentar Dooel, SBA, Martini Trans, Ki Sped Grup, Stuz, Petrus Transport, Metalhem Logistik, Ita Internacional and Trans Primeks;</li> <li>• Survey conducted and results show 99 percent satisfaction of members. Increase of four percent from the previous year's 95 percent satisfaction of members;</li> <li>• In total, 21 MSMEs supported through project interventions – 11 through the first service and 10 through the second service.</li> </ul>
<b>Regional conference for transport</b>	<ul style="list-style-type: none"> <li>• Organize Regional Conference for the exchange of knowledge and experiences;</li> <li>• 100 people present to the conference; and</li> <li>• Sign regional MoU with one country for Mobile App.</li> </ul>	<ul style="list-style-type: none"> <li>• The Regional Conference was organized as a hybrid event on October 1, 2020;</li> <li>• 250 people attended the conference; and</li> <li>• MAKAM signed a trilateral MoU with Croatia, Serbia, and their respective transport associations for mobile application.</li> </ul>
<b>New membership package – premium IT application</b>	<ul style="list-style-type: none"> <li>• 20 users of the new premium membership package;</li> <li>• 10 new or activated members; and</li> <li>• Reduction of corruption.</li> </ul>	<ul style="list-style-type: none"> <li>• 19 users of the new premium membership package: Italeuromak servis, Bula Trans Komerc, Best, Peca Komerc, Partner Dooel, Rive Shped, Bate logistic, Deus B&amp;B, Bate Komerc, Demjan Shped, Sale komerc, Matriks, Bomi 10 logistik, S Transport, Valk logistic, Bibi Transport, Jaja expres, Flamuri and Top Turs Skopje;</li> <li>• 55 new or activated members; and</li> <li>• No new reports of corruption were received through the IT application. In total, there are 116 users of the application.</li> </ul>
<b>Standard operating procedures with guidance on specific topics in transport</b>	<ul style="list-style-type: none"> <li>• Develop six standard operating procedures: <ul style="list-style-type: none"> <li>○ A procedure for calculating fuel consumption as a taxable expense;</li> <li>○ Rulebook on compensation (salary) for drivers;</li> <li>○ Procedure for the proper use of European Conference of Ministers of Transport (ECMT) licenses;</li> <li>○ Procedure for working hours for drivers;</li> <li>○ Procedure for obtaining a license and permits; and</li> <li>○ Procedure for the transport of dangerous goods.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• All six operating procedures were prepared and published: <ul style="list-style-type: none"> <li>○ Rulebook on compensation (salary) for drivers was published and promoted in December 2019;</li> <li>○ Procedure for calculating fuel consumption as a taxable expense published and promoted in February 2020;</li> <li>○ Procedure for proper use of ECMT licenses published and promoted in May 2020;</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ Procedure for obtaining a license and permits promoted in November 2020;</li> <li>○ Procedure for working hours for drivers published and promoted in January 2021; and</li> <li>○ Procedure for the transport of dangerous goods published and promoted in March 2021.</li> </ul>
<p><b>Lobbying</b></p>	<ul style="list-style-type: none"> <li>• Develop and submit 11 policy papers. Due to COVID-19, three policies have been amended (indicated with an asterisk): <ul style="list-style-type: none"> <li>○ Initiative* for the inclusion of Code 49.41 in the measures for support of SMEs in the MoE for development of software (analysis to be conducted regarding how many transport companies are using software and what support is necessary from the government to implement such a software);</li> <li>○ Amended and states: Financial damages in road transport, including the transporters in the measures of the Government for reduction of damages from COVID-19;</li> <li>○ Initiation* of projects for renewal of the fleet and logistics infrastructure and strengthening of human and organizational capacities (EU projects);</li> <li>○ Amended and states: Unimpeded transport of goods, reduction of congestion at border crossings and rest areas, and more efficient transport of goods;</li> <li>○ Initiative recovering partial excise tax from fuel to carriers and establishment of reciprocity for recovering partial excise tax from other states (Government and MoF);</li> <li>○ Initiative for sending letter for reciprocity for VAT refund from abroad (for fuel, tolls, etc.)—Government and MoF Initiative for issuing double registration plates for carriers through specification of the Law for Vehicles (MoE and Ministry of Internal Affairs);</li> <li>○ Initiative for implementing a new law on road transport – Ministry of Transport and Communication;</li> <li>○ Initiative for introducing a driver direction in secondary vocational schools—MoES;</li> <li>○ Initiative for harmonizing terminology in legal and sub-legal</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Developed and submitted all 11 policy papers: <ul style="list-style-type: none"> <li>○ Initiative to recover part of the excise tax from fuel to carriers and establishment of reciprocity for recovering partial excise tax from other states (Government and MoF)—prepared and submitted in April 2020;</li> <li>○ Initiative for issuing double registration plates for carriers through specification of the law for vehicles—MoE and Ministry of Internal Affairs—prepared and submitted in December 2019;</li> <li>○ Financial damages in road transport, including the transporters in the measures of the Government for reduction of damages from COVID-19 – prepared and submitted in March 2020;</li> <li>○ Unimpeded transport of goods, reduction of congestion at border crossings and rest areas, and more efficient transport of goods being transported—prepared and submitted in March 2020;</li> <li>○ Driver exemption from quarantine and enabling the continuation of the transport of goods—prepared and submitted in March 2020.</li> <li>○ Initiative to establish a coordinative body in the Ministry of transport in November 2020;</li> <li>○ The initiative for introducing a direction driver in secondary vocational schools—MoE in December 2020;</li> <li>○ Initiative for amendment of the rulebook on technical and exploitation conditions to be met by vehicles—Ministry of Transport and</li> </ul> </li> </ul>

	<p>matters of food in parts related to transport—Agency for Food and Veterinary</p> <ul style="list-style-type: none"> <li>○ Initiative to amend rulebook on technical and exploitation conditions to be met by vehicles—Ministry of Transport and Communications;</li> <li>○ Initiative* for preparation of joint tax inspector procedures carrying out control in transport companies—Public Revenue Office. <i>*Amended and states: Exemption of drivers from quarantine and enabling the continuation of the transport of goods;</i></li> <li>○ Initiative to establish a coordinative body in the Ministry of Transport and Communications; and</li> </ul> <ul style="list-style-type: none"> <li>● Three policy papers adopted. <i>* The grant was amended and remaining funds from this activity were reallocated for additional training.</i></li> </ul>	<p>Communications in December 2020;</p> <ul style="list-style-type: none"> <li>○ An initiative for implementing a new law on road transport—Ministry of transport and communication—prepared and submitted in January 2021;</li> <li>○ Initiative for harmonization of terminology in legal and sub-legal matters in the field of food in parts related to transport – Agency for Food and Veterinary in January 2021; and</li> <li>○ An initiative for sending letter for reciprocity for VAT refund from abroad (for fuel, tolls, etc.)—Government and Ministry of finance—prepared and submitted in February 2021.</li> </ul> <ul style="list-style-type: none"> <li>● Three policy papers adopted: <ul style="list-style-type: none"> <li>○ Financial damages in road transport, including the transporters in the measures of the Government for reduction of damages from COVID-19;</li> <li>○ Unimpeded transport of goods, reduction of congestion at border crossings and rest areas and more efficient transport of goods being transported; and</li> <li>○ Exemption of drivers from quarantine and enabling the continuation of the transport of goods.</li> </ul> </li> </ul>
<b>CHALLENGES</b>	<p>Makam-Trans Skopje expected that the adoption of all policy papers might be challenging by the end of the grant, as the period is short and almost all submitted policies envisage legislation changes. Therefore, the grantee suggested reallocation of remaining funds for additional training for logistic clerks, which BEP approved. After this amendment, the lobbying activity includes adoption of three policy papers.</p> <p>Additionally, BEP approved a two month no-cost extension of the grant period through May 31, 2021.</p>	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$42,470</b>	<b>\$35,855.01</b>	<b>\$6,614.99</b>

## MACEDONIAN ASSOCIATION OF METAL AND ELECTRICAL INDUSTRY (MAMEI)

### **Project Title: New business services development and improvement and upgrading of existing ones**

Through BEP’s grant program, MAMEI is helping light manufacturing companies strike deals with new buyers, access new sources of funding and employ newly qualified workers by providing training for in-demand career profiles. MAMEI also strengthens relations with governmental institutions such as ministries and funds, seeking to create a business-friendly and sustainable ecosystem. The grant will



also help improve the sustainability of the Macedonia Manufacturing Expo, North Macedonia's only B2B conference for the light manufacturing industry.

DESCRIPTION OF ACTIVITIES	OUTCOMES	ACHIEVEMENTS TO DATE
<b>Workforce development</b>	<ul style="list-style-type: none"> <li>• Re-qualification program for electro-installers*:               <ul style="list-style-type: none"> <li>○ 10 MSMEs representatives trained in new skills;</li> <li>○ Eight employed persons;</li> <li>○ One MSME with improved management practices or technologies through project interventions;</li> <li>○ One new sustainable service offered to MSMEs;</li> </ul> </li> <li>• Individual training program of companies for re-qualification of unemployed people:               <ul style="list-style-type: none"> <li>○ 25 MSMEs representatives trained in new skills;</li> <li>○ 20 employed persons;</li> <li>○ Eight MSMEs with improved management practices or technologies through project interventions; and</li> <li>○ One new sustainable service offered to MSMEs.</li> </ul> </li> </ul> <p><i>* Re-qualification program for electro-mounting for 10 MSMEs representatives and 8 employed persons was amended and changed to Individual trainings where:</i></p> <ul style="list-style-type: none"> <li>- original target of 20 MSMEs representatives trained in new skills was increased to 49; and</li> <li>- original target of 20 employed persons was increased to 47.</li> </ul>	<ul style="list-style-type: none"> <li>• Re-qualification program for electro-installers:               <ul style="list-style-type: none"> <li>○ 10 MSME representatives trained in new skills;</li> <li>○ Eight employed persons</li> <li>○ One MSME with improved management practices or technologies through project interventions;</li> <li>○ One new sustainable services offered to MSMEs;</li> </ul> </li> <li>• Individual training program for companies for re-qualification of unemployed people:               <ul style="list-style-type: none"> <li>○ 43 MSMEs representatives trained in new skills;</li> <li>○ 43 employed persons;</li> <li>○ Eight MSMEs with improved management practices or technologies through project interventions; and</li> <li>○ One new sustainable service offered to MSMEs.</li> </ul> </li> </ul>
<b>Market linkages</b>	<ul style="list-style-type: none"> <li>• The following outcomes are related to the first phase of MAMEI's grant for the 2019 Expo; results are still being monitored:               <ul style="list-style-type: none"> <li>○ 70-80 local companies participating in the Expo (30+ foreign companies participating, 200+ total number of participants);</li> <li>○ At least 80 companies (120 individuals) trained in new skills;</li> <li>○ 250-300 business meetings (30-50 business leads);</li> <li>○ 10-20 matched deals;</li> <li>○ \$50,000 generated through new business deals;</li> <li>○ \$7,000 generated for the association through revenue from participating domestic companies;</li> <li>○ Two-four match-making platforms joined;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 80+ local companies participating in the Expo (35 foreign companies participating as buyers, additional 25 foreign companies participating as suppliers, 600+ total number of participants);</li> <li>• 105 companies (170 individuals) trained in new skills;</li> <li>• 420 pre-scheduled and 150 additional B2B meetings during the MME 2019. The first follow-up on business leads was done in February 2020 and showed that seven suppliers established business relations with foreign buyers;</li> <li>• \$10,000 increased income from participating domestic companies (B2B meetings and expo);</li> </ul>

	<ul style="list-style-type: none"> <li>○ One-three partnership agreed with partner organizations;</li> <li>○ At least 28 leads distributed to North Macedonia companies; and</li> <li>○ At least \$15,000 generated through five specific deals.</li> </ul>	<ul style="list-style-type: none"> <li>● Four matchmaking platforms joined: TradeKey, Powerlinx, European Enterprise Network, and INEAST Consulting;</li> <li>● Five partnerships signed with partner organizations: Bundesverband Materialwirtschaft, Einkauf und Logistik (BME), Auslandshandelskammer (AHK), Youth Entrepreneurship Service (YES) Foundation, TIDZ, and Center for Change Management (CUP);</li> <li>● 29 leads have been distributed to companies; and</li> <li>● Nine companies are in the sales process (offers sent based on the request for quotations [RFQs] and are awaiting potential customer's feedback) with three deals realized with \$55,000 generated in exports.</li> </ul>
	<ul style="list-style-type: none"> <li>● The following outcomes are related to the second phase of MAMEI's grant: <ul style="list-style-type: none"> <li>○ 70+ Macedonian suppliers participated;</li> <li>○ 20 exhibition stands sold;</li> <li>○ 30+ buyers present participation;</li> <li>○ 360+ scheduled B2B meetings;</li> <li>○ Two-day event;</li> <li>○ Re-signed contract with BME;</li> <li>○ Re-signed partnership contract with AHK;</li> <li>○ 230+ suppliers' profiles;</li> <li>○ 40 MSMEs receiving business development services;</li> <li>○ 120 MSMEs representatives trained in new skills;</li> <li>○ 40 MSMEs with improved management practices technologies;</li> <li>○ 15 MSMEs with linkages to new buyers; and</li> <li>○ Eight new leads distributed through other channels.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● 27 Macedonian suppliers participated;</li> <li>● 20 exhibition stands sold;</li> <li>● 26 buyers present participation;</li> <li>● 206 scheduled B2B meetings;</li> <li>● Three-day event;</li> <li>● Re-signed contract with BME;</li> <li>● Re-signed partnership contract with AHK;</li> <li>● 230+ suppliers' profiles;</li> <li>● 60 MSMEs receiving business development services;</li> <li>● 83 MSMEs representatives trained in new skills;</li> <li>● 40 MSMEs with improved management practices technologies;</li> <li>● 15 MSMEs with linkages to new buyers; and</li> <li>● 5 new leads distributed through other channels.</li> </ul>
<p><b>Ecosystem platform development, A2F support for MAMEI members</b></p>	<ul style="list-style-type: none"> <li>● Publish six quarterly newsletters;</li> <li>● Implement new membership fee (*The numbers were modified and amended. For any change that has been made, the original numbers are given in brackets): <ul style="list-style-type: none"> <li>○ Package I <ul style="list-style-type: none"> <li>▪ Seven new members;</li> <li>▪ 23 (25) current members in upgraded package;</li> </ul> </li> <li>○ Package II <ul style="list-style-type: none"> <li>▪ No (Three) new members; and</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Five quarterly newsletters published;</li> <li>● New membership fee implemented: <ul style="list-style-type: none"> <li>○ Package I <ul style="list-style-type: none"> <li>▪ 18 current members have upgraded to the new package, eight have paid their yearly subscription, nine postponed payments;</li> <li>▪ Six new members; and</li> </ul> </li> <li>○ Package II</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>Three (Five) current members in upgraded package.</li> </ul>	<ul style="list-style-type: none"> <li>One current member has upgraded to the new package and paid the yearly subscription.</li> </ul>
<b>CHALLENGES</b>	<p>MAMEI cancelled the re-qualification training program for electro-mounters and the funds were reallocated for the individual trainings. Realizing membership package milestones is challenged due to the COVID-19-based economic crisis in RNM, so the MAMEI requested reallocation of part of the funds from the membership packages to the individual trainings for re-qualification of unemployed people. BEP reviewed and approved the amendments.</p> <p>Additionally, BEP approved a two month no-cost extension of the grant period through May 31, 2021.</p>	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$61,050</b>	<b>\$56,502</b>	<b>\$4,548</b>

## CHAMBER OF NORTH-WEST MACEDONIA (ECNWM)

### Project Title: Unleashing job creation opportunities for MSMEs in North Macedonia 2.0

Focused on raising the competitiveness of and job opportunities in their member companies, ECNWM helps their members access more regional and international (diaspora) markets using an already-developed digital B2B matchmaking platform. They introduced a membership service desk, which offers its members accurate and timely information on business opportunities, networking, and policies. The platform will be upgraded to offer soft skills trainings for its members. The platform will also help foreign investors acquire relevant information regarding the business and legal environment in North Macedonia. Additionally, one of ECNWM's long-standing priorities is focusing on the diaspora considering not only its social significance but also its huge potential for economic growth and development.

DESCRIPTION OF ACTIVITIES	OUTCOMES	ACHIEVEMENTS TO DATE
<b>Business growth in foreign markets</b>	<ul style="list-style-type: none"> <li>10 companies equipped to exhibit in international/regional virtual fairs;</li> <li>20 diaspora/regional companies visit companies in North Macedonia;</li> <li>15 Contracts signed; and</li> <li>90+ MSMEs trained to host foreign companies for business inbound missions).</li> </ul>	<ul style="list-style-type: none"> <li>10 companies equipped to exhibit on a virtual fair for foreign buyers;</li> <li>20 diaspora/regional companies to visit companies in North Macedonia by 2021—27 virtual visits made so far;</li> <li>16 contracts signed; and</li> <li>61 MSMEs trained to host foreign companies for business inbound missions. Other MSMEs to be trained by the end of the project.</li> </ul>
<b>Market entry information packages (MEIP)</b>	<ul style="list-style-type: none"> <li>Develop basic package for MEIP and sell five packages;</li> <li>Develop standard package for MEIP and sell two packages;</li> <li>Develop premium package for MEIP and sell two packages.</li> </ul> <p><i>*The grant was amended to remain the total amount for all three types of packages the same, and number of packages sold to depend based on clients' interests.</i></p>	<ul style="list-style-type: none"> <li>Basic package for MEIP was developed and is being promoted;</li> <li>Standard package for MEIP was developed and is being promoted. Five packages sold; and</li> <li>Premium package for MEIP was developed and is being promoted. Two packages sold.</li> </ul>

<b>Digital B2B platform and membership service desk</b>	<ul style="list-style-type: none"> <li>• 50 companies develop capacities for e-sales and e-marketing;</li> <li>• 40 new members;</li> <li>• Develop 2,000 e-profiles (started with the first grant); and</li> <li>• 15 new members supported through post-COVID-19 transformative support program.</li> </ul>	<ul style="list-style-type: none"> <li>• Training Center of the Chamber established. 100 representatives from 80 companies attended four trainings;</li> <li>• 100 new members joined the Chamber;</li> <li>• Started with the development of the platform during the first BEP grant to the Chamber. There are total of 1446 e-profiles registered; and</li> <li>• 15 companies/ new members enrolled in the post-COVID-19 transformative support program.</li> </ul>
<b>CHALLENGES</b>	No challenges during Q2.	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$61,300</b>	<b>\$61,300</b>	<b>\$0</b>

## CEED

### **Project Title: Support of Business Angels' (BA) Investments in Startup**

CEED increases the number of BAs in the BA Club and raises their capacity for making smart investments, as well as improving the investment readiness of startups to access BAs and other investments. Ultimately, CEED will enhance its capacities to provide high-level business support to startups and BAs through systemizing its approach, learning new skills, and developing new services.

<b>DESCRIPTION OF ACTIVITIES</b>	<b>OUTCOMES</b>	<b>ACHIEVEMENTS TO DATE</b>
<b>Increase number of BAs in the club and raise their capacity for making smart investments</b>	<ul style="list-style-type: none"> <li>• BA Club adopts Business Angels' Guide;</li> <li>• Five new investors/BAs come to one pitching event;</li> <li>• 13 new investors/BAs become members and sign a commitment letter for \$10,000 (maximum of 10 with or without cash). 15 new investors/BAs come to one pitching event; and</li> <li>• 10 new investors/BAs become members and sign a commitment letter for \$10,000 (maximum 10 with or without cash).</li> </ul>	<ul style="list-style-type: none"> <li>• BA Club adopted the Business Angels' Guide;</li> <li>• 17 new investors given training to decide if they want to become BAs;</li> <li>• Six new investors/BAs came to one pitching session; and</li> <li>• 13 new investors/BAs became members and signed a commitment letter for \$10,000.</li> </ul>
<b>Improve investment readiness of startups</b>	<ul style="list-style-type: none"> <li>• Prepare 28 startups to pitch in front of at least three BAs/ investors, including start-up selection guideline and draft customized development plans for each start-up;</li> <li>• Nine startups invited to a follow-up meeting with investors after the pitching session; and</li> <li>• Four startups successfully completed Investment Readiness Program.</li> </ul>	<ul style="list-style-type: none"> <li>• 26 prepared startups pitched in front of at least three BAs/investors, including startup selection guideline and draft customized development plans for each startup;</li> <li>• 14 startups invited to a follow-up meeting with investors after the pitching; and</li> <li>• Four startups successfully completed Investment Readiness Program.</li> </ul>

<b>A2F opportunities and BAs' investments in startup pitching events</b>	<ul style="list-style-type: none"> <li>• Two investments, via at least one BA and one other financial investor;</li> <li>• Matching fund for startups that receive BA investment;</li> <li>• 1:1 match of generated fees from the service; and</li> <li>• Hold six startup pitching sessions to potential investors, including BAs.</li> </ul>	<ul style="list-style-type: none"> <li>• One investment completed, 6 BAs and CEED invested EUR 30,000 in a start-up;</li> <li>• \$6,069 of matching fund investment;</li> <li>• \$7,500 as a 1:1 match generated from the new BAs that have joined CEED BA Club; and</li> <li>• Eight pitching sessions held.</li> </ul>
<b>CHALLENGES</b>	<p>COVID-19 has significantly affected the interest of BAs to invest in start-ups. Investors are understandably risk-averse in an unpredictable environment. BEP approved a two-month no-cost extension to overcome these challenges. However, out of two, only one investment was finalized, so there are unexpended funds in the milestones related to the investments.</p> <p>CEED educated 17 of 20 planned investors regarding the decision to become a Business Angel, which left unexpended funds for this milestone. CEED also left unexpended funds within the milestone for startups prepared to pitch, where 26 out of 28 planned startups were prepared to pitch.</p>	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$69,978</b>	<b>\$62,146.93</b>	<b>\$7,831.07</b>

## MACEDONIAN STOCK EXCHANGE (SUB-GRANTEE TO CEED)

### **Project Title: Introducing crowdfunding platform Funderbeam in North Macedonia**

The MSE is introducing and promoting the crowdfunding platform Funderbeam to give North Macedonian companies access to alternative sources of non-traditional financing. Simultaneously, interested domestic investors can invest in domestic companies with high potential, resulting in a more efficient allocation of domestic savings.

<b>DESCRIPTION OF ACTIVITIES</b>	<b>OUTCOMES</b>	<b>ACHIEVEMENTS TO DATE</b>
<b>Introducing Funderbeam and adaptation with the legal and tax regulatory framework and promotion</b>	<ul style="list-style-type: none"> <li>• Approximation with legal and tax framework, Due Diligence Report, and introduction of Funderbeam; and</li> <li>• Presentation and promotion of the Funderbeam platform. 60 investors familiar with the Funderbeam crowdfunding platform.</li> </ul>	<ul style="list-style-type: none"> <li>• Final version of legal and tax guidelines prepared for companies and investors from North Macedonia on the platform. Legal and tax guidelines are published on MSE's communication platform, MB Monitor; and</li> <li>• Funderbeam was presented to 401 participants, including 44 investors via 16 different events (formal presentations, conferences, and meetings). Five companies familiar with the Funderbeam concept have expressed an initial interest in using the platform to raise additional capital.</li> </ul>
<b>Launching campaigns on Funderbeam platform</b>	<ul style="list-style-type: none"> <li>• Three investment campaigns launched; and</li> <li>• Success fee per investment (maximum 1:1 match of the investment).</li> </ul>	<ul style="list-style-type: none"> <li>• Macedonian company KIIMO's campaign was accepted by Funderbeam and was launched in private mode; and</li> <li>• Matched funds for one investment.</li> </ul>
<b>CHALLENGES</b>	<p>The investment campaigns faced many challenges from COVID-19, most of which cannot be overcome within the grant duration. Due to this fact, the Macedonian Stock Exchange requested and was approved a no-cost extension</p>	

	of the grant period for two months. In the extension period, only one Macedonian startup company (KIIMO) was prepared and launched a campaign on Funderbeam. There is not enough time for identification and preparation activities for any other campaigns, so the Macedonian Stock exchange will have unexpended funds within this milestone.	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$38,700</b>	<b>\$29,700</b>	<b>\$9,000</b>

## THE MACEDONIAN E-COMMERCE ASSOCIATION (E-COMMERCE)

### **Project Title: E-commerce for all**

E-commerce fosters the development and growth of the e-commerce industry by eliminating barriers and providing knowledge, training, and research to increase the digital skills of private and public sector actors. Through three key components, the project will provide knowledge and resources to existing and new MSMEs, train and increase the digital skills of MSMEs, and help MSMEs grow their businesses through new online sales channels.

<b>DESCRIPTION OF ACTIVITIES</b>	<b>OUTCOMES</b>	<b>ACHIEVEMENT TO DATE</b>
<b>E-commerce web platform</b>	<ul style="list-style-type: none"> <li>• Create a web platform with five modules;</li> <li>• Register 150 companies on the platform;</li> <li>• Create a compliance verification tool (named the “Trustmark Badge”);</li> <li>• 50 companies obtain the “Trustmark Badge;” and</li> <li>• 45 new members.</li> </ul>	<ul style="list-style-type: none"> <li>• Created and launched the fourth module of the web platform;</li> <li>• Registered 243 companies;</li> <li>• Launched the verification tool for obtaining Trustmark Badge;</li> <li>• 50 companies obtained the “Trustmark Badge;” and</li> <li>• 54 new members.</li> </ul>
<b>Digital skills Learn-A-Thons for MSMEs</b>	<ul style="list-style-type: none"> <li>• Organize five Learn-A-Thons;</li> <li>• 100 people (representing 50 MSMEs) trained through the Learn-A-Thons;</li> <li>• 30 MSMEs start using a new promotional tool or channel for their business.</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted all five Learn-A-Thons titled “Hands on social media marketing,” “Email marketing in practice,” “Customer Relationship Management,” “Leading Digital Transformation;” and “KPI Driven marketing and Growth Hacking;”</li> <li>• 186 representatives from 144 different MSMEs attended the Learn-A-Thons; and</li> <li>• 36 MSMEs started using a new promotional tool for their business.</li> </ul>
<b>New sales channel for growth</b>	<ul style="list-style-type: none"> <li>• 40 e-shops opened; and</li> <li>• 65 new buyers registered and completed first purchase.</li> </ul>	<ul style="list-style-type: none"> <li>• 39 e-shops opened; and</li> <li>• At least 65 new buyers registered and completed their first purchase at a few different e-shops.</li> </ul>
<b>CHALLENGES</b>	BEP approved a two months no-cost extension of the grant period through May 31, 2021 to complete activities related to opening new e-shops and promotion of the fifth module on the platform.	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$88,475.00</b>	<b>\$87,975</b>	<b>\$500</b>

## TEXTILE TRADE ASSOCIATION (TTA)

### Project Title: Business support activities for the apparel sector in North Macedonia

TTA strengthens lead companies' supply chains and workforce development by improving compliance to internationally recognized social standards. TTA will become an auditor for these standards, specifically the Business Social Compliance Initiative (BSCI) and charge a service fee for preparation and facilitation of the auditing procedure. The goal is to attract new members by offering this service on the market. TTA also works on workforce development through a series of television shows promoting a broader affirmation and direct presentation of the textile industry, with the aim of popularizing the sector and improving its image.

DESCRIPTION OF ACTIVITIES	OUTCOMES	ACHIEVEMENTS TO DATE
<b>Introduce support service for implementation of social standards</b>	<ul style="list-style-type: none"> <li>• Train two people for facilitation/ implementation of social standards;</li> <li>• Train one person for basic and advance auditing under SA8000;</li> <li>• Facilitate BSCI implementation process in 12 companies;</li> <li>• Facilitate linkages to social auditors;</li> <li>• Support companies in using government funds for implementing standards; and</li> <li>• Organize two promotional events and training for social standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Two people trained for facilitation/ implementation of social standards;</li> <li>• One person trained for social compliance: Introduction and Basic Auditor Training Course in Istanbul, Turkey;</li> <li>• 13 companies enrolled in the BSCI standard implementation process. Three companies audited with high scores. Other seven companies incorporated all adjustments and are ready for audit. Last three companies working on adjustments;</li> <li>• Facilitated linkages to social auditors and provided support to 13 companies in organizing their certification or recertification;</li> <li>• Public call from the MoE in support of developing, maintaining and applying socially acceptable practices of business entities in the RNM for 2019, forwarded to member companies. Additional support provided to nine members regarding the call; and</li> <li>• First promotional event and trainings for Social standards held on May 12, 2019 with 20 participants. The second promotional event held on October 29, 2020 with 29 participants.</li> </ul>
<b>Develop Public Relations (PR) mechanism for restoring the positive image of the apparel sector</b>	<ul style="list-style-type: none"> <li>• Broadcast of 24 contact television shows with textiles and apparel topics.</li> </ul>	<ul style="list-style-type: none"> <li>• Broadcasted 24 television shows on the Shtip-based local television station TV Star, covering topics of interest to the textile trade in the region and promoting TTA's activities and services. The last show in January 2021 was: <ul style="list-style-type: none"> <li>○ Promoting social standards among textile companies, what are the buyers expectations.</li> </ul> </li> </ul>
<b>CHALLENGES</b>	No challenges during Q2.	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
<b>\$55,090</b>	<b>\$55,090</b>	<b>\$0</b>

## STARTUP MACEDONIA

### **Project Title: Development of a data-driven start up platform to increase ecosystem competitiveness and connect newly created innovative companies with relevant BSOs and investors**

Startup Macedonia, positioned as an ecosystem umbrella organization and acting as a mediator between stakeholders, is developing a transparent startup ecosystem software platform. The platform will aggregate data, programs, and various talents to help improve decision making and the creation of new services. The objective is to facilitate the creation of new companies, improve access to finance for startups, and enable BSOs to create corporate innovation and provide more productive services to new and established companies.

DESCRIPTION OF ACTIVITIES	OUTCOMES	ACHIEVEMENTS TO DATE
<b>Building data driven startup platform (software) for connecting the ecosystem</b>	<ul style="list-style-type: none"> <li>Fully designed and operational Startup Platform.</li> </ul>	<ul style="list-style-type: none"> <li>The platform was designed in six phases and is fully operational.</li> </ul>
<b>Strengthening organizational capacity to support the ecosystem</b>	<ul style="list-style-type: none"> <li>Staff hired and trained and strengthened in internal operations (capacity building);</li> <li>Business plan development; and</li> <li>Generate fees from services.</li> </ul>	<ul style="list-style-type: none"> <li>Startup Macedonia has two full time employees (Project Manager [PM] and Program Coordinator) and five consultants (Legal, Foreign Promotion, Business, Marketing, and Ecosystem PR). Eight people have been engaged as Interns. At the end of the grant there were two active trained Interns in the organization (Administrative and Platform Admin Assistant). The PM and other staff members have undergone mentoring and training on managing structures, administrative work, communication with membership, human resources, annual planning, project cycle management, events planning, financial and audit training;</li> <li>FITD and Startup Macedonia signed a MoU for the use of FITD offices without compensation. The PM and Interns attended trainings provided by the SWISS-EP program, the EU Directorate, as well as various online sources. As a result, more than 60 processes have been improved;</li> <li>The Business Plan Consultant completed the internal and external analysis and developed a final document; and</li> <li>Matching service fees are being generated via registration on the platform. The ecosystem platform 2.0 version is officially online.</li> </ul>



<p><b>Platform promotion and startup tour across North Macedonia</b></p>	<ul style="list-style-type: none"> <li>• Promote Platform across North Macedonia (Tetovo, Bitola, Ohrid, Veles, Strumica, Skopje) and internationally; and</li> <li>• 70 registered startups on the platform.</li> </ul>	<ul style="list-style-type: none"> <li>• The Caravan Promotion was executed in the middle of December 2020 as a hybrid event, five cities were visited. Promotion of the organization, current activities, and the main project is ongoing at many local, national, regional, and global startup events; and</li> <li>• To date, there are: <ul style="list-style-type: none"> <li>○ 127 (non-paying) startups;</li> <li>○ Four paying startups;</li> <li>○ 37 (non-paying) support organizations;</li> <li>○ Six paying support organizations.</li> </ul> </li> </ul>
<p><b>Study visit to Israel</b></p>	<ul style="list-style-type: none"> <li>• Study tour in Israel for 13 participants to drive the creation of business, accelerator and investor networks, as well as improve knowledge sharing; and</li> <li>• Participants implement the knowledge gained.</li> </ul>	<ul style="list-style-type: none"> <li>• 16 representatives of local startup ecosystem stakeholders visited Israel in April 2019. By visiting 12 Israeli startup ecosystem entities, participants acquired knowledge and information about accelerator/incubator programs, the relationship between the private sector and academia, and the impact of research and development centers on the whole startup community. Following the Israel study visit, the delegation formed a steering committee that meets quarterly to exchange information on startups, innovation, ecosystem news and to share updates. Each stakeholder shares insights about current activities and events. The last Steering Committee Meeting was held in December 2020;</li> <li>• Applied the acquired knowledge in: <ul style="list-style-type: none"> <li>○ Establishing quarterly meetings with the startup stakeholders to exchange and share mutually beneficial information about the startup ecosystem and each member’s ongoing activity within the startup community. Startup Macedonia assisted SEAVUS, InnoTech Club, and MASIT recruit quality startups for their November and December scheduled events; and</li> <li>○ Closely work with the MoE and other relevant government organizations to enable BAs to invest via convertible loans. Additionally, tackling Article 29 that prevents investment in different companies if there was a previous investment in an unsuccessful startup. A draft initiative has already been developed and sent to the MoE. After attending the second government coordination training, Startup Macedonia sent the revised and final initiative to the MoE. Once the initiative was officially presented to the Ministry officials, it was adopted by the workforce group and is now at the government to be adopted.</li> </ul> </li> </ul>

<b>CHALLENGES</b>	No challenges during Q2.	
<b>APPROVED BUDGET</b>	<b>DISBURSED FUNDS</b>	<b>REMAINING FUNDS</b>
\$83,551	\$83,551	\$0

## BEP LOCAL PARTNER CAPACITY BUILDING

BEP helped build SDC’s capacity to monitor implementation of the BSO grants. SDC representatives attend BEP’s weekly staff meetings, actively participate in discussions relating to activities under OI and contribute to the COVID-19 risk assessments and grant implementation. BEP ensures that SDC will expand their knowledge and build their capacity as a resource for the BSOs on a sustainable basis.

Most SDC organizational improvement activities in selected priority areas were designed to be implemented in a two-year period and have been completed in Year 3. Two activities derived from the SDC’s Business Plan for 2020-2022 that was developed in Year 3, are being realized in Year 4:

- Development of a strategy for accessing markets in Kosovo as well as Bosnia and Herzegovina. During the reporting period, an external provider, local consulting company Epicentar, was selected and developed the requested strategy.
- Development and creation of a Marketing Plan. The scope of work is developed and will be published during Q3.

The following table details the capacity-building activities which have been implemented including achievements to date.

TASK	ACTIVITY	TIMELINE	OUTCOMES	ACHIEVEMENTS TO DATE
4.1.a.	<b>Development of a strategy for accessing markets in Kosovo as well as Bosnia and Herzegovina</b>	Q1 & Q2 Y4	Develop a strategy for accessing foreign markets	The external local experts have been selected. The strategy is finalized and includes findings and recommendations on how to proceed when entering foreign market.

## FACILITATE INTER-BSO NETWORKING AND PARTNERSHIPS

BEP is fostering inter-BSO collaboration capitalizing on the natural overlaps in the mandates and objectives of some BSOs. The goal is to enhance and scale the outcomes of each grant by harnessing existing synergies between BSOs and other stakeholders.

BEP facilitated two networking activities:

- **Info session on the MoE’s 2021 Competitiveness, Innovation and Entrepreneurship Program.** More than 85 participants attended the online presentation—organized by BEP in cooperation with the MoE—that presented the new active support measures included in the Ministry’s 2021 Competitiveness, Innovation and Entrepreneurship Program. During the event, participants had the opportunity to get informed about the available active measures and received guidelines about the required documentation, criteria, and procedure for application, while also giving feedback on improvement of the conditions for application.

- Two-day online regional BSOs networking event.** The main objective of the two-day online networking event was to empower BSOs as service providers by presenting them with modes and approaches for strengthening their role among their members. The event connected the local BSOs with similar developed organizations from different countries in the region of Western Balkan and Europe in a mode of peer-to-peer learning. It included panel discussions with the US Ambassador to North Macedonia, Minister of Economy, Minister of Education and Science, representatives from local, regional and European Union (EU) BSOs. Additionally, 19 BSO-to-BSO meetings were held to network, share information, and establish direct contact for potential joint future initiatives.

The following is a comprehensive status including achievements to date of all networking and partnership initiatives that were undertaken by BEP and SDC.

TASK	ACTIVITY	OUTCOMES	ACHIEVEMENTS TO DATE
I.1. a.	<b>BSO Networking Events</b>	Organize two BSO networking events	SDC organized a meeting with the MOES to introduce BSOs working in adult education with the ministry and present findings and recommendations that BSOs faced during the process of verification of Vocational Education Training programs. The activity may continue with the development of a new verification process. All BSOs and their member companies attended the presentation of the MoE and were introduced to the new active support measures included in the Ministry's 2021 Competitiveness, Innovation and Entrepreneurship Program. SDC organized a two-day online Regional Networking Event. (details in section above)

## **OBJECTIVE 2: IMPROVED MSMEs' ACCESS TO FINANCING**

### **OVERVIEW**

Despite sufficient liquidity among North Macedonia's financial institutions (FIs), businesses face a number of challenges in accessing finance, including: 1) MSMEs and startups often lack the financial literacy to take advantage of funding opportunities and find it difficult to obtain information on financing; 2) banks are not primarily oriented towards serving MSME clients; 3) venture capital funds and BAs struggle to identify strong startups for investment and rarely provide business and management support; and 4) firms are poorly prepared to access funding from equity and impact investors. BEP is working with FFs to ensure that appropriate sources of financing are available and accessible to MSMEs.

As the Project comes to an end, BEP is decreasing its role as a facilitator, encouraging BSOs and companies to establish direct cooperation. In Q2, O2 activities focused on closing the service contracts with all FFs, establishing official cooperation with the local partners and institutions to continue the follow-up activities for promoting the crowdfunding platform Funderbeam, as well as launching an initiative for digitalization of the export insurance application process of the DBNM.

### **SUPPORT MSME'S TO IMPROVE THEIR FINANCIAL LITERACY, MANAGEMENT AND ACCESS TO FINANCE**

#### **ACCESS TO FINANCE (PIPELINE MANAGEMENT)**

The close-down activities related to FFs were finalized and all projected KPIs have been realized through the financial platform 2.0. From January 2018 to March 2021, the FFs assisted a total of 1,014 MSMEs (including startups), 613 of which (60.45 percent) successfully accessed a total of \$110,549,319. Of these, \$81,929,466 was mobilized from financial institutions and \$28,619,853 was self-financed. The Project contracted a total of 48 FFs, while 32 of them (66.7 percent) were most actively participating on the financial Platform 2.0.

### **DEVELOPING NEW OR DIVERSIFYING ALTERNATIVE SOURCES OF FINANCING FOR MSMEs AND STARTUPS**

#### **CROWDFUNDING – FOLLOW-UP ACTIVITIES**

BEP is supporting the MSE in bringing the syndicated crowdfunding platform Funderbeam to North Macedonia's financial market. The platform will allow companies to access new forms of investment funds through raising equity capital. MSE cooperated with Funderbeam SEE (the platform's original developers) and presented the platform before the wider startup business community that included companies, investors, financial institutions, and government agencies. This platform allows Macedonian startups the opportunity to reach a wider audience for financing their projects, while it also allows domestic investors to invest in business projects in which they recognize good potential.

In the initial stage, all start-ups are evaluated on their product/service/idea before they enter the platform and can start raising money. During the second stage, each start-up that enters the platform must have backing from a lead investor, thus motivating angel capital. At this moment, North Macedonia's investor community has limited opportunities for investments due to poorly designed

policies. To address this issue, BEP has also supported the startup community's lobbying efforts for the introduction of the convertible loan as a tool for investment within the Law on Trading Companies, but this initiative is still pending votes in the Parliament.

From the start of this initiative, BEP's activities have spurred interest in the platform among Macedonian companies. To date, three companies have applied to raise funds by creating online applications, but due to a mix of insufficient organizational capacity and lack of a developed prototypes of their products, the companies have had difficulties to proceed to the second stage of the fundraising process. Despite the aggressive campaign of the Macedonian Stock Exchange focused on promoting Funderbeam, the negative effect of the COVID-19 pandemic has discouraged investors from engaging in high-risk deals. Due to the destabilized economy and market flows, the majority of the investment activities were postponed in the past period, which directly affected the development of startups and the stability of their innovative solutions. As a result, the response of the startups to the campaign was insignificant.

However, by the end of Q2 of FY4 a major milestone was achieved with the signing of the first investment contract through the platform. The company Kiimo is the first Macedonian startup to pass the initial phase and attract a lead investor, the domestic company Eurovia. The companies have developed a fund-raising campaign through Funderbeam and will hopefully attract the targeted level of investment in the allowed time frame. Kiimo has developed an application that operates in the sharing economy segment and democratizes the way shipments are delivered by involving all people in the delivery process. This is the first case of a classic corporate investment by a Macedonian company in a Macedonian startup.

## SUPPORT OF MULTILATERAL CASHLESS SETTLEMENT SYSTEM

BEP continues to support the promotion of a multilateral cashless settlement system in North Macedonia. Though companies would see numerous benefits from multilateral cashless settlements, this product is both underrated and underused on the Macedonian market. BEP is cooperating with Rollsoft RSM, the local partner of the Israeli company Rollsoft that operates a sophisticated artificial intelligence-based system for cashless settlement.

BEP's involvement in this initiative is critical in linking Rollsoft RSM with relevant stakeholders, including FFs, BSOs, and public institutions. BEP regularly holds coordination meetings with Rollsoft RSM, closely following and facilitating the company's promotional activities while trying to identify new stakeholders.

In Q2, Rollsoft continued its promotional activities with public sector institutions. They have come to understand the legislation allows public institutions to freely use digital platforms, but these institutions must research the process and prepare procedures and guidelines for participation in the platform. Still, BEP expects that these improvements in the public sector would not happen unless there are some systemic changes within the institutions as well as the payment operations.

Such considerations are also stated in NBRM's report (Fintech survey, Dec 2020), referring to the regulatory barriers for digital transformation and the necessity for some changes in the regulatory framework, tailored to the Fintech business models. The report emphasizes that in some cases the existing law may prevent innovation, or even in such cases where the law allows certain innovation, misinterpretation of the laws may hamper it. To support this statement, the law on acceptance of electronic signature was pointed out as a good example for similar legislative challenges. Whilst the

laws allow the acceptance of electronic signatures, financial institutions may still insist on physical verification of a customer and require a signature in person. As there are many priority areas where Banks and Non-Banks must invest, according to the report findings the general perception of digital transformation may seem more of a “nice to have” rather than “a necessity”. Thus, often the least digitally prepared financial services institutions will feel the most threatened by new Fintech entrants into their market.

To harmonize the domestic payment system with international standards, a new law on payment services and payment systems is being considered, which will help improve the payment system and help companies to easily make payment transactions. Therefore, platforms like Rollsoft are expected to be more readily accepted by the market, both including the private and public sectors, and to influence digitalization and innovation in access to finance. With new technologies, and with regulators possibly opening the financial system to new business models, entrepreneurs will have an opportunity to provide new products and services that are not available in the country at present.

To date, there are 120 companies registered on the platform.

### **BEP COVID-19 CRISIS SUPPORT TO MICRO ENTERPRISES**

COVID-19 is deeply affecting the economic growth of RNM and, thus, jeopardizing the successes that BEP has achieved through supporting MSMEs with FP2.0. BEP is actively involved in minimizing the economic impact of this crisis. Recovery will be supported in two phases. Initially, the focus is on supporting survival of companies to maintain as many jobs as possible. The second phase should focus is on growth of companies that survived the crisis. The depth and breadth of the support in both phases will depend on the ultimate length and severity of the crisis.

The government has designed a set of measures to support the private sector and relieve the negative impact of the COVID-19 pandemic. These initial measures cater to specific sectors and companies that are most affected by the crisis, leaving the sector of nano and micro companies uncovered. Moreover, the Parliament is having difficulties passing the set of laws needed for implementing the latest (fifth) set of measures, thus the start of the measure implementation is expected to be delayed for mid-April.

BEP partnered with two Micro Finance Institutions (MFIs), FULM and Moznosti, and launched a new initiative to support nano company survival and growth. By providing zero interest micro loans, the initiative intends to support a minimum of 300 companies. This includes proposing a new crisis financial product, as well as facilitating the access to these finances, pointing toward a functional system that could be utilized for further crisis support to nano and micro companies.

Both MFIs successfully continued their product promotions and further distributed loans to 74 micro and nano companies. By the end of Q2, a total of \$593,184 was disbursed to 74 nano companies and sustained the realization of the activities in line with the planned KPIs.

The activities are expected to continue until the end of Q3, when the funds intended to support at least 300 nano and micro companies will be fully exhausted by offering loans amounting to \$1 million.

## PRESENTATION OF MINISTRY OF ECONOMY COMPETITIVENESS, INNOVATION AND ENTREPRENEURSHIP PROGRAM 2021

Apart from commercial financing sources available to MSME's through the FF's support, several government support measures are growing as COVID-19 constantly changes. These measures must be utilized effectively as alternative instruments to help MSME's sustain operations, but also grow and innovate. BEP actively supports the promotion of these measures throughout the life of project (LOP) and is planning to continue into the final year.

On February 26, 2021, in cooperation with the MoE, BEP held a virtual information session/workshop, aiming to promote the Competitiveness, Innovation, and Entrepreneurship Program for 2021, focused on MSMEs and BSOs. This was the third virtual workshop event within 2019-2020 due to the cooperation with the MoE and all activities aimed at tailoring the government measures to suit the companies' needs. In addition to the MSME support program, the Ministry representatives have also presented the measures intended for the implementation of the industrial policy, the support of the cluster association, as well as the measures for social responsibility in the business community.

The purpose of the event was for BSOs and FFs to continue to communicate directly with the authorized representatives of the institutions and get acquainted with the existing measures and calls. Based on the services they provide and the established communication with the companies, the BSOs will provide feedback to the MoE about the company's overall perception of the measures and adaptations that can be made in the future to suit the specific needs of the companies. A total of 112 participants (BSOs, member companies, FFs) have joined the Zoom event. The MoE will begin rolling out calls in early Q3 and plans to finalize them by the end of May 2021 due to the upcoming local elections. Funding will be allocated based on the level of development of the regions. The PSE measure is open to all sectors and with an approximate budget of \$35,000 aimed at supporting up to 10 lead companies. Since this support measure is included in the annual operational plan of the Ministry as a result of BEP's initiative, the Ministry expects BEP to provide further guidance. Thus, BEP will help conceptualize the details of the call, focusing on the project development mechanism and support criteria which will be aimed at creating a sustainable measure that will successfully continue to be implemented even after the completion of BEP. At the end of Q2, BEP organized a meeting with the MoE and discussed the final drifted version of the call, as well as all instructions included. The call is expected to be announced in mid-April.

In Q3, the MoE and BEP will sign an MoU to further define the cooperation on the PSE support measure. Additionally, the Ministry has also agreed to collaborate with the IME project and discuss opportunities for replicating this measure to include other sectors.

## OBJECTIVE 3: INCREASING PRIVATE SECTOR ENGAGEMENT

### OVERVIEW

Sustainable MSME growth depends on accessing market opportunities that incentivize firms to invest in expanding their capacity, productivity, and/or labor force. Linking small producers and suppliers to lead firms can provide access to new and secure markets, incentivize upgrades and technology transfer, and facilitate access to finance. This linkage creates value for all by overcoming MSME constraints to growth while strengthening lead firms' supply chains and labor pools. BEP is applying its proven lead firm approach to leverage resources from companies to support MSME workforce and local economic development, and therefore strengthen RNM's private sector. Accordingly, BEP is identifying and facilitating these activities, and providing co-financing and technical assistance, which will demonstrate to the private sector the strong economic incentives for the partnerships to continue.

Through its integrated approach, BEP addressed the following issues:

- Low quantity and quality of milk in the dairy sector;
- Promoted and scaled production of high value crops while introducing new PSE models to the market;
- Demonstrated approach for unlocking value through productivity upgrades in the apparel sector; and
- Supported direct employment through co-financing "training for employment" initiatives.

In its final year, BEP will closely follow and document the developments in the supported sectors, focusing on promoting the PSE approach while increasing sustainability. Additionally, BEP plans to assist in advocacy and lobbying for policy changes that will create the conditions for further scaling and growth of its' initiatives. In Q2, BEP identified and started some of the last direct PSE interventions, as interest has been high, especially in the farming industry.

BEP continued the support for the high value crops initiative, specifically the raspberry supply chain activity which proved to be very impactful, adding a new crop (blueberries) to the initiative. The Project also signed MoUs with five lead dairies which intend to invest a total of \$70,300 in the farmers who supply them with milk. This investment is to be matched by the farmers with \$72,000 of their own finances, while BEP will support the initiatives with an additional \$50,000. A total of 31 farmers will benefit from these interventions, which are aimed at raising their productivity and providing for higher quality and quantity of milk.

Finally, within the Training for Employment initiative, the three lead partners, NewMan's Business Accelerator, VFX Nest and FX3X, continued managing the training processes for 60 candidates enrolled in the CG and VFX trainings (27 candidates for CG and 33 candidates for VFX). In Q2, the team delivered 498 and 932 classes for CG and VFX respectively. Eventually finishing the trainings with a closing ceremony, the lead company is looking to engage 50 of the successfully graduated trainees on real projects that will be implemented in the next two years.



## INCREASE PRIVATE SECTOR INVESTMENT IN ECONOMIC DEVELOPMENT ACTIVITIES

### HIGH-VALUE CROPS

BEP supports dedicated lead firms (growers, aggregators, and/or processors) to develop their supply chains and adapt the pace of expansion to match the rate of supply/demand. BEP started these activities in the Polog region, which has segregated plots of land but has favorable growing conditions for high-value fruits and vegetables which can be profitably grown on small plots of land.

In Year 3, BEP continued to successfully support the lead company LK Raspberry—a raspberry producer and aggregator that aims to double their output as the demand for their products has surpassed supply. LK Raspberry is a family-owned company from Janchishte village in the Polog region. In 2016, LK Raspberry planted a hectare of land with raspberries and a year later, their harvests inspired two more local farmers to plant around 0.15 hectares of raspberries each. From 2018, when BEP started supporting the company, LK Raspberry's supply chain grew to 25 contract farmers, covering a total of 7.2 hectares of land, while the company is the main organizer of production and sale of all raspberries from the region.

Although initially small, the industry has great potential as a source of fresh and frozen fruits both for the domestic and European markets. During the first season which was overwhelmingly fruitful, LK Raspberry and the two cooperants sold 26 tons of raspberries. In their second season, LK Raspberry started cooperating with four more farmers, doubling the area planted with raspberries to 2.6 hectares. As a result, they had a larger harvest (52 tons) and greater profit. During the third year of support, LK Raspberry worked with a total of 25 cooperants (four of which are new and have no product yet) on 7.2 ha of land, yielding 90 tons of raspberries in a year with unfavorable climate conditions. Nevertheless, due to a high price point of EUR 1.67/kg, the revenue generated from raspberry production was EUR 18,370/ha. This is significant increase in revenue per parcel of land when compared to the more traditional crops like corn (EUR 1,600-1,800/ha) and wheat (EUR 300-500/ha), even some higher yielding crops like tomatoes (EUR 9,000-11,000/ha) and peppers (EUR 12,000-14,000/ha). This is one of the reasons BEP has been actively and persistently promoting this supply chain in the region. Additionally, the consolidator LK Raspberry guarantees purchase of the crops under the best conditions for the farmers, based on the market price plus minimum freezing and sales services fees rather than normal profit margins, thereby incentivizing more farmers to start their own plantations. All this resulted in LK Raspberry signing agreements with most of the major distributors in the country for the next growing season, expecting to cover 95 percent of the local market requirements for raspberries. This is a substantial import substitution, as this market was supplied almost exclusively from imports four years ago.

Initially, BEP did not plan to continue this activity going into its final year. However, due to the relatively quick impact of the initiative, the high rate of return, and the timing of the growing season with BEP's end of activity deadline, the project decided to support a new wave of the lead company's cooperants. Additional factors include the growing interest of farmers in joining the supply chain and adding blueberries to the group, thus demonstrating the system can work for other crops assisting the chain to diversify their offer.

Therefore, the initiative in the final year will add another four farmers to the group, expanding the area for an additional 2.2 hectares. In Q2, BEP finalized the procurement for the drip irrigation systems for the mentioned land, while the farmers were securing their water supplies and preparing the land.

BEP finalized the organic re-certification of lead company IRN Agro's suppliers of aronia. These 3 plots of land (2.5 Ha) which were to date "in transition," are finally certified as organic with no further re-certification needed, and products grown on them can be designated as "organic."

BEP will continue to follow developments in the industry, inform the supply chain of new sources of support which may further scale this initiative and provide conditions to increase exports.

## DAIRY

North Macedonia's dairy sector, though promising, has struggled to meet market demands both for quantity and quality of raw milk. The causes are numerous, but the most pressing are the poor implementation of production standards, outdated farm management practices, suboptimal animal welfare, and the high cost of fodder production. BEP is using an integrated approach to address these issues via interventions under all three project objectives. In Year 1, BEP began by co-investing with lead companies in farming equipment that address some of the productivity issues. In Year 2, BEP scaled-up support to the sector not only with equipment, but also by supporting the development of extension services under O1, facilitating access to finance under O2, and training on improved farm management under both O1 and O3. In Year 3, BEP continued to scale its efforts, moving into other regions after being exclusively focused on the Pelagonia region, while dairies like BiMilk planned supplier development programs in collaboration with BEP.

Part of this scaling achieved by procuring technology for the farmers under the authorized CM Number 25. The total budget has reached \$790,300, with lead partners co-investing \$324,800 (41 percent), beneficiaries co-investing of \$233,500 (30 percent), and BEP co-investing of \$232,000 (29 percent). Currently, lead company investments have reached \$189,700 while BEPs co-investment is \$155,573. This unleashed \$1,219,400 of investments from the beneficiary farmers increasing their capacities.

Although COVID-19 delayed some of the activities in this initiative, BEP managed to finalize all equipment procurements and installations, except for the beneficiary farmers of Mlekara Bitola. This dairy changed its farmer support mechanisms, which pushed their investment to 2021. In the meantime, in Q2, Mlekara Bitola got final authorization to go forth with their investments, while BEP finalized the procurement of equipment for their farmers who are in the process of preparing their farms, including farm construction adaptations and expansions. It is expected that this activity will run throughout the next quarter and will be finalized by its end.

The results of this initiative prompted the Project to continue with interventions into its final year, even though, like the raspberry supply chain, this was not planned. Thus, during Q2, the team developed additional interventions with five lead dairies, supporting productivity improvements on a total of 31 farms across the country. After the activity was authorized in early March, procurement processes have been initiated, targeting to finalize the whole intervention during Q3.

Finally, BEP is continuing support of lobbying efforts of the BSO "Seal of Quality" in the following:

- Changes of the system for milk subsidies aimed at promoting farmers to produce higher quality milk;
- A "lex specialis" law allowing farmers to register farms currently classified as "adjacent buildings;" and
- Changes in the law for land concession giving registered farmers priority in tenders of arable land plots.

## VALUE ADDED FOOD PRODUCTION (SNAIL FARMING AND PROCESSING)

This PSE initiative focused on increasing the productivity of the snail farming supply chain of the lead firm Agro-link. Since its establishment in 2005, the lead firm has been intensively developing the cultivation and export of snails from North Macedonia. Recently the lead has started developing a processing capacity, and in cooperation with a local pharmaceutical company is supplying inputs to experiments in cosmetics. Agro-link used to sell 100 percent of its raw products in several European countries (Czech Republic, Italy, Greece, France, etc.), with the average price of one kilogram of snails ranging from \$2.8/kg to \$3.2/kg. However, much more value can be added since the price of processed snails on the global market can reach over \$20/kg, while snail slime and shell have become extremely popular in the cosmetic and pharmaceutical industries in the last couple years (snail slime powder can reach a price of \$60-80/kg). By modestly supporting this supply chain, BEP is indirectly supporting two new revenue streams, both of which have a growing value added.

The harvest of the snails was finalized last quarter, while the three supported farms generated revenues totaling over \$13,000, or about \$4,300 per farmer. As farm set-up costs were less than \$6,000, BEP considers this a good return on investment, especially since next year the farms should yield 2-3 tons of each class. Also this quarter, Agro link started with processing operations that include three different snail products: snail meat, snails poached in butter, and snail slime. In this period the company managed to process more than 1,000 kg snails and secured the market for local consumption by signing contracts with local restaurants and markets. The current retail price for the snail products ranges around \$13.5/kg for snail meat, \$0.6/piece for butter-poached snails, and \$76.5/kg for snail slime.

## MANAGEMENT OF PSE INITIATIVES BY LOCAL PARTNER SDC

The local subcontractor SDC's capacities are being strengthened by expanding their scope of work with management of PSE initiatives related to workforce development, apparel sector interventions and the development of fresh vegetable supply chains in the Vardar region. After the completion of the procurement procedures for the potato cleaning and packaging machine (part of the Vardar region fresh produce supply chain development initiative), SDC—in cooperation with BEP—facilitated the processes of delivery and installation of the equipment at the beneficiary's site. Additionally, SDC took an active role in coordinating and monitoring the implementation of the two tripartite agreements for provision of trainings for CG and VFX artists under the Training for Employment initiative.

## WORKFORCE DEVELOPMENT

BEP is supporting lead company investments into workforce development to address lacking vocational labor in RNM. BEP co-invests with the private sector in Training for Employment initiatives imparting vocational skills to unemployed or underemployed youth and adults, adults seeking requalification, and employed adults looking for additional qualifications to become eligible for better jobs. SDC has managed BEP's workforce development initiative this year.

BEP developed a partnership with the local company FX3X on a training for employment initiative. FX3X works in the visual effects and CG animation space for film, TV and interactive media and had the need to train between 45-90 CG and VFX artists, of which the most successful will be employed in 2021. The key objective of this activity was to successfully train candidates for direct employment in the visual effects and CG animation industry. The total budget for this activity is up to \$525,704, with partners co-investing up to \$424,712 and BEP contributing a maximum of \$99,992.

Two training providers, NewMan's Business Accelerator and VFX Nest, together with the lead company FX3X, continued to coordinate the organization and management of the training process. By the end of January, the training for CG Modeling and Animation was completed. A month later, the VFX Artists trainings were also finalized. The participants were encouraged to use the online option depending



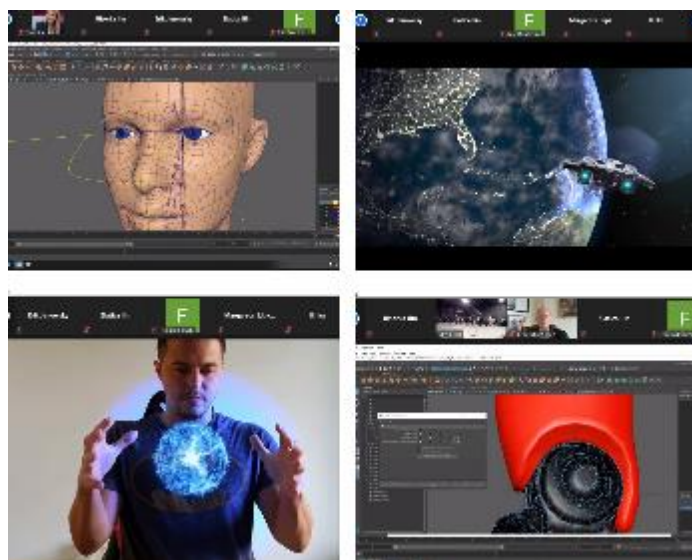
*Trainings on CG and VFX  
Photo Credit: NewMan's Business Accelerator*

on their medical risk factors and personal learning preference. During the reporting period, a total of 2505 classes were delivered (793 for the CG training and 1,712 for the VFX training). Also, the final bonus Subject "Pipeline introduction (FX3X specific)", with total of 12 classes was delivered by FX3X's production team for both the CG and VFX groups.

Out of 60 participants who completed the two trainings, 50 trainees (83.3 percent) are being engaged in concrete projects. By the end of Q2, six participants (four CG and two VFX artists) have already signed contracts with other companies, while 44 will be engaged in FX3X in the following manner:

- 31 artists will be engaged in FX3X (13 in CG animation and 18 in VFX) in the period from April to September 2021; and
- 13 additional people (eight in CG animation and five in VFX visual effects) will be engaged in the period from November 2021 to June 2022.

This quarter, as a part of the "Meet our trainees" media campaign, six interviews were finalized and published on the partners' web pages and on varied social media. The preparations for the final (closing) event started in February, including development of an agenda, design of certificates and definition of the technical aspects of the event which was hybrid. The event was held on March 6, 2021 in a FX3X studio, with simultaneous online and onsite presence. The event included presentations of the work that trainees produced and an award ceremony of certificates for successful completion of the trainings were presented to all 60 participants.



USAID country representative, Mr. Eric Janowsky addressed the attendees at this event. After the event, a press release was sent to the media and the event was covered by 15 different media portals.

The following table is the status including achievements to date of all activities planned under the Training for Employment initiative:

#	ACTIVITY	TIMELINE	OUTCOMES	ACHIEVEMENTS TO DATE
1	Organization and management of the training process	Y3 Q4—Y4 Q1 (Completed)	Successfully organized and managed training process— training providers and beneficiary communicate with media, mentors and with the potential and later confirmed participants, managing the tests assessment, career counseling and delivery of trainings in accordance with the latest industry development, mentors' recommendations, and the best approach to identify candidates that will be the most successful as VFX or as CG Artists.	<p>The number of participants regularly participating the trainings is 60 (27 for CG artists and 33 for VFX artists).</p> <p>Participants were combined in smaller groups for more individual work and tailor-made delivery of the training material. Training program delivery (onsite and online) is maintained at quality level. Both CG and VFX trainings are completed, including the bonus subject delivered by FX3X production. Status report of the students' progress and results were finalized. BEP estimates that 20 students will be offered to be employed in FX3X with a possibility for another 10.</p>
2	Creation of curricula based on latest standards in the industry and companies' needs for the 24 subjects (12 for CG animator training and 12 for VFX artist training)	Y3 Q4 (Completed)	Curricula created for the 24 subjects, 12 for each of the trainings (12 for VFX artists and 12 for CG animators).	Training plans and programs were prepared and finalized in August 2020. The curricula for 24—12 for each of the trainings—were prepared and completed until December 2020.
3	Selection, interviews, and engagement of Subject matter Mentors	Y3 Q4 (Completed)	CG subject mentors and VFX subject mentors recruited to deliver the trainings.	Following a selection procedure, five senior CG mentors and eight VFX mentors were engaged. One of the CG Mentors was replaced with a new mentor during August 2020 due to his ability to lecture the new subject "Substance Painter".
4	Design of brand identity and promotional	Y3 Q4 (Completed)	Brand identity and promotional materials and templates designed.	In coordination with SDC, BEP created an engaging and easily recognizable brand identity

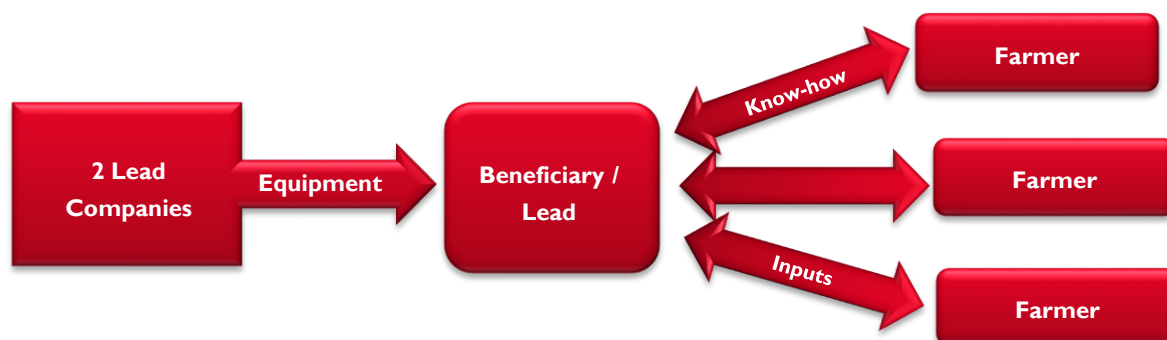
	materials and templates			following the USAID visibility guidelines.
<b>5 and 6</b>	Running a public campaign via traditional and social media promotional events and content creation and blog posts at training providers web pages	Y3 Q4—Y4 Q2 (Completed)	Public campaign approach developed and implemented for all stages of the process and content about the career opportunities and benefits of the training programs created and regularly published.	BEP conducted two public campaigns. One public campaign for attracting participants and start of the trainings and “Meet our trainees” campaign, within which 12 training participants were interviewed and promoted on web and social media. The second event was promoted via press release sent to a number of media BEP expects to release a results summary.
<b>7</b>	Communication with students, phone calls and attraction of participants	Y3 Q4 (Completed)	BEP attracted 140 potential applicants for the trainings and communication established through phone calls and student database.	143 candidates officially applied for both VFX and CG trainings. BEP established active, friendly, and open communication with all candidates about their expectations from the training career goals, and different career paths.
<b>8</b>	Organization of final event and giving certificates	Y4 Q2 (Completed)	Organized final event and certificates awarded to the participants who successfully finished the trainings.	Final event organized and certificates awarded to 60 participants.
<b>9</b>	Training labs and equipment lease	Y3 Q4—Y4 Q2 (Completed)	Two training labs with equipment prepared.	Both CG and VFX training labs received suitable IT equipment and maintained safe distance between participants, as well as other COVID-19 precautionary measures. Equipment and internet links provided for simultaneous and interactive delivery of the training for the online participants.
<b>10</b>	Career profiling tests, career counselling, and interview training	Y3 Q4 (Completed)	A maximum of 60 candidates assessed and career profiled for CG animator trainings and maximum of 80 candidates assessed and career profiled for VFX artist trainings. At least 45 (15 in CG animator trainings and 30 in VFX artist trainings) and maximum of 90 (30 in CG animator trainings and 60 in VFX artist trainings) identified and enrolled.	NewMan's performed 60 career profiles for CG animators while VFX Nest performed 69 career profiling sessions for VFX artist. By the end of August 2020, 63 candidates in total (27 for CG and 36 for VFX) confirmed their participation. During September, 2020 four of the accepted candidates for VFX, due to changes in their schedules and withdrew from further participation. Yet, one new participant applied and was accepted. The updated number of participants at the VFX

				training was 33 and 60 participants for both trainings.
11	Design of entry tests	Y3 Q4 (Completed)	Four Technical entry tests and career profiling tests (two in CG and two in VFX designed).	Designed four technical entry tests and career profiling tests (two in CG and two in VFX).
12	Selection of candidates based on test results and face-to-face interviews	Y3 Q4 (Completed)	A maximum of 60 candidates assessed and career profiled for CG animator trainings and maximum of 80 candidates assessed and career profiled for VFX artist trainings (at least 45 (15 in CG animator trainings and 30 in VFX artist trainings) and maximum 90 (30 in CG animator trainings and 60 in VFX artist trainings) candidates identified and enrolled.	NewMan's performed selection interviews with 60 candidates and VFX performed selection interviews with 68 candidates in total.
13	Subject matter mentors' fee (420 hours per group with four groups)	Y3 Q4–Y4 Q2 (Completed)	2,480 hours in total or 1,680 hours of trainings delivered for VFX trainings and 800 hours for CG trainings (420 hours per group).	BEP delivered 119 CG training classes and 527 VFX training classes. In total, BEP delivered 793 CG classes and 1,712 VFX classes training.

## DEVELOPMENT OF FRESH VEGETABLE SUPPLY CHAIN PRODUCTION IN THE VARDAR REGION

As a small country, North Macedonia can cover its needs for food products if it meets sector standards in terms of value and price. However, North Macedonia needs a transformational shift from traditional vegetable production on small-sized separated farms into farming on larger plots with up-to-date technologies. Growing specific crops should follow standard protocols and be coupled with consolidation of smaller farmers who would be a part of a system that implements the same growing and postproduction standards, which is crucial for getting a unified product for a competitive price.

Last year, BEP launched a new PSE initiative to support the development of a contract farming supply chain in tuberous crops in the Municipality of Chashka—one of the most underdeveloped rural areas in North Macedonia. BEP is partnering with the lead companies Fruitland Veles (a sister company of Zito Veles) and LARS from Stip for this endeavor, while ATA Holding is both a lead company and beneficiary.



This initiative is a new model under BEP's PSE approach as elaborated in the annual plan for Y3 and intends to promote the PSE model in organized vegetable farming. Fruitland Veles and LARS, co-investing with BEP, will provide adequate equipment for post-harvesting manipulation and packaging of vegetables. Lead companies will have contracts with ATA Holding as an aggregator for producing the crops, providing the farmers a guaranteed market for the produced vegetables. ATA Holding will in turn organize 10 small- to mid-sized farms, committing to the proper application of standards provided by the lead companies. Furthermore, the production of vegetables will be exclusively for the lead companies, who will educate the cooperants on good agriculture production practices. BEP will co-invest in post-harvesting equipment and will provide on-the-ground monitoring and support.

This initiative will develop an innovative production model for the supply of domestic high-quality vegetables for big merchants and trade chains in the country. Having a guaranteed place in the market, good practices and high-quality products will increase profitability for the producers. Furthermore, a new ecosystem of business providers will also help in increasing the employment of the local population, thus reducing emigration. By ensuring the stability of these businesses, lead companies are expected to make further investments in their supply chains, including establishing a fruit processing business, thereby generating new jobs and opportunities for added value and diversification with other crops.

BEP delivered the potato cleaning and packaging machine was delivered to the beneficiary on December 26, 2020. ATA Holding is now in construction of the processing building where this machine will be housed and operated. The farmers have proceeded with their on-field operations, and it is expected that until mid-April 2021 the equipment will be installed and ready to be used for the upcoming spring harvest.

## **JOURNEY TO SELF-RELIANCE**

### **OVERVIEW**

BEP catalyzes systemic changes to support North Macedonia's economic self-reliance. BSOs and the private sector must collaborate closely with the public sector to tackle difficult issues that may be impossible to resolve without the involvement of public institutions. One clear example is lobbying for and assisting with dairy sector policy reforms, removing administrative inefficiencies, and limiting the ability to invest in modern dairy farms. In other cases, working with the public sector is about streamlining BEP's development solutions into public policy and practice. Such is the case with BEP's PSE inclusive growth model, which can be sustainable even without public sector support, but can be much more effective when buoyed by concrete Government measures. In cases like the campaign to promote vocational careers and education collaboration with the public sector, it is important to scale activities by leveraging resources from Government partners.

Thanks to its constant presence in the field, BEP provides technical assistance, facilitation, and actionable data that public institutions find valuable. Most public institutions have limited contact with private and civil sector stakeholders; even when such links exist, they are not always trusting and collaborative relationships like the ones BEP nurtures within its network of partners. Therefore, BEP is well-positioned to support its public sector partners by acting as a neutral party that can bridge the gap between sectors and institutions. BEP is working to overcome challenges such as the constraints on Instrument for Pre-Accession Assistance for Rural Development (IPARD) funding for the dairy sector, which stem from a lack of inter-institutional coordination and lack of capacity of units of local self-governance. For both organizational and political reasons, institutions often work in silos on issues



that cannot be tackled by any single institution alone. BEP's ability to step in as a facilitator is crucial to increasing the efficiency of policy implementation and reform.

BEP is continuously working with its institutional partners on designing sustainable support programs that reflect the Project's approach to local economic development. In partnership with the MoE, BEP is facilitating a measure in support of PSE activity. In addition, BEP is supporting the lobbying initiative of the BSO "Seal of Quality" aimed at improving public policies, processes, and capacities for the development of North Macedonia's dairy sector. Furthermore, BEP continued lobbying towards amending the Law on Trading Companies and supporting the development of the startup ecosystem in general.

Finally, and possibly most important, BEP's PSE approach has resonated within the public sector, which can be seen from the number of new initiatives which include the PSE model as a basis.

## SUSTAINABILITY OF THE PSE APPROACH

### COLLABORATION WITH THE MOE - PSE SUPPORT

BEP has coordinated with the MoE to model one of their business support instruments under their SME support programs after the Project's PSE approach. Though the MoE's operative plan for 2020 envisioned a measure in support of a PSE activity for the apparel sector, the program was cancelled due to COVID-19. Nevertheless, the measure is included in the MoE's plan for 2021, for which BEP organized a promotional workshop inviting partners like FFs, grantees, companies, and members of the grantee BSO's. This time, the measure is open to any member of the processing industry, not just the apparel sector. Thus, lead companies which have jointly invested with BEP in a third supplier will be able to apply for the Ministry to subsidize a maximum of 50 percent of their part in the investment, making 75 percent of the project costs covered by donations/grants. The measure is planned to be implemented by end of next quarter, and the MoE is to contact BEP to consult on the specific conditions under which the measure will be launched.

### COLLABORATION WITH MAFWE - AGRISECTOR PSE

BEP supported the initial efforts of the dairy sector's representative BSO (Seal of Quality) to develop and present an action plan to the new Minister of Agriculture for support of the sectors' growth. This plan addresses the needs of the farmers that supply the dairy sector, indirectly aiding the dairies. The focus was the introduction of a policy for farm subsidies based on milk quality, rather than the currently applied flat rates. Adding a premium for high quality milk would incentivize farmers to invest in their production, while continuing to serve as a social support mechanism for the smallest farmers. The other critical point was the initiation of a *lex specialis* law, geared towards legalization of construction categorized as "support structures" which have been adapted into farms. This would enable farmers to more readily access IPARD financing, the lack of which has been the subject for criticism of the Ministry. Unfortunately, the initiative has been postponed, and no further actions have been taken. BEP is consistently following-up, searching for an opportunity to add this back to the Ministry's agenda.

BEP was invited to participate on a working meeting of the Sector Working Group for Agriculture and Rural Development, which included a presentation of the IPA III Strategic Response indicators as well as the National Strategy for Agriculture and Rural Development 2021-2027. This presentation initiated additional meetings with the State Advisor for Policy Analysis, Mr. Perica Ivanovski, discussing two potential activities tied to the strategic objective S01 (Viable farm income and resilience to enhance food security).

The first measure, entitled "Integration of supply chains," reflects much of the PSE work done by BEP. The concept here is for the Government to co-invest with the private sector. The issue with this measure is the undefined mechanism of how it will be implemented, the identified catalyzer/consolidator who would act as an honest broker to recognize, develop, and facilitate initiatives that would work toward expansion of sustainable linkages between key stakeholders in agri-business. These linkages should be geared towards productivity gains throughout the whole supply chain. As BEP has had experience in this, it was agreed with MAFWE that BEP can help with initially taking on this role of the "facilitator", helping to develop a sustainable mechanism which could further operate independently. This would be one of the discussion topics on the first meeting between USAID director and the Minister for Agriculture.

The second activity discussed had to do with a measure calling for assistance in forming of common, private mutual funds in farming. These would be farmer financed and are meant to offset farmer losses

due to price fluctuations (climate change, market conditions, etc). However, this is a longer-term activity as it requires changes in the legal infrastructure, so immediate role for BEP was not identified.

## **FITD ON PSE**

Towards the end of Q1, BEP was contacted by the Fund for Innovation and Technological Development (FITD) to be consulted on our experiences with PSE. This is because the Fund intended to launch a program where they would call out to “lead companies” to support start-ups, including them in the lead’s supply chain or market offer. During the month of February, FITD’s “Corporate Innovation Program” was officially launched. Some of BEP’s propositions were taken into consideration, like the process for application and opening the call to all sectors. After the call was promoted, BEP noted to the Fund that it would support this program if the support is through level of effort, not financial contributions. BEP identifies this opportunity as a potential for future donor support.

## **TIDZ ON WORKFORCE AVAILABILITY**

BEP was contacted by the TIDZ, the body tasked with attracting and negotiating with the FDI’s researching operations in North Macedonia. Recently, investors turned focus from government subsidies (fiscal and financial stimulus packages) to availability of work force, something that BEP has had a role in tackling through its “training for employment” PSE initiatives. Knowing this, the TIDZ sought an exchange of experiences with BEP while gauging the possibility for having the project support some initiatives which could be initiated soon. One such initiative was an activity assessing the available workforce (numbers and profile) in North Macedonia, since data coming from the Employment Agency tends to skew reality. While BEP could not promise financial support going into its final year, the project staff made themselves available for information sharing and data gathering within their network. This potential activity would also include projects with which BEP had past cooperation, the Swiss funded E4E and IME. On further discussion, BEP proposed, and the TIDZ promised to seriously consider, an approach which could emulate BEP’s “training for employment” interventions where the co-financing of the training activities would be provided by the government working with local educational and training institutions. Further action will be taken in Q3.

## **PUBLIC OUTREACH**

### **PROMOTIONAL MATERIALS**

Q2 activities focused on summarizing the results achieved in supporting the BSOs in North Macedonia, successful PSE and Training for Employment initiatives, raising awareness on the environmental impact in agricultural production.

- Two videos were developed for the Regional Networking Event, showcasing the results achieved in OI and the champion services that were developed to support the BSO’s development.
- A factsheet was developed for Rollsoft RSM’s Multilateral Cashless Settlement System, highlighting BEP’s crucial role in the process of introducing a new financial product in North Macedonia’s ecosystem.
- The Dairy sector factsheet emphasizes USAID’s assistance through PSE initiatives in the sector and was approved for further promotional use.

- BEP developed two pictograms to underline the benefits of USAID assistance to water saving in agriculture through the Project's initiatives.
- One success story was developed to promote the activity where almost 40 e-shops were opened in a joint initiative between BEP and the Macedonian E-commerce association. The story stresses the significance of this intervention which fosters the development of the e-commerce industry especially during the Covid-19 pandemic.
- Six trainees from the 3D Animation and Visual Effects Trainings shared their personal stories related to the motivation which led them to enroll in this specific training, first impressions and future expectations, as part of the newly developed outreach product "Meet our Trainees".

## MEDIA COVERAGE

BEP extended the contract with the local online news magazine inovativnost.mk for the writing and publication of 10 articles. These articles will focus on demonstrating BEP's value creation models to local stakeholders to educate them and incentivize replication after the project's conclusion. They will emphasize the importance of further implementing the PSE concept and Training for employment initiatives, as one of the possible solutions for creating sustainable strategies within the business sectors.

Contracts were also extended with the TV show "Agrar" and TV show "Najdobriot rabotnik." These contract extensions came after the anticipated need for extending the timeline for airing all of the agreed episodes due to COVID-19.

BEP's activities and accomplishments were published in numerous media outlets, resulting in over 154 media articles.

## EVENTS

Four events took place, three of which were organized by grantees under the Project and one was organized by BEP in cooperation with its local partner SDC.

On Wednesday, February 24, 2021, Solar Macedonia organized a Certificate Award Event for the candidates that completed the Training for Solar Installers organized with BEP. The training participants improved their skills and know-how on solar thermal, photovoltaic, and photo/thermal solar systems that are crucial for developing and improving of the industry's workforce. Among the speakers who praised the candidates on their extensive work done in the past three months were the Solar Macedonia's President, Professor Ilija Nasov; the Deputy Prime Minister in charge of Economic Affairs, Mr. Fatmir Bytiqi; and the USAID North Macedonia Country Representative, Erik Janowsky. At the event, Solar Macedonia also highlighted the results of the activities supported by BEP, in addition to portraying the current challenges and opportunities within North Macedonia's solar sector.

In addition, on March 6, 2021, local lead companies FX3X, VFX Nest Training Center, and Newman's Business Accelerator organized a Certificate Award Event for the candidates who completed the 3D Modeling and CG Animation training provided with the support of the USAID Business Ecosystem Project. For the past six months, over 60 trainees were trained for direct employment in the visual effects (VFX) and computer-generated imagery (CGI) animation industry. USAID Country Representative Mr. Erik Janowsky joined trainees, their mentors, artists, and movie enthusiasts by commending them and the lead companies for their efforts. This initiative focuses to reduce youth unemployment with an emphasis on positions with competitive incomes, thus increasing the retention of young people in North Macedonia and contributing to the resilience of the economy. By co-investing

with the private sector in this “training for employment” initiative, BEP provided vocational skills to unemployed or underemployed youths and adults seeking requalification, and employed adults looking for additional qualifications to become eligible for better jobs.

Furthermore, on March 17, 2021, a close-out ceremony was organized for 15 companies that were supported through the Post COVID-19 Transformative Program, developed by ECNWM. This program focuses on supporting the survival of as many companies as possible, thus keeping as many jobs as possible, while assisting the growth of the survived companies that are currently drained of resources. Through the Transformative Program, ECNWM provided companies with one-year free membership in the Chamber; partnership in the Chamber’s distribution system; development of a business plan; trainings and mentorships; and free of charge promotional videos.

The last event attended by the US Ambassador took place on March 25-26, 2021. The Regional Networking Event “New approach for BSOs”—organized with SDC— empowered BSOs via a regional discussion about the modes for strengthening their ability to serve members, sustain activities, and connect with similar organizations from the Western Balkans and Europe in peer-to-peer learning. Among the other panelists at the event were the Minister of Economy, Kreshnik Bekteshi; Minister of Education, Mila Carovsk;, board member of the MAMEI, Marta Naumovska Grnarova; representative of the Innovation and Entrepreneurship Center Tehnopolis in Montenegro, Aleksandar Janicic; and the Project Manager at Chamber of Commerce of Milan, Ilaria Bonetti. Grantees received their certificates of appreciation from the Project since the event also marked the end of BSO assistance under BEP.

## OPERATIONS AND ADMINISTRATION

### STAFFING CHANGES

BEP Communications and PR Manager, Sara Kajevikj resigned from her position, which was filled in by Tamara Todorovska.

### CONTRACTING AND COMPLIANCE

The table below shows the total number of Concurrence Memos approved by USAID Contracting Officer’s Representative (COR) to date worth \$1,561,240.

<b>TOTAL OBLIGATED:</b>	<b>\$1,561,240.00</b>
<b>TOTAL SPENT:</b>	<b>\$1,164,975.08</b>
<b>TOTAL REMAINING:</b>	<b>\$396,264.92</b>

BEP continued the implementation of activities per USAID COR-approved Concurrence Memos, as shown below.

CM #	Concurrence Memo Title	Objective	Effective date	End date	CM value obligated	Partner cost-share	Beneficiaries Cost-Share	BEP %
1	Start-up Macedonia	QW	15-Dec-17	30-Mar-18	\$5,000	\$-	\$0	100%
2	Kariera.mk	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	MAMEI-EXPO and Amendments 3	QW	1-Jan-18	30-Sep-18	\$26,053	\$13,020	\$0	67%

4	Point Pro Consulting	O1&2	1-Jan-18	31-May-21	\$75,000	\$-	\$0	100%
5	Launch FP 2.0 and Amendment	O2	15-Jan-18	1-Mar-21	\$420,000	\$-	\$0	100%
6	IRN-Agro DOO/Building Organic Aronia Supply Chain	O3	1-Mar-18	1-Dec-18	\$12,049	\$87,436	\$0	12%
7	Rade Konchar TEP/Student Competition, Mechanical Engineering Faculty	O3	1-Mar-18	1-Nov-18	\$6,250	\$25,650	\$3,050	18%
8	Suna Star/Cooling Storage for Apple Farmers	O3	1-Mar-18	1-Mar-19	\$7,500	\$11,300	\$3,050	34%
9	Okitex/ Certification of Textile Suppliers in Social Compliance Standards	O3	15-Mar-18	1-Jul-18	\$6,800	\$17,900	\$1,000	26%
10	Zdravje Radovo/Higher Hygiene Standards in Milk Collecting and Gathering Higher Income for Farmers	O3	N/A	N/A	N/A	N/A	N/A	N/A
11	Development of Raspberry Production Supply Chain	O3	18-Apr-18	30-Apr-19	\$14,800	\$20,000	\$37,600	20%
12	Development of Dairy Supply Chain in the Pelagonia Region, SANO, Eko Shar	O3	18-Apr-18	30-Oct-18	\$25,250	\$28,500	\$0	47%
13	Ha Teks and Kuliteks, Lead Firm Invest in Supply Chain and Labor	O3	30-May-18	31-Dec-18	\$20,900	\$29,100	\$0	42%
14	Blanket Apparel	O3	1-Oct-18	9/31/2020	\$50,000	\$50,000	\$0	50%
15	Global Entrepreneurship Week	O2	15-Oct-18	15-Nov-18	\$4,000	\$4,375	\$0	48%
16	Increasing Productivity Across the Dairy Supply Chain, Amended 5/6/2019	O3	1-Oct-18	30-Sep-20	\$109,500	\$129,400	\$0	46%
17	Development of High Value Fruit Supply Chain- Raspberry	O3	1-Dec-18	30-Sep-20	\$10,000	\$17,750	\$24,700	19%
18	National Media Campaign to Promote Public Sector Engagement	O3	6-Jun-18	28-Sep-19	\$25,000	\$50,000	\$0	33%

19	National Media Campaign to Promote Public Sector Engagement, Suzana Trajkovska, Agrar	O3	1-Jan-19	31-Dec-20	\$10,320	\$25,500	\$0	29%
20	WFD PSE Intervention for Vocational Profession	O3	19-Feb-19	30-Sep-20	\$50,000	\$50,000	\$0	50%
21	National Campaign to Promote Vocational Careers and Education	O3	1-Mar-19	30-Apr-21	\$25,000	\$122,000	\$0	17%
22	Angel Investment Policy Paper Development		15-Aug-19	31-Oct-19	\$2,500	\$0	\$0	100%
23	Online Media Outreach Through Magazine Articles in Inovativnost MK		1-Sep-19	31-Dec-19	\$3,600	\$0	\$0	100%
24	Global Entrepreneurship Week - 2019	O2	15-Sep-19	30-Dec-19	\$5,000	\$5,000	\$0	50%
25	Increasing Productivity Across the Dairy Supply Chain, Amended FY2019/2020	O3	1-Oct-19	30-Sep-20	\$212,000	\$226,000	\$184,500	48%
26	Development of High Value Fruit Supply Chain	O3	1-Oct-19	30-Sep-20	\$27,300	\$34,450	\$58,340	44%
27	Pilot Project Mogila Municipality - Dairy Farmers and Small Business	O3	15-Sep-19	31-May-21	\$15,000	\$49,000	\$0	23%
28	Television Show to Promote Vocational Carriers and Education	O2	1-Nov-19	31-Mar-21	\$9,600	\$57,392	\$0	14%
29	Development of Supply Chains for Value Added Food Produce	O3	1-Nov-19	1-Nov-20	\$20,000	\$15,600	\$24,000	56%
30	Training for Employment VFX and CG Arts	SDC	1-Jan-20	1-Oct-20	\$100,000	\$424,500	\$0	19%
31	Development of Fresh Vegetable Supply Chain in Vardar Region	SDC	1-Mar-20	15-Mar-21	\$35,000	\$170,000	\$30,000	17%
32	Blanket Apparel	SDC	1-Mar-20	1-Mar-21	\$50,000	\$50,000	\$0	50%
33	Microfinance Support	O1&2	1-May-20	1-May-21	\$100,000	\$1,060,800	\$0	9%

34	Raspberry and IRN Agro 21	O3	15-Dec-20	30-Jun-21	\$13,658	\$19,900	\$46,900	17%
35	Increasing Productivity Across the Dairy Supply Chain	O3	3-Mar-21	31-Aug-21	\$50,000	\$70,300	\$72,000	42%



## ACTIVITIES IN THE NEXT QUARTER

### EVENTS

- Solar Macedonia: Training for new trends of Solar technology—April 2021
- Solar Macedonia: Training for Solar Installers—April-May 2021
- Association Makam-Trans: Training for logistic clerks—April-May 2021
- Association Makam-Trans: Final event, Official awarding of certificates for logistics clerks—May 2021

# MONITORING, LEARNING AND EVALUATION

## OVERVIEW

BEP works with a wide range of participants—including BSOs, FFs, FIs, lead firms and other organizations—and beneficiaries (entrepreneurs, enterprises, and individuals). The project applies an evidence-centered approach to Monitoring, Evaluation and Learning (MEL), tailored to provide the BEP leadership, USAID, private sector partners (BSOs, FFs, FIs, and lead firms) and beneficiaries (MSMEs) with real-time monitoring of key indicators to drive adaptive project management and ensure cost-effective interventions that increase jobs and revenue for MSMEs, creating a sustainable ecosystem of BSOs, FFs, FIs, lead firms and others to improve MSME competitiveness.

BEP's MEL Plan includes both indicators and other data needed to assess the achievement of each of the core expected results while evaluating and processing other learning data to understand key elements of the Project's theory of change. BEP's MEL Plan also describes the MEL processes that BEP will perform throughout the life of project (LOP) to inform effective adaptive management required to achieve the desired results. The MEL Plan is a dynamic and flexible document that is being updated throughout the Project's implementation, and accordingly, new targets are incorporated based on Project performance and results, as well as changes in the Mission's priorities.

Incorporated in the MEL Plan is the Collaborating, Learning and Adapting (CLA) approach aimed at fostering collaboration between USAID and its Macedonian partners enabling adaptive approaches to achieve its objectives, informed by ongoing systems and contextual analysis. BEP will continually assess the effectiveness of Project activities and interventions to determine whether those interventions are succeeding, and how the Project can apply lessons learned and adapt the work plan, methodologies and approaches appropriately. BEP's team will establish enabling conditions for learning and adapting by encouraging openness to new ideas and opinions, supporting inclusive dialogue with varied stakeholders. BEP aims to establish trust by using and sharing accurate and relevant data to reflect, learn and improve. The team will also incorporate CLA thinking into everyday work by identifying and engaging the right decision-makers across sectors and levels, fostering evidence-based actions, and carving out time and space for review, thinking, and adapting.

## CLOSING OUT GRANTS AND FINAL ADJUSTMENTS

Throughout Q2, BEP and SDC started closing out the grants provided under Objective I for the grantee BSOs that have not requested a no-cost extension. Final adjustments were made to the BSO MEL systems to analyze the achievement of the assigned targets. Grantees that have undergone this process are Chamber of Crafts, Textile Trade Association-Textile Cluster, Startup Macedonia, CEED, Macedonian Stock Exchange, Veterinary Chamber, and ECNWM.

Final examination of the MEL systems indicated ECNWM and Solar Macedonia did not implement the correct methodology for counting the people trained throughout their grant activities. To correct the calculation, some indicators were overhauled, starting the count from the beginning; thus, numbers reported throughout Q2 represent the number of people trained throughout the grant period of performance. These changes have also affected indicators 5 and 6 (percentage of female participants and percentage of youth participants, respectively), which is narratively explained further. To ensure that this issue was not replicated among the other grantees, the whole grantee system was double-checked, ensuring that the data collection and analysis process is correct. Data incorporated in the annual report and the LOP indicators will reflect on the latest changes.

## ANNEX I: BEP PERFORMANCE DATA TABLE (JANUARY – MARCH 2021)

Indicator	Unit of Measure	Baseline Year	Baseline Value	LOP Target	Percent of LOP Target	2018 Actual	2019 Actual	2020 Actual	2021 Target	2021 Actual	
										Q1	Q2
<b>Project Goal: Increased MSME Revenue and Jobs</b>											
<b>1. Number of new jobs created in assisted MSMEs</b>	Number	2017	NA	5,750	102%	NA	855	5,036	2,250	NA	NA
<b>2. Average annual revenue growth rate of assisted MSMEs</b>	Percentage	2017	NA	15%	100%	NA	41%	16%	15%	NA	NA
<b>1.1.1. Value of sales of firms receiving USG-funded assistance (F Indicator EG5-1, B-REDI)</b>	USD	2018	NA	81.5M	714%	NA	\$99,155,778	\$483,015,585	\$7M	NA	NA
<b>1.1.2. Number of MSMEs assisted with USG support</b>	Number	2018	NA	4,200	127%	320	2,735	1,403	300	462	404
<b>1.1.3. Number of people trained in new skills</b>	Number	2018	NA	2,500	165%	145	1,706	1,125	100	398	744
<b>1.1.4. Number of MSMEs receiving business development services from USG assisted sources (F-Indicator)</b>	Number	2018	NA	3,000	126%	286	1,619	1,344	250	328	188

Indicator	Unit of Measure	Baseline Year	Baseline Value	LOP Target	Percent of LOP Target	2018 Actual	2019 Actual	2020 Actual	2021 Target	2021 Actual	
										Q1	Q2
<b>1.1.5. Number of private sector firms that have improved management practices or technologies as a result of USG assistance (F-Indicator EG.5.2-2)</b>	Number	2018	NA	3,000	125%	54	2,618	511	175	108	448
<b>1.1.6. Number of MSMEs with linkages to new buyers</b>	Number	2018	NA	400	167%	27	316	257	175	20	46
<b>Objective 1: Improved BSOs' Services to MSMEs</b>											
<b>2.1. Average increase in BSO membership</b>	Percent	2018	NA	25%	307%	This indicator was not measured in FY2018	33%	197%	5%	NA	NA
<b>2.1.1. Number of new sustainable services offered to MSMEs through BSOs</b>	Number	2018	NA	50	168%	0	41	25	5	8	10
<b>2.1.2. Number of processes that have been improved as a result of capacity-</b>	Number	2018	NA	75	200%	16	50	64	15	14	6

Indicator	Unit of Measure	Baseline Year	Baseline Value	LOP Target	Percent of LOP Target	2018 Actual	2019 Actual	2020 Actual	2021 Target	2021 Actual	
										Q1	Q2
building activities supported by BEP											
<b>Objective 2: Improved MSMEs' access to sources of financing</b>											
<b>3. Value of financing mobilized for MSMEs and start-ups</b>	USD	2018	NA	100M	111%	\$44,157,157	\$60,328,350	\$4,115,893	\$300,000	\$1,026,229	\$1,109,755
<b>3.1. Number of MSMEs successfully accessing alternative and commercial finance with project support</b>	Number	2018	NA	450	155%	148	366	56	70	37	91
<b>3.2. Number of FIs receiving USG assistance in extending services to MSMEs (F Indicator 4.3.2-7)</b>	Number	2018	NA	15	100%	11	2	2	1	0	0
<b>3.3. Number of new products developed, or existing products upgraded for</b>	Number	2018	NA	3	67%	This indicator was not measured in FY2018	1	1	1	0	0

Indicator	Unit of Measure	Baseline Year	Baseline Value	LOP Target	Percent of LOP Target	2018 Actual	2019 Actual	2020 Actual	2021 Target	2021 Actual	
										Q1	Q2
<b>MSMEs and start-ups</b>											
<b>3.1.1. Number of MSMEs and start-ups assisted to access finance/investment as a result of project support (pipeline)</b>	Number	2018	NA	700	161%	229	403	398	50	11	85
<b>3.2.1. Number of FFs trained and engaged</b>	Number	2018	33	40	115%	40	2	4	0	0	0
<b>Objective 3: Lead firms invest in development of their supply chain and labor force</b>											
<b>4.1. Value of lead firm and supply chain beneficiaries' co-investment in supply chain, MSME and economic development activities</b>	USD	2018	NA	10M	87%	\$398,114	\$2,064,328	\$5,473,238	3M	\$49,890	\$688,328
<b>4.1.1. Number of lead firms that engage in and co-finance supply chain, MSME, and economic</b>	Number	2018	NA	45	109%	12	20	10	3	7	0

Indicator	Unit of Measure	Baseline Year	Baseline Value	LOP Target	Percent of LOP Target	2018 Actual	2019 Actual	2020 Actual	2021 Target	2021 Actual	
										Q1	Q2
development activities											
<b>4.1.2. Number of MSMEs reached through lead firm and supply chain initiatives</b>	Number	2018	NA	200	163%	54	121	97	20	53	0
<b>Cross-cutting indicators</b>											
<b>5. Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment)</b>	Percent	2017	30.81%	35%	132%	32%	30%	42%	35%	44%	37%
<b>6. Percent of youth participants in BEP activities</b>	Percent	2018	NA	20%	121%	14%	20%	19%	20%	21%	21%

## NARRATIVE EXPLANATION OF THE REPORTED DATA

### INDICATOR 1.1.2. NUMBER OF MSMEs ASSISTED WITH USG SUPPORT

In Q2, 404 MSMEs were assisted with USG support through BEP interventions in Objective 1 and 2, while under Objective 3 there were no new companies assisted<sup>1</sup>. The number of MSMEs assisted by BEP objectives are presented in the table below.

Table 1: Number of MSMEs assisted by objective

BEP Objective	Number of MSMEs assisted
Objective 1	319
Objective 2	85
<b>Total:</b>	<b>404</b>

The assisted MSMEs are registered in 6 of 8 statistical regions in North Macedonia, with the exception being the Southwest and the Polog region. The largest part (60% of the total)<sup>2</sup> are in the Vardar region. All the assisted MSMEs are micro companies.<sup>3</sup>

Table 2: Number of MSMEs assisted by BSO

BSO	Number of MSMEs assisted
Chamber of Crafts	24
Makam-Trans	5
Macedonian Stock Exchange	1
ECNWM	127
Solar Macedonia	1
Veterinary Chamber	57
E-Commerce Association	73
CEED	6
TTA	13
Startup Macedonia	12
<b>Total:</b>	<b>319</b>

### INDICATOR 1.1.3. NUMBER OF PEOPLE TRAINED IN NEW SKILLS

BEP and the BSO grantees organized a total of 32 trainings. The total number of participants attending the training events is 1282, out of which 744 people attended a training event for the first time.<sup>4</sup>

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<sup>1</sup> This does not mean that O3 was not operational, rather the ongoing activities are with previously engaged leads and beneficiaries. To avoid double counting, this indicator registers only new leads and beneficiaries, of which there were none this quarter.

<sup>2</sup> Due to unavailability of data for O1 companies, the percentages for region and gender are calculated only for O2 and O3 companies.

<sup>3</sup> Company size is defined according to number of employees (1-9 micro; 10-49 small; 50-249 medium).

<sup>4</sup> Some of the totals from this indicator were overhauled, due to the huge gaps in the reported numbers. This is the case with ECNWM and Solar Macedonia, for which the number of people trained reported in this period are in effect the number of people trained throughout their whole grant.



Table 3: Number of people trained by objective

BEP Objective	Name of training/BSO	Number of trainings	Number of newly trained people
O2	2021 Program for competitiveness, innovation, and entrepreneurship	1	87
O1	Chamber of Crafts	1	32
O1	Makam-Trans	2	90
O1	MAMEI	5	32
O1	ECNWM <sup>5</sup>	6	100
O1	Solar Macedonia <sup>6</sup>	9	125
O1	E-Commerce Association	2	82
O1	Veterinary Chamber	5	190
O1	CEED	1	6
<b>Total:</b>		<b>32</b>	<b>744</b>

#### INDICATOR 1.1.4. NUMBER OF MSMEs RECEIVING BUSINESS DEVELOPMENT SERVICES FROM USG ASSISTED SOURCES

In Q2, 188 MSMEs have received business development services through Objective 1 only, while there were no assisted companies reported through Objective 2 and 3. The MSMEs were assisted mostly through trainings on various subjects organized by the BSOs, with the purpose to obtain knowledge and skillsets relevant for their work.

Table 4: Number of MSMEs receiving business development services by BSO

BSO	Number of MSMEs
Chamber of Crafts	24
Makam-Trans	3
Macedonian Stock Exchange	1
Solar Macedonia	10
Veterinary Chamber	57
E-Commerce Association	74
CEED	7
Startup Macedonia	12
<b>Total:</b>	<b>188</b>

#### INDICATOR 1.1.5. NUMBER OF PRIVATE SECTOR FIRMS THAT HAVE IMPROVED MANAGEMENT PRACTICES OR TECHNOLOGIES AS A RESULT OF USG ASSISTANCE

During the quarter, 448 MSMEs and individual farmers<sup>7</sup> reported improved management practices or technologies with BEP support through Objective 1 Grantees only, with each MSME improving one process. The biggest contributor to the number is E-Commerce, which reported a total of 226 improved management practices or technologies. Details are provided in the table below.

<sup>5</sup> As explained above, the numbers represented in the table reflect the total number of trainings and of people trained throughout the whole grant. This quarter, ECNWM reported 1 training and 18 newly trained people.

<sup>6</sup> This is the case with Solar Macedonia as well. This quarter, there were no trainings reported by this BSO.

<sup>7</sup> Individual farmers were reported by Veterinary Chamber, in this case counted as MSMEs.

Table 5: Number of MSMEs with improved management practices or technologies by BSO

BSO	Number of MSMEs	Improved management practices or technologies
Chamber of Crafts	24	Business development process
Makam-Trans	4	IT application users
Veterinary Chamber	186	Veterinary Training
E-Commerce Association	226	Registration of users on the free web platform ecommerce4all.mk, Opening new e-shops, Usage of new promotional tools through #4 Learn-a-thon: Leading Digital Transformation
CEED	6	Development of Business Model
TTA	2	Online preparation for a social audit with full documentation
<b>Total:</b>	<b>448</b>	

#### INDICATOR 1.1.6. NUMBER OF MSMES WITH LINKAGES TO NEW BUYERS

46 MSMEs supported by BEP's Objective 1 Grantees reported linkages to new buyers. A detailed overview of the buyers per BSO is presented in the table below.

Table 6: Number of new buyers per BSO

BSO	Number of companies	Domestic buyers	International buyers	Total buyers
Solar Macedonia	1	1	0	1
E-Commerce Association	44	44	0	44
TTA	1	0	1	1
<b>Total:</b>	<b>46</b>	<b>45</b>	<b>1</b>	<b>46</b>

#### INDICATOR 2.1.1. NUMBER OF NEW SUSTAINABLE SERVICES OFFERED TO MSMES THROUGH BSOS

5 of the BSOs reported providing new sustainable services to MSMEs. In total, 10 services have been offered, each of them presented in the table below:

Table 7: Number of new sustainable services by BSO

BSO	Number of services	Type of service
Makam-Trans	3	Procedure for working hours of driver
		Procedure for transport of dangerous goods
		Conference for transport
Solar Macedonia	1	Verified training for solar installers
Veterinary Chamber	2	Veterinary training - Surgery
		Veterinary training - Clinical practice of small animals

ECNWM	2	Free membership to local companies
		Online B2B meetings
E-Commerce Association	2	Badge for verified e-merchant
		Learn-a-thon training sessions
<b>Total:</b>	<b>10</b>	

### INDICATOR 2.1.2. NUMBER OF PROCESSES THAT HAVE BEEN IMPROVED AS A RESULT OF CAPACITY-BUILDING ACTIVITIES SUPPORTED BY BEP

In Q2, 3 BSOs reported 6 improved processes as a result of BEP capacity-building activities. These were Chamber of Crafts, Solar Macedonia, and Veterinary Chamber, each reporting 2 improved processes.

### INDICATOR 3. VALUE OF FINANCING MOBILIZED FOR MSMEs AND STARTUPS

Under Objective 2, 91 MSMEs supported by the financial facilitators succeeded to mobilize \$1,026,229 from different financial institutions, including their own investment (50% of the total). 6 of the MSMEs are recipients of grants, while the remaining 85 MSMEs obtained microfinancing loans from microfinance institutions such as FULM and Moznosti. 34% of the companies are owned or managed by woman while 81% are located outside Skopje region. The structure of the investment is presented in the graphic below.

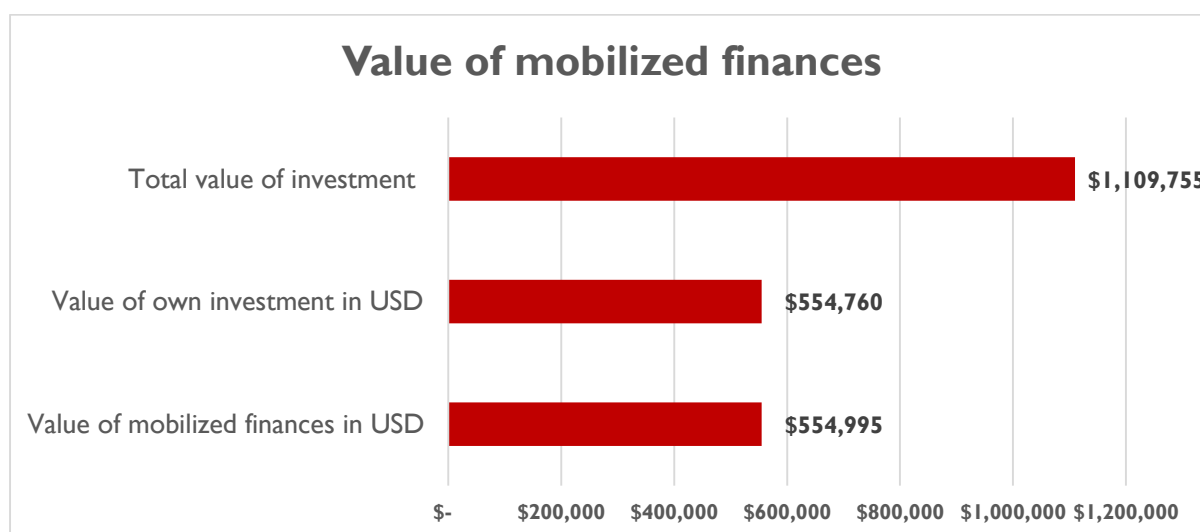
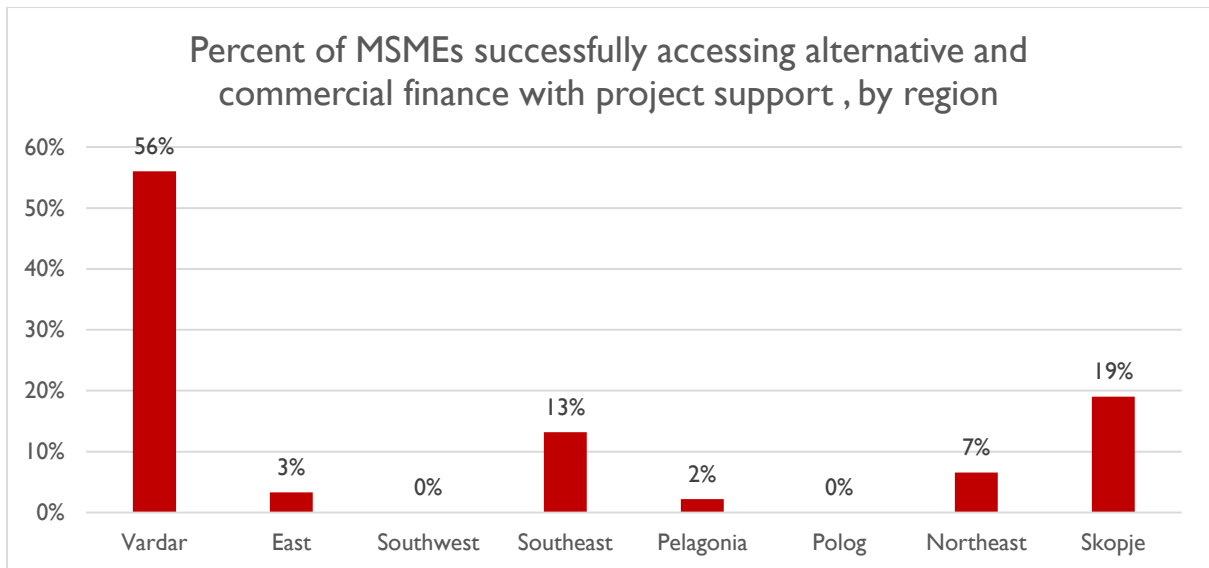


Table 8: Value of mobilized finances (and % of total) by financial product

Grants	Loans
\$875,250	\$234,505
79%	21%

### INDICATOR 3.1. NUMBER OF MSMEs SUCCESSFULLY ACCESSING ALTERNATIVE AND COMMERCIAL FINANCE WITH PROJECT SUPPORT

91 new MSMEs successfully accessed alternative and commercial finance with BEP support in this quarter out of which 31 are female owned or managed. The geographical distribution is as follows:



**INDICATOR 3.1.1. NUMBER OF MSMEs AND STARTUPS ASSISTED TO ACCESS FINANCE/INVESTMENT AS A RESULT OF PROJECT SUPPORT (PIPELINE)**

Over Q2, 85<sup>8</sup> MSMEs received assistance in accessing financial resources offered by the financial institutions. All the companies are assisted through the microfinancing program developed with FULM and Moznosti. 72 of the companies are located outside the Skopje region, while 28 are owned or managed by a woman.

**INDICATOR 4.1. VALUE OF LEAD FIRM AND SUPPLY CHAIN BENEFICIARIES' CO-INVESTMENT IN SUPPLY CHAIN, MSME AND ECONOMIC DEVELOPMENT ACTIVITIES**

In Q2, 13 beneficiaries from the dairy sector invested a total of \$688,328 in leveraged (additional) funding) prompted by the PSE investment in the previous period. As all investment in this quarter are leveraged, BEP and lead companies had no investments. Most beneficiaries (54%) are located in Pelagonia region, followed by the East region with 23%.

**INDICATOR 4.1.1. NUMBER OF LEAD FIRMS THAT ENGAGE IN AND CO-FINANCE SUPPLY CHAIN, MSME, AND ECONOMIC DEVELOPMENT ACTIVITIES**

No changes in the indicator for this period.

**INDICATOR 4.1.2. NUMBER OF MSMEs REACHED THROUGH LEAD FIRM AND SUPPLY CHAIN INITIATIVES**

No changes in the indicator for this period.

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<sup>8</sup> This number differs from the one of MSMEs successfully accessing finance, because some companies who were assisted in the previous quarter had successfully acquired the finances in this period, thus they are reported now.

**INDICATOR 5. PERCENTAGE OF FEMALE PARTICIPANTS IN USG-ASSISTED PROGRAMS DESIGNED TO INCREASE ACCESS TO PRODUCTIVE ECONOMIC RESOURCES (ASSETS, CREDIT, INCOME OR EMPLOYMENT) <sup>9</sup>**

Through 33 BEP interventions (including trainings from grantees) implemented during Q2, 1,373 participants have been engaged, of which 37% were female.<sup>10</sup>

**INDICATOR 6. PERCENT OF YOUTH PARTICIPANTS IN BEP ACTIVITIES**

In Q2, 21% of the participants in 28 BEP interventions are registered as being up to 29 years old.<sup>11</sup>

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<sup>10</sup> This indicator does not really reflect the achievements from this period only, as for some grantee BSOs (Solar and ECNWM) the results reported in this period are their total results (from the beginning of their grant). For example, because the events data from ECNWM were nullified and the count started from the beginning, this period we report the participants (and the female percentage) from all their events. These changes also affect previous and future yearly and LoP results and will be recalculated and noted in the reports in the future.

<sup>11</sup> Same as above.

## ANNEX II: FINANCIAL REPORT

**Contractor:** Palladium

**Contract No.:** AID-165-C-17-00001

**Performance Period:** September 28, 2017 – September 27, 2021

**Reporting Period:** Jan 1 – Mar 31, 2021

ITEM	Proposed Budget Y4 Workplan	Cumulative Amount Billed: Jan 2021	Vouchered Expenditures: Feb 2021	Vouchered Expenditures: Mar 2021	Total Spent	Remaining	Total Spent (%)
<b>Subtotal, Labor/Benefits</b>	\$1,755,392	\$1,479,540	\$32,180	\$26,661	\$1,542,749	\$212,643	88%
<b>Subtotal, Allowances</b>	\$0	\$0	\$0	\$0	\$0	\$0	0%
<b>Subtotal, Travel</b>	\$148,804	\$110,072	\$452	\$302	\$111,124	\$37,680	75%
<b>Subtotal, Consultants</b>	\$97,012	\$28,142	\$225	\$0	\$28,367	\$68,645	29%
<b>Subtotal, OI - Sub-grants</b>	\$1,082,553	\$854,036	\$40,758	\$41,048	\$935,166	\$147,387	86%
<b>Subtotal, Subcontractors</b>	\$1,096,254	\$777,293	\$26,293	\$16,482	\$820,068	\$276,186	75%
O2 - Financial Facilitator Performance Payments	\$420,000	\$316,712	\$1,102	\$0	\$317,814	\$102,186	76%
Local Subcontracts, Point Pro	\$75,000	\$33,120	\$0	\$0	\$33,120	\$41,880	44%
Local Subcontracts, SDC	\$510,411	\$402,867	\$25,192	\$16,482	\$444,541	\$65,870	87%
Local Subcontract, Idea Plus	\$90,843	\$24,593	\$0	\$0	\$24,593	\$66,250	0%
<b>Subtotal, Project Activities (ODC)</b>	\$773,076	\$667,524	\$0	\$10,388	\$677,912	\$95,164	88%
O2 Activities (BAN, matchmaking, investment conference)	\$100,000	\$46,102	\$0	\$0	\$46,102	\$53,898	46%
O3 - Lead Firms Invest in Development of Supply Chains and Labor Forces	\$585,000	\$556,653	\$0	\$10,388	\$567,041	\$17,959	97%
O1 Quick Wins (QW)	\$20,000	\$17,805	\$0	\$0	\$17,805	\$2,195	89%
Events/Conferences/Workshops	\$58,076	\$46,964	\$0	\$0	\$46,964	\$11,112	81%
PR Campaign	\$10,000	\$0	\$0	\$0	\$0	\$10,000	0%
<b>Subtotal, Office Costs &amp; Equipment (ODC)</b>	\$194,295	\$185,293	\$1,302	\$473	\$189,702	\$4,593	98%
<b>Subtotal, Indirect Costs</b>	\$752,187	\$639,243	\$33,062	\$13,605	\$686,798	\$65,389	91%
<b>Subtotal, Fixed Fee</b>	\$383,472	\$280,832	\$0	\$0	\$280,832	\$102,640	73%
<b>TOTAL:</b>	\$6,283,045	\$4,516,784	\$113,783	\$108,959	\$4,774,026	\$1,509,019	76%

<b>Total Actual/Estimated Expenditures through 12/31/2020</b>	<b>\$5,272,720</b>
<b>Project Time Elapsed</b>	<b>88%</b>
<b>Total % of Budget Spent to Date</b>	<b>84%</b>

<b>Total Obligated Amount</b>	<b>\$5,826,925</b>
<b>Projected Remaining from Obligated Amount</b>	<b>\$561,717</b>
<b>Projected % Spent of Obligated Amount</b>	<b>90.36 %</b>

## ANNEX III: PROCUREMENTS LIST

Date	Item specification	Vendor	Price	Procurement Process
1-Jan-21	Lease Agreement	Blazhen Toloski	\$9,738.00	Three quotes/Property Lease Agreement
5-Jan-21	BEP – KASKO Insurance for project vehicle	SN Osiguritelen Broker	\$563.84	Three quotes/PO
5-Jan-21	Expenses for service of project vehicle	Toyota Avto Centar	\$192.28	Petty cash purchase form
29-Jan-21	BEP CM #34 Drip irrigation systems—supply, design, and installation of drip irrigation systems for raspberries and blueberries	Magan-Mak DOO	\$10,594.22	RFQ/Three Quotes/PO
11-Feb-21	Job vacancy advertisement (fakulteti.mk)	Fakulteti.mk	\$40.46	Petty cash purchase form
11-Feb-21	Job vacancy advertisement (karijera.mk)	Karijera.mk	\$23.27	Petty cash purchase form
4-Mar-21	2/10/2021 Job Vacancy Advertisement for Communications and Outreach Manager	Tamara Todorovska	\$8,658.04	Employee vs. Consultant Determination and Source Selection/PR/ Consultant Agreement
9-Mar-21	Written translation from Macedonian to English	ESP Razvoj i upravuvanje na chovechki resursi	\$124.57	Petty cash purchase form
16-Mar-21	Printer toners for BEP office	Smart Solutions	\$251.17	Petty cash purchase form
19-Mar-21	Certificate frames for Grantees	Stradun DOOEL	\$324.09	Petty cash purchase form
25-Mar-21	Written translation of an MoU from Macedonian to English	ESP Razvoj i upravuvanje na chovechki resursi	\$74.74	Petty cash purchase form
		<b>Total</b>	<b>\$30,584.68</b>	



## ANNEX IV: CALENDAR OF ACTIVITIES



◀ December 2020		~ January 2021 ~					February 2021 ▶
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	
					1	2	
3	4	5	6	7	8	9	
10	11	12	13	14 Staff Meeting	15	16	
17	18	19	20 Staff Meeting	21	22	23	
24	25	26 Meeting with ATA Holding Veles	27 Staff Meeting Meeting with Osogovo milk Finance Think - State help - practices in RSM	28	29	30	
31							


◀ January 2021		~ February 2021 ~					March 2021 ▶
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	
	<b>1</b> M&E meeting	<b>2</b>	<b>3</b> Meeting with Lactalis and Vemilk	<b>3</b>	<b>5</b> Meeting with Bucen Kozjak and Osogovo Milk	<b>6</b>	
<b>7</b>	<b>8</b> Staff Meeting	<b>9</b> M&E field visit to Prilep region	<b>10</b>	<b>11</b> Field visit to Bimilk farmers	<b>12</b>	<b>13</b>	
<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b> Meeting between BEP & MBPR	<b>19</b> Staff Meeting	<b>20</b>	
<b>21</b>	<b>22</b> Meeting with Mr. Perica Ivanoski, Sate Advisor for Policy Analysis, on the National Strategy for Agriculture and Rural Development 2021-2022	<b>23</b> DOC Meeting  Meeting with Elizabela Todorova Ministry of Economy PSE	<b>24</b> Staff Meeting  Solar Macedonia - Certificate awards event for the trainees who completed the Training for Solar Systems	<b>25</b>	<b>26</b> 2021 Program for Competitiveness, Innovations and Entrepreneurship - BEP and MoE joint event	<b>27</b>	
<b>28</b>							

◀ February 2021		~ March 2021 ~					▶ April 2021
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	
	<b>1</b>	<b>2</b> Meeting between BEP, IME & MBPR	<b>3</b> Staff Meeting	<b>4</b> Finance Think - Market disbrsions from state help	<b>5</b>	<b>6</b>	
<b>7</b>	<b>8</b> 8th of March - BBL (Brown Bag Lunch)	<b>9</b> Meeting with Gogo Ratajlovski SEU TECH / Eurovia Working meeting ref success fee matrix EoG Catalyze Meeting with Dragan Davitkov PWC i USAID Belgrad	<b>10</b> Staff Meeting MoU signing Lactalis, Bucen Kozjak and Osogovo Milk	<b>11</b> Working Meeting between BEP & FEZ MoU signing Ekoshar	<b>12</b> Field visit to Pelagonia farmers Working meeting A2F	<b>13</b>	
<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b> Field visit to Ata Holding and Agro Link ECNWM's close-out ceremony for companies that have joined the post-COVID-19 transformative program	<b>18</b> Staff Meeting	<b>19</b> Field visit to Bimilk farmers in Bitola Committee-Inovation vouchers, evaluation of request	<b>20</b>	
<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b> Field visit to Bimilk, Osogovo Milk and Buchen Kozjak farmers Staff Meeting Meeting with Startup Macedonia	<b>25</b> Regional Networking Event - New approach for BSOs cooperation Day 1	<b>26</b> Installation of Drip irrigation on blueberries Regional Networking Event - New approach for BSOs cooperation Day 2	<b>27</b>	
<b>28</b>	<b>29</b> Financial support for improvement of value chains - Meeting	<b>30</b>	<b>31</b> Staff Meeting				

# ANNEX V: FACTSHEETS/ SUCCESS STORIES/ INTERVIEWS/ PIKTOGRAMS/VIDEOS

## FACTSHEET: DAIRY SECTOR



**DAIRY SECTOR**  
USAID Business Ecosystem Project  
North Macedonia 

# Background

The Dairy sector in North Macedonia has faced difficulties ever since the country proclaimed independence in 1991. The sector is characterized with a high number of suppliers - milk producers, which in turn has attracted investments in a relatively high number of new small and medium sized dairies. Most of the milk producers, farmers, and the few companies alike, supply the local dairies which cater to the local market with smaller volumes going to exports. Nevertheless, in 2019 North Macedonia imported 64,852,000[1] USD worth of dairy products, while it exported 17,882,000 USD of the same, generating a deficit which has been steadily rising in the past 5 years, albeit this increase has slowed down in 2019. On the other hand, production of raw milk in 2019 has declined insignificantly by 3.3%[2], while the number of cattle has decreased by 15%[2] in the same period. This indicates that some of the efforts vested by the sector, and supported by USAID, have been yielding results through increasing farm productivity levels. For a small country like North Macedonia which boasts its' agricultural products, the numbers above do not fare well. The market opportunity is there, it is local, there are sufficient capacities as well as international companies active in the country which can process and cover the local consumption needs, but the supply chain needs to be "fixed".

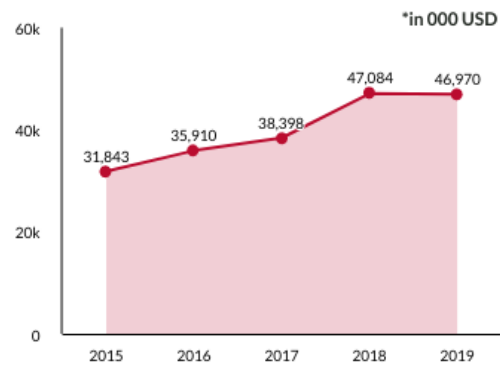
Irrelevant of the negative trade trends, the dairy sector is still a key part of the economic structure of the country, especially in agriculture. With 217 790[3] head of cattle being cared for in a bit less than 40.000[4] dairy farms, the sector engages many people, especially in the rural areas. The production of dairy products and milk participate with 20,9%[5] in the total value of agricultural products, a sector which employs around 27 779 [6] people. These are some of the reasons because of which USAID has been engaged in supporting this sector in North Macedonia.

## Challenges

Among the core challenges is the sector's struggle to stay competitive. This is mainly due to the slow pace of modernization, including poor farm hygiene and animal welfare standards implemented on many farms. The issue persists because of insufficient know-how and long-term farm level investments. As a result, most dairy processors operate far below their installed capacities and must rely on more expensive imported milk, while the raw milk they source locally is rarely of the quality required by export markets for high value dairy products. Other factors which aggravate the issues are on a policy level; like the lack of a framework and institutions to monitor milk quality, lack of zoning for commercial farm development, etc.

To help address them, USAID, through its Small Business Expansion Project (2012-2016) and Business Ecosystem Project (2017-2021), applied an integrated approach by undertaking direct interventions in the North Macedonia's dairy sector supply chain.

## Dairy trade deficit





## Main goal of USAID's Interventions

The main goal of the initiatives is to strengthen and integrate the dairy sector's supply chain, demonstrating the link between investing in supply chain development and increased revenue and employment generation, thereby planting the seeds for such investments in the future without USAID assistance and facilitation.

[1] Source: ITC calculations based on UN COMTRADE statistics.  
[2] 2019 versus 2018 Source: State Statistical Office, Livestock production, 2019  
[3] Source: State Statistical Office, Number of livestock and poultry, 2019  
[4] Source: State Statistical Office, Farm Structure Survey, 2016  
[5] Source: State Statistical Office, Typology of agricultural holdings 2011  
[6] Source: State Statistical Office: Sum of 10.41 & 10.51 subsectors according to NCA REV.2

# Supply Chain: Challenges and Solutions

Supply Chain	Challenges	Solutions
<p><b>Silage Production</b></p> 	<p>Low productivity due to outdated technology and agricultural practices.</p>	<p>Implementing drip irrigation systems together with more efficient agricultural practices aimed at increasing the yield on limited available land. With the drip irrigation system the yield is increased by 58 t/ha on the average - 94% above the nation average yield, while the maximum yield can reach 112 t/ha.</p>
<p><b>Milk Production</b></p> 	<p>Low productivity due to lack of fodder quality or the inability to increase the herd caused by low production of silage. 1 kg of silage costs the same as 1 kg raw milk on the market, thus making efficient production of silage key for commercial milk production. On the average, one irrigated hectare of furrows provides silage for 4 cows.</p>	<p>Higher yields of silage will increase the productivity by enabling farmers to increase their herd or by providing better diets for the cattle. The surplus of silage could generate additional income for the farmers who could reinvest in other opportunities aimed at expansion. On the average, 1 hectare land irrigated by the drip irrigation system provides silage for 16 cows.</p>
<p><b>Milk Processing</b></p>	<p>Inefficient production and import dependence due to farmer's low productivity.</p> <p>Many farmers in the milk processing industry work with only 50% from their total capacity and they have to import powdered milk to satisfy their raw material needs.</p>	<p>Higher milk yields will enable farmers in the milk processing industry to utilize more of their production capacity and substitute part of the imported raw materials (which now surpass 20% form the total raw materials) with domestic produced raw milk.</p>

# USAID North Macedonia Initiative (SBEP)

North Macedonia's average corn yields of 4.3 t/ha of grain and 30 t/ha of silage puts the country at the bottom of productivity in both European and regional contexts (below the 6.6 t/ha European average). This results in imports of 50,000 tons of corn annually (35% of the total consumption), in addition to a deficit from related food products, such as meat, eggs and dairy. Since corn is a primary input to produce these products, being used as feed for cattle and poultry, any deficits in its production travel up the chain and impact production for these products as well. Much of the problem lies in the outmoded agricultural technology and practices that are the norm for many corn producers in the country. Most corn fields are still irrigated by flooding with water, only 40% of which is absorbed by the plants.

This farm level production inefficiency is the major cause of the import dependency of the dairy industry. The dairy supply chain is a good example of this. Without cheap feed that can only be produced on the farm, farmers struggle to provide enough feed for the dairy cows, which, when underfed, produce less raw milk. Without enough raw milk, dairy processors must purchase that milk at unsustainably high prices to keep the farmers in their supply chain in business, while also being forced to import more expensive condensed milk in order to meet the market demand. Without cheap, domestically produced raw milk, dairy processors cannot utilize all their processing capacity, leading to additional losses brought on by the costs of maintaining unused factory equipment.



*Drip irrigation demo plot*



*Harvest on a field*

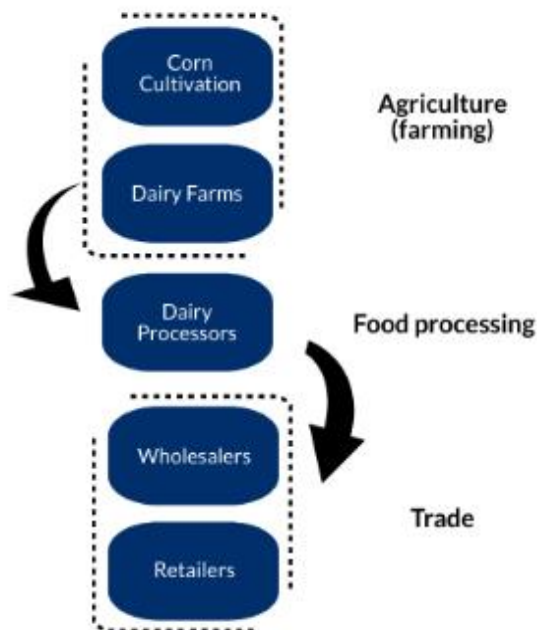
USAID Macedonia Small Business Expansion Project (SBEP) in 2012 started with the implementation of the GMCI (Grow More Corn Initiative) with the purpose of increasing the sector's productivity by introduction of new technologies and good agricultural practices: 1) Advanced drip irrigation and 2) fertigation solutions, thereby creating a positive effect on a macro and micro economic level. More specifically, the intervention was aimed to increase corn yields which will directly contribute to import substitution of corn, condensed milk, while concurrently stimulating the growth of the upward dairy supply chain in North Macedonia.



**Hectares of Corn and Sunflowers Under Drip Irrigation**

Total: 661 ha (across 300+ farms)  
 SBEP donation: 280 ha  
 Private and/or subsidized: 381 ha  
 December, 2015

## USAID North Macedonia Initiative (SBEP)



Model of dairy value chain in North Macedonia

Given the significant results and potential for increased corn yields by introduction of drip irrigation (estimated at realistic 13 tons per hectare), the economic cost-benefit model enables the calculation of the incremental value added at each stage of the dairy value chain. In conceptual terms, the logic behind the model is the following:

1. Higher corn yields on corn and dairy farms results in higher economic output and corresponding earnings from corn and fodder;
2. Higher output, or simply put - volume of raw milk produced at dairy farms due to more available fodder results in higher volume of dairy products, higher economic output and earnings (value added) at both dairy farms and processors;
3. Higher output of dairy processors results in higher volume of traded goods, and corresponding trade margins in absolute amounts achieved by traders while supplying goods to the final customer groups..

The GMCI drip irrigation program gave truly impressive results. Starting with a pilot of just 23 farmers, SBEP ultimately donated 280 drip irrigation systems throughout North Macedonia, all on one-hectare demonstration plots. SBEP also provided technical support to farmers for the implementation of new and improved production protocols for the optimal use of the drip irrigation systems. The initial season average yields, achieved with the pilot portfolio, amounted to significant 11.4 tons/ha. Compared to North Macedonia's average corn yield of 4.3 tons/ha, the implementation of the drip systems and relevant protocols yielded more than two and a half (2,65) times more product. At the time, that was an unprecedented corn production output given the Macedonian agricultural context. The success of the program resulted in inclusion of the drip irrigation systems for corn in the subsidy program of the Ministry of Agriculture of North Macedonia.

### White Paper

In 2014, SBEP, partnering with PointPro Consulting, published the "White Paper for Agribusiness Innovation" which calculated the micro- and macro-economic potential of the "Grow More Corn" initiative. The study concluded that by increasing corn yields, SBEP is directly contributing to import substitution of corn and condensed milk, while concurrently growing the upward dairy supply chain in North Macedonia. According to the White Paper and additional analysis that was completed after its publication, all the imported corn in Macedonia can be substituted by domestic production by raising the average corn grain yields on 7,000 hectares to 11.4 t/ha with the use of drip irrigation and good agricultural practices. This would save the country approximately 11.3 million EUR (with an import price of 11.4 MKD/kg) and has the potential to create more than 6,900 jobs in the corn, dairy and their related supply chains. In essence, this means that each new hectare of drip irrigated corn can create one new job along the length of the various supply chains that feed into the production of corn, milk, and meat products. This includes food processing, logistics, retail, agrotechnology suppliers, etc.



## USAID North Macedonia Initiative (BEP)

Though the Grow More Corn initiative, which catalyzed the modernization of fodder corn production by pioneering the use of drip irrigation on corn farms, was a major leap forward for fodder production in the country's dairy supply chain, the sector is still struggling to overcome a variety of growth constraints that can only be addressed through an integrated approach. USAID's Business Ecosystem Project (BEP) is applying such an approach that combines direct interventions in upgrading farm-level equipment, extension service development, helping access to finance and fostering public – private collaboration on improving public policies that can support the development of the dairy industry.

The integrated approach requires more than just providing new farming equipment, it is equally important to educate farmers on how to improve their operations at all the critical points which affect milk production quality and quantity. Thus, the Project interventions are split into two focus areas:

- **Farm-level Input (animal feed and health).**

BEP co-invested with lead companies in purchasing:

- o **Subsurface drip irrigation systems** for alfalfa production (a key fodder crop), which is expected to triple yields and increase the crop's nutritional value.



*Subsurface drip irrigation system*

- o **Feed Mills.** Feed mills are an essential piece of equipment for preparing feed concentrate – a mixture of crops that is added to the forage feed to make up for its nutrient deficiencies. To help dairy farmers produce their own concentrate, saving them money in the long run, four feed mills were purchased, for shared use by 20 farms through a new farm cooperation model. These mills greatly improve the fodder preparation and livestock feeding process, saving each farm \$349 in feed costs annually and increasing their annual milk yields by an average of 5% due to the improved nutrition of their herd.



*Round Hay Baler*

- o **Round Hay Baler.** A single round hay baler was purchased as a pilot to prove that this piece of equipment will speed up the feed crop harvesting process. These machines are more efficient than the typical square bales used in the country, gathering more of the leftover hay, and producing cylindrical bales that are easier to move and store. Additionally, the rolled bales provide better feed, allowing more nutrients to be retained due to less uneven drying of the bale. In a single season, the three farms which share this equipment were able to save \$8,605 by reducing the time and labor spent on baling



*Tractor with a Baler Wrapper*

## USAID North Macedonia Initiative (BEP)

o **Feed Mixer.** To improve the nutrition of dairy cows, which is tightly linked with milk yields and quality, one feed mixer was initially purchased for preparing "total mixed rations" (TMR) – a best practice in dairy cow nutrition which includes the mechanical mixing of forage feed and concentrate. The mobile mixer is shared by three medium-sized farms in Pelagonia. In only 90 days, the mixer helped the farms produce more milk increasing their revenues by \$86 per dairy cow, translating to a \$7,384 total annual revenue increase for all farms. These results prompted interest in this piece of equipment so that in further initiatives another 4 mixers were purchased for use on four farms.

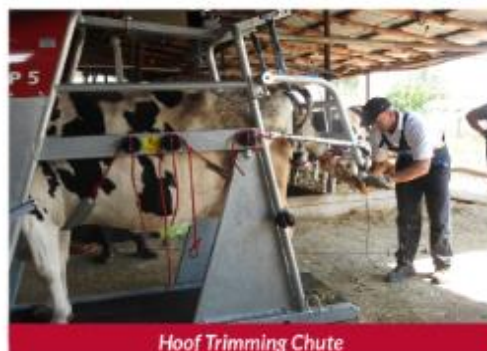


Feed Mixer (TMR)

o **Near Infrared Spectroscopy (NIR) Scanners.** To upgrade the dairy cow nutrition process to a data-driven model, two NIR scanners were purchased that are used to measure and analyze the feed quality in dairy farms – suppliers to the dairy processors. The scanners which are used to take the measurements, paired with the data analysis software, will allow processors to advise their contract farmers on how to improve the nutrient contents of their feed, which is a key contributor to both higher milk yields and milk quality.

o **Hoof Trimming Chute.** Milk yields and quality are very dependent on the health of the dairy cows. To keep dairy cows productive and in good health, a hoof trimming chute was purchased. This mobile piece of equipment can service up to 50 farms annually and reduce the risk of hoof diseases and infections by trimming the hooves of their dairy cows.

The chute was initially used to trim the hooves of 800 dairy cows spread over 15 farms, saving them a total of \$116,767 (approx. \$146 per animal) that would otherwise have been lost due to reduced milk yields and veterinary care costs.



Hoof Trimming Chute



NIR Scanner

### • Farm-level Output (raw milk).

Co-investments are focused on the procurement of:

o **Automated Milking Systems.** High quality raw milk is impossible without good farm hygiene, which is an issue many of North Macedonia's dairy farms struggle with. Milking is still commonly performed with handheld pumps that require farmers to manually transport the milk from the barn to the milk cooling tanks, leaving room for contamination in transit. The automated milking systems enable transport of milk through pressurized pipes directly from the pump to the cooling tank. To demonstrate the value of this investment, BEP piloted an intervention where with a partner dairy processor it purchased automatic milking systems for eight of their contract farmers.

## USAID North Macedonia Initiative (BEP)

Each of the beneficiary farms managed to increase their milk quality by one class, leading to an annual revenue increase of \$933 per farm. Moreover, the systems resulted in huge time savings, which in turn motivated the farmers to invest in farm capacity expansions. Based on this pilot and subsequent interest, an additional 16 systems were purchased.



Automated Milking Systems

o **Milk Cooling Tanks.** o Milk cooling tanks (also known as lacto-freezers) are one of the specially designed tools to prevent contamination and keep the milk quality at high level. To help farms increase their milk quality, BEP, in partnership with the lead dairies supplied a total of 62 milk cooling tanks to contract farmers. As this is a common practice for processors, the intervention was upgraded with the addition of trainings on maintaining good farm hygiene.



Milk Cooling Tanks

### Know-how and Extension Services

Modern machinery has a limited effect on farm productivity if not paired with modern practices and farm management.

Therefore, BEP brought two dairy sector experts from Israel's MASHAV development agency to train commercial dairy farmers in North Macedonia on how to improve their farm management, animal nutrition, their health and welfare. Working side-by-side with the Project's agricultural expert and the Pelagonia-based LAG Agro Leader, the experts visited 26 individual farms and trained 261 participants. The MASHAV experts also met with the Ministry for Agriculture where they shared their recommendations for advancing North Macedonia's dairy industry, which focused on implementation of a payment/subsidy system based on milk quality, upgrading animal living and health conditions, and controlling feed quality. Additionally, the Project is supporting the development of extension services, specifically veterinary advisory and medical services in Pelagonia. Through a grant, LAG Agro Leader, the Veterinary Chamber and Prilep's vocational veterinary school, developed new veterinary services for the region's dairy farms, including artificial insemination and livestock nutrition advice

### Policy Level

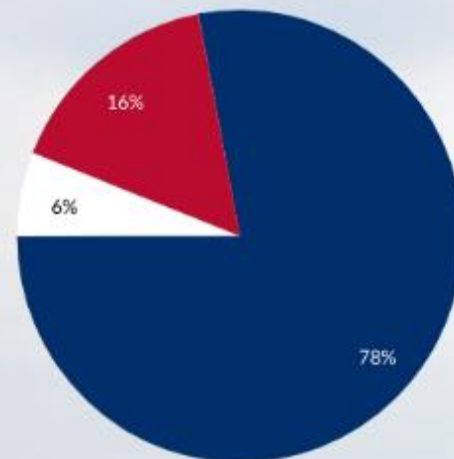
Based on the recommendations of the MASHAV experts, field research and inputs given by dairy farmers and processors, BEP and the Seal of Quality association (Dairy producer associations) drafted a policy paper titled "Catalyzing Dairy Sector Growth", and presented it to all relevant dairy sector stakeholders, including the ministries of Agriculture, Local Self-Government, Transportation, Environment, as well as key rural municipalities such as Mogila. Initially, the Ministry of Agriculture formed a working group which identified several pilot municipalities for kicking-off the process which would prepare municipal administrations to better support the IPARD application process. BEP also commissioned PointPro Consulting to support the pilot municipalities in developing urban plans that will allow farmers to invest in building new farms eligible for the underutilized IPARD funding.

## BEP's Catalytic Role

The total budget which BEP invested in the dairy sector has reached \$343,810. This was matched by the private sector, both lead dairies and beneficiary farmers/companies with their investment of \$859,971. These investments, in turn unleashed an additional \$4,156,413 of "leveraged" funds. These are investments which happened because of the specific interventions in the supply chains. For example, many farmers who received assistance through the automatic milking systems, resulting in huge labor and time savings, opted to expand their farm capacity by buying new animals and infrastructurally increasing their farms. One dairy invested in expanding their processing capacities due to expected higher volumes of milk.

Ultimately, starting from pilot initiatives aimed at demonstrating the benefits of a certain technology to help farmers raise productivity, and moving on an integrated, systemic approach, BEP provoked the sector to follow a strategic course towards its' development.

### Average investment per entity + Leveraged



- BEP's co-investment (6%)
- Lead partners & Beneficiaries co-investment (16%)
- Leveraged (78%)

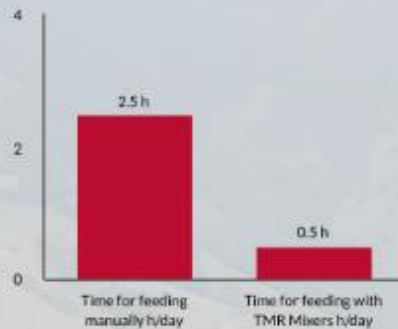


## BEP's Catalytic Role

BEP's intervention also focuses on reducing the manual labor by introducing innovative technology in the industry. BEP recognized that in the traditional model of farm management in the North Macedonia, one farmer needs to provide around 8-10 hours of hard and very intensive manual labor per day. In addition a farmer transports a minimum of 3-4 tons per farm (this example is for a farm of 30 cows and manipulative weight for feed, milk and manure).

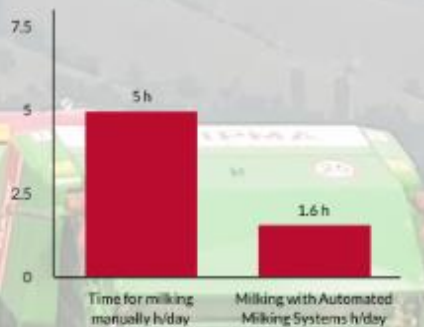
Thus, BEP intervened in the three most critical farm operations:

- Feeding management;
- Milking;
- Manure handling.



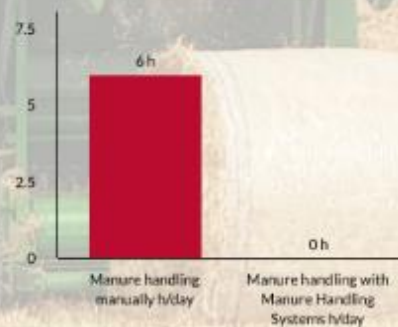
The TMR Mixer saves up to 2h per day. Yearly, the amount of saved time is 730h or 91 days.

Considering that the daily (8h) salary of a field worker is around \$20, the usage Automated Milking System reduces the cost up to \$1,825 annually.



The Automated Milking System saves up to 3,4h per day. Yearly, the amount of saved time is 1,241h or 155 days.

Considering that the daily (8h) salary of a field worker is around \$20, the usage Automated Milking System reduces the cost up to \$3,102 annually.



The Manure Handling System saves up to 6h per day. Yearly, the amount of saved time is 2,190h or 273 days.

Considering that the daily (8h) salary of a field worker is around \$20, the usage of Manure Handling system reduces the cost up to \$5,475 annually.



# USAID Business Ecosystem Project

**INTRODUCTION OF  
MULTILATERAL CASHLESS SETTLEMENT SYSTEM  
IN NORTH MACEDONIA**



## Background

As the COVID-19 pandemic caused reduced economic activity, many companies find it difficult to maintain their current and general liquidity. To overcome the shortage of fresh capital from receivables, companies use short-term bank loans or non-cash financial instruments. The choice of a specific financial product is determined by its availability, cost of use and speed of application. However, reduced liquidity exacerbates the companies' creditworthiness, making it difficult to apply for bank loans which will enable them to conduct business smoothly and generate revenue. On the other hand, non-cash financial instruments allow companies with proper financial management of their accounts to coordinate the collection and positively affect their own liquidity. However, these financial instruments are currently both underrated and underused in the Macedonian market.




## New Financial Product

The USAID Business Ecosystem Project (BEP) works with traditional and non-traditional financial institutions and with micro-, small- and medium-sized enterprises (MSMEs) to ensure appropriate sources of financing are available and accessible for business expansion and job creation efforts. Difficulties in accessing finance and information asymmetries between financial institutions and MSMEs are often cited as a primary reason for the slower growth of MSMEs.

BEP sensitizes financial facilitators to the unique challenges faced by MSMEs, enabling them to engineer suitable financial products and advise MSME clients appropriately. The Project provides support in linking MSMEs to alternative and commercial sources of financing aiming to improve the ecosystem's information flow through tailor-made matchmaking events for select industries, enabling Business Support Organizations (BSOs), financial facilitators, financial institutions and MSMEs to better recognize opportunities in the financial market.

To this end, in February 2020, BEP started cooperating with the local company Rollsoft RSM, the local partner of the Israeli company Rollsoft. Rollsoft RSM is a company offering a software solution that will increase the business's capacity to utilize compensations in an environment that has many qualified entities. Namely, the company developed a cutting-edge Artificial Intelligence-based Multilateral Cashless Settlement System (MCS) allowing small and medium Enterprises but also bigger enterprises, governmental bodies/entities (such as tax authorities, utilities, municipalities, hospitals, etc.) and others to improve their liquidity and financial position. This is achieved through the cashless settlement of debts against uncollected claims.

The company adapted this system to the needs of North Macedonia's market and launched the platform in the country. BEPs involvement in this initiative proved to be critical, as for the cashless settlements system to function, the Financial Facilitators involved in the Project's activities were engaged to act as brokers, taking on the role of the "sales force" for this highly innovative financial product.





**USAID**  
FROM THE AMERICAN PEOPLE



**ROLLSOFT**  
*I love my cash*

## Main Focus

Promotion of the multilateral cashless settlement system to Financial Facilitators, Business Support Organizations and their members to utilize the digital instrument for non-cash collection of matured receivables.

Promotion of the cashless settlement system as a financial product in North Macedonia to institutions from the private and public sector that specialize in the field of financial accounting, legal and tax affairs, in order to familiarize them with the goals and benefits of applying the digital solution and encourage information exchange for improving non-cash collection.

The screenshot shows the ROLSOFT software interface. On the left, there is a table with columns for 'No. ID', 'Company Name', 'Type', 'Balance', and 'Payable'. The table lists several companies with their respective balances and payable amounts. On the right, there is a document titled 'Final Report for Payable and Cash' with a date of '2021-03-31, 2021' and a report number of '01/2021'.

No. ID	Company Name	Type	Balance	Payable
473136	CLARK TOOL MACHINERY	IMP	13,221.14	
473136	IMP-IMPOT	IMP	14,238.25	
473136	IMP-IMPOT	IMP	13.01	
473136	IMP-IMPOT	IMP	14.23	
473136	IMP-IMPOT	IMP	14,238.25	14,238.25
473136	IMP-IMPOT	IMP	14.23	14.23
473136	IMP-IMPOT	IMP	14,238.25	14,238.25
473136	IMP-IMPOT	IMP	14.23	14.23
473136	IMP-IMPOT	IMP	14,238.25	14,238.25
473136	IMP-IMPOT	IMP	14.23	14.23

**120 companies registered on Rolsoft RSM's Platform**



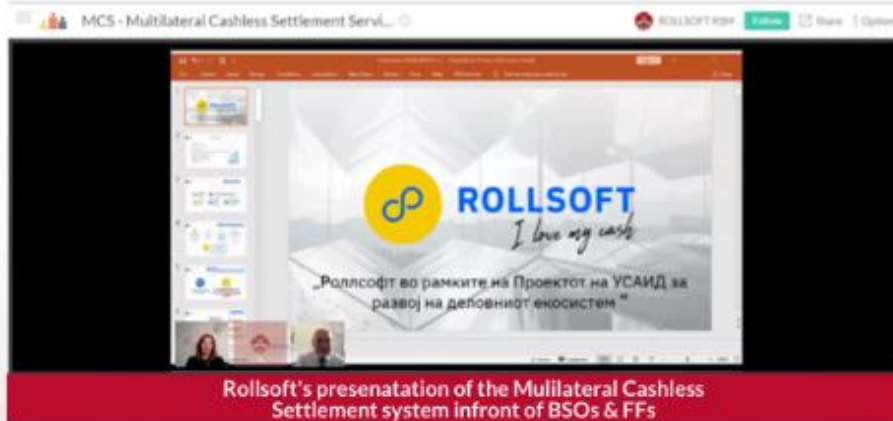
# Challenges & Opportunities

## Promotion of the multilateral cashless settlement system to FFs, BSOs and their members

- In cooperation with the company Rollsoft RSM, BEP organized a training/webinar to introduce the new digitized solution for settlement to BEP's grantees and their members. Rollsoft RSM promoted the company's platform that offers multilateral cashless settlement service, a digital solution that exchanges and connects information about the minimum amount of overdue debt in a chain of many suppliers. The tool allows companies to collect overdue receivables faster, which has a direct impact on current liquidity, reducing the number of days before collection, as well as speeding up turnover.
- BEP supported Rollsoft RSM in organizing virtual matchmaking event to promote the platform in front of members from Makam-trans and Macedonian Association of Metal and Electrical Industry.

## Promotion of the cashless settlement system as a financial product in North Macedonia to institutions from the private and public sector

To pave the way towards successful implementation of the Platform in the private sector BEP facilitated meetings with institutions from the private and public sector. Rollsoft RSM organized a promotional event for representatives of relevant state institutions, including high government officials. During the event, the potential of including the public sector in the platform was discussed, with the government officials giving a recommendation to initiate this on the local level. Thus, BEP supported Rollsoft RSM in identifying municipalities that are eligible to undergo the pilot intervention. Concurrently induction meetings with four municipalities were organized – Karposh, Kochani, Kriva Palanka and Ohrid, wherein the platform and its benefits were presented. These meetings provided crucial feedback on potential challenges and opportunities for utilization of the platform as it is currently set up. BEP's role was focused on facilitating the communication between Rollsoft RSM and the municipalities.



# Identified Challenges

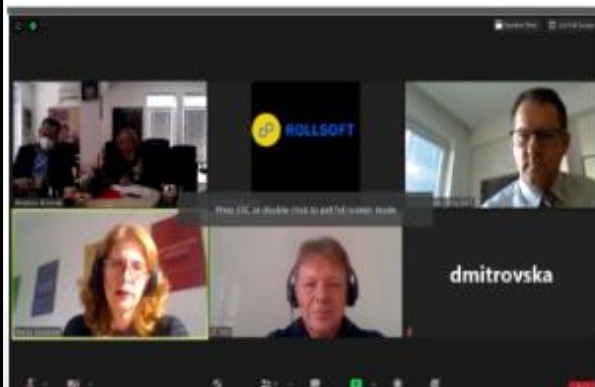
## Meeting with officials from the Ministry of Finance

- Right now, economic entities operating under the central government cannot join initiatives that include these kinds of payment transactions, due to strict regulations that apply for transactions on this level. However, the platform will be piloted on a local level to assess Municipalities' capacity and potential in implementing digital systems for collection of overdue receivables and the type of receivables/liabilities that could be serviced through the platform.

## Meeting with Municipality officials

Municipalities generate two types of income:

- Tax revenue: Property tax, Tax on real state turnover, Tax on inheritance and gifts.
- These taxes are processed through the treasury and cannot be directly included in the platform's domain. An additional challenge presents the implementation of taxes whose income is divided among the City of Skopje and other municipalities in terms of transparency of the process and the income distribution (a distribution matrix should be applied). Moreover, the Law on payment operations forbids tax income collection through digital platforms on instruments such as Assignations, Cessions and Compensations. However, additional modifications to the Law are expected, which will enable the settlement of the aforementioned instruments through digital platforms.
- Non-tax revenue: Operational income, Communal Tax.
- This type of revenue can be included in the platform's domain, though municipalities have a high rate of collection for these non-tax receivables.



Meeting with Officials from Municipality of Kriva Palanka

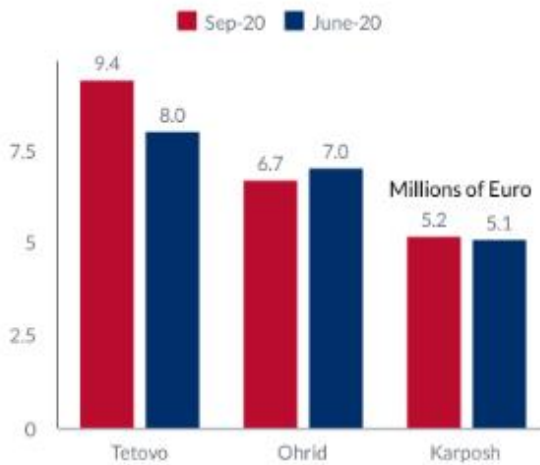


Meeting with Officials from Municipality of Ohrid

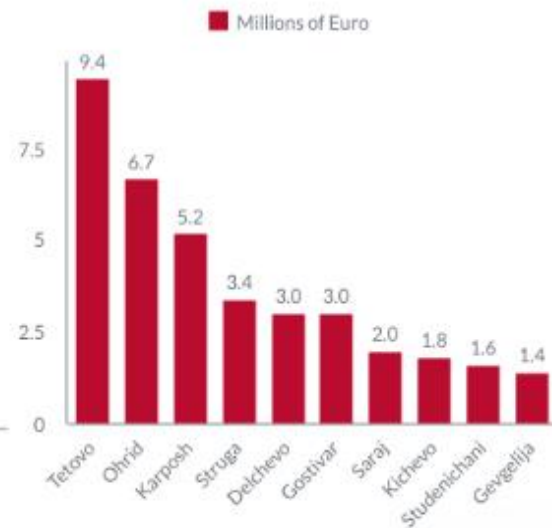
# Opportunities

The debts of the municipalities in the country are growing. As much as 70 out of a total of 80 municipalities in the country reported overdue and unpaid obligations on various grounds. This means that 87.5% of all municipalities in the country face financial problems for regular servicing of the municipalities. In the third quarter of the year, the overdue and unpaid obligations of all municipalities in the country amounted to 63,892,100 Euro. According to the analysis in relation to the situation with the second quarter, it shows an increase in unpaid liabilities by 13 million euros. On the latest "debt list" announced by the Ministry of Finance, concluding with the third quarter of 2020, in the first ten, the biggest debtors are three municipalities: Tetovo, Ohrid and Karposh. In addition to these three municipalities, the first "Top ten Debtors" also includes municipalities with debts higher than 1.5 million Euro.


Overdue and Unpaid Liabilities



Overdue and Unpaid Liabilities



## FACTSHEET: ECONOMIC CHAMBER OF NORTH-WEST MACEDONIA



The image shows the USAID logo on the left, featuring the text 'UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT' and 'USAID FROM THE AMERICAN PEOPLE'. To the right is the ECNWM logo, which includes a stylized diamond shape with an infinity symbol inside, and the text 'OEMVP' and 'ОДА ЕКОНОМИКЕ Е МАКЕДОНИСЕ ВЕРИ-ПЕРЕНДИМОРЕ ТОПАНСКА КОМОРА НА СЕВЕРО-ЗАПАДНА МАКЕДОНИЈА ECONOMIC CHAMBER OF NORTH-WEST MACEDONIA'. A man in a suit is standing at a podium on the right side of the image, speaking into a microphone. The background of the image is dark with some light spots.

### ECONOMIC CHAMBER OF NORTH-WEST MACEDONIA

The Economic Chamber of North-West Macedonia (ECNWM) is a legitimate representative of the business community that aims to improve, promote, and protect the interest of businesses both within the Republic of North Macedonia and abroad.

ECNWM was founded in Tetovo in 2005. Despite various challenges, it managed to experience consecutive successes and attract a significant number of companies (2,000+) as its members. It represents and promotes the business interests, both at home and abroad, and intends to create an appropriate environment for economic development and work through the global competition.

#### ACTIVITIES SUPPORTED BY THE USAID BUSINESS ECOSYSTEM PROJECT (BEP)

With the support of the USAID Business Ecosystem Project (BEP), ECNWM focused on raising the competitiveness and job opportunities in its member companies, worked on developing a digital business-to-business (B2B) matchmaking platform that will help the members assess more regional and international markets. ECNWM developed a market expansion program, including analysis of the markets in Kosovo and Albania and a Market Entry Strategy for each sector (construction, food processing and retail trade). ECNWM also introduced a Membership Service Desk that offers its members accurate and in-time information on business opportunities, networking and legal requirements.

## **BUSINESS GROWTH ON FOREIGN MARKETS**

The Chamber organized online B2B meetings with domestic, regional and international businesses. In addition, to enhance the capacities of micro, small and medium enterprises (MSMEs) for presenting their products in front of foreign buyers, they also trained businesses on holding inbound missions. As a result of the abovementioned activities, the participating companies signed 16 agreements of cooperation, while there were more than 61 online meetings.

### **KEY ACCOMPLISHMENTS**

- ECNWM members increased outreach to international markets.
- ECNWM members increased their production capacities – 61 MSMEs skilled to host foreign companies for business inbound missions and 16 business deals were signed with local and regional companies.

## **MARKET ENTRY INFORMATION PACKAGES**

Market Entry Information Packages (MEIP) assist foreign investors to acquire relevant information regarding the business and legal environment in North Macedonia. They provide comprehensive analysis, based on accurate, updated and analyzed data.

### **KEY ACCOMPLISHMENTS**

- Four new international/regional clients/members joined ECNWM which contributed to the financial sustainability of the Chamber.
- Four regional companies linked with four local companies, providing opportunities for foreign companies to invest in North Macedonia.

## **DIGITAL B2B PLATFORM AND MEMBERSHIP SERVICE DESK**

The Digital B2B platform provides ECNWM members with up-to-date information and possibilities for their promotion through e-advertising, access to a database of company profiles, and obtaining chambers publications. Whereas the Membership Service Desk (MSD) gives everyday support to MSMEs' members and non-members, providing relevant information about legal compliance requirements, entering new markets, and alternative sources of finance.

### **KEY ACCOMPLISHMENTS**

- 1446 e-profiles registered in the Digital B2B Platform and the Membership Service Desk was contacted more than 4,800 times.
- Training Programs provided through the Training Center of the Chamber, fulfilling the needs of the members.
- 15 new members assisted through the Post-COVID-19 Transformative Support Program.

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*"Highly appreciating the role of the Chamber in the development of business and its contribution to the internationalization of entrepreneurship, we can freely say that in addition to our work, the support of the Chamber has been the key to our success. Through it we have managed to define opportunities for cooperation with new partners and at the same time promote our company at home and abroad."*

*– Vezë Sharri, one of the founding companies of the Chamber*

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## FACTSHEET: CEED MACEDONIA



## CENTER FOR ENTREPRENEURSHIP AND EXECUTIVE DEVELOPMENT - CEED MACEDONIA

The Center for Entrepreneurship and Executive Development - CEED Macedonia is a part of the international networking of CEED entrepreneurship centers, founded by USAID and the SEAF investment fund, with the main purpose to encourage growth and development of small and medium enterprises in Eastern and Southeastern Europe.

CEED Macedonia was launched in September 2007 as the fifth center in the network of CEED centers that already operated in the region. CEED's goal is to provide entrepreneurs and their executive teams the know-how and networks they need to accelerate the growth of their businesses and to promote an entrepreneurial culture in the broader society. CEED is a development-oriented organization that offers practical learning, networking, mentorship, access to markets and access to finance. Its vision is to be the most valuable resource for entrepreneurs in their growth by inspiring idea generation, creativity, innovation, cooperation and accelerate the progress through education, creative solutions & valuable resources. The Center manages: (1) *CEED Business and Educational Club* in which entrepreneurs and managers of successful Macedonian companies have a chance to increase sales and export, as well as to advance their work by exchange of useful information and already proven experiences; (2) *CEED HUB Skopje*, an accelerator that provides access to innovative and inspirational working environment to early phase entrepreneurs and companies; and (3) *CEED Business Angels Club (CEED BAs Club)*, one of the first clubs of this kind in North Macedonia.

## **ACTIVITIES SUPPORTED BY THE USAID BUSINESS ECOSYSTEM PROJECT (BEP)**

Studies have shown that not only North Macedonia's startup community lacks available sources for investment, but it also has insufficient capacities to utilize these sources. With BEP's support, CEED worked on tackling these challenges by increasing business angels' investments in startups, raising the startup community's awareness – building their investment readiness and CEED's capacities.

### **INCREASE THE NUMBER OF CEED BUSINESS ANGELS (BA) CLUB MEMBERS AND RAISE THEIR CAPACITIES FOR MAKING SMART INVESTMENTS**

CEED worked on improving the CEED BA Club's services, developing new opportunities for supporting / capacity building of BAs and attracting new potential investors /BAs.

#### **KEY ACCOMPLISHMENTS**

- Business Angels' Guide developed and officially adopted by the CEED BA Club.
- 17 new investors educated to make a decision to become a BA (info sessions and training), while 13 of them joined the CEED BA Club and signed a commitment letter for \$10,000.

### **IMPROVE INVESTMENT READINESS OF STARTUPS AND INCREASE ACCESS TO FINANCE OPPORTUNITIES AND BUSINESS ANGELS' INVESTMENTS IN STARTUPS**

CEED worked on capacity building of startups – improving their investment readiness, commercialization and key performance indicators (KPIs) of their business, as well as pitching skills. Having a complementary approach, CEED also worked on matching investors with startups and facilitating conditions for more in-depth, direct contact between the investors and potential investees.

#### **KEY ACCOMPLISHMENTS**

- Investment Readiness Program developed and successfully completed by four startups.
- 26 startups pitched in front of at least three BAs/investors, while 14 startups had a follow-up meeting with investors after the pitching.
- Six BAs and CEED invested EUR 30,000 in a startup.

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*Our experience with the CEED Business Angels Club is amazing. Beside the Angel's investment of EUR 30,000, which is crucial for us in this stage, the mentorship, and the opportunity to learn from mentors of their caliber is priceless. They will not let you fail. Consultancy support, recommending strong candidates to be hired, legal advice etc. are just a few of the benefits from the Angel Investment, besides the funding. Now, we are more than happy to be able to continue growing the business, with ambition for our goals to be achieved, and very thankful for the support from CEED.*

*– Viktor Atanasovski, CEO and co-founder/ Affiliates Perform*

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## FACTSHEET: TEXTILE TRADE ASSOCIATION



### TEXTILE TRADE ASSOCIATION – TEXTILE CLUSTER

The Textile Trade Association - Textile Cluster (TTA-TC) is a recognizable initiator, organizer and implementer of various activities and services aimed at improving the competitiveness of the Macedonian textile and clothing industry.

TTA-TC is a non-profit organization founded in 2003 by several leading companies in the Macedonian textile and clothing industry. The driving vision of TTA-TC is to improve the textile and clothing industry in the Republic of Northern Macedonia by engaging relevant stakeholders and offering them assistance in areas key to their development. The primary goal of TTA-TC is to promote better communication between its members, to create favorable conditions for the development of the industry and to help companies improve their competitiveness. At the same time, the cluster represents the interests of its members in front of the Government of the Republic of North Macedonia and other institutions, national and international organizations.

#### ACTIVITIES SUPPORTED BY THE USAID BUSINESS ECOSYSTEM PROJECT (BEP)

As the leading association of textile and apparel producers, with BEP's support, TTA-TC worked on redesigning the existing and developing new services to support companies in achieving their goals by strengthening their capacities and increasing sector competitiveness. Based on a previous analysis of the Macedonian textile and apparel sector, several challenges were identified. In cooperation with BEP, TTA-TC prioritized addressing the following key problems that directly affect the competitiveness of the industry; introduction of social standards (social compliance of the companies) and restoring the image of the sector.



### **DEVELOP SUPPORT SERVICE FOR IMPLEMENTATION OF SOCIAL STANDARDS**

TTA-TC has developed the following three new services: 1) assisting companies in the introduction and implementation of social standards; 2) providing linkages to social auditors; and 3) facilitating the process of utilizing state support to cover the costs of social audit. With these three services, TTA-TC supported a total of 72 micro-, small- and medium-size enterprises (MSMEs) and trained 51 new people.

#### **KEY ACCOMPLISHMENTS**

- Two TTA-TC staff members trained to support companies in implementation of social standards.
- One TTA-TC staff member trained to conduct basic and advanced auditing under the auditable certification standard SA8000.
- 13 companies supported to implement social standards and improve their management practices or technologies.
- 10 companies supported to apply for funds for implementing social standards from the Government of the Republic of North Macedonia— four of the companies have successfully obtained funds, while the other six companies will submit their applications in the upcoming period.
- Two promotional events for social standards were organized for 50 representatives from 40 companies.

### **DEVELOPMENT OF A PR MECHANISM FOR RESTORING THE POSITIVE IMAGE OF THE APPAREL SECTOR**

The goal of the activity was broader affirmation and direct presentation of the real situation in the textile industry, with the aim of popularization of the sector and improving its image. The activities implemented by TTA-TC in this regard focused on regularly emphasizing the positive examples from the implementation of social standards in the companies.

#### **KEY ACCOMPLISHMENTS**

- 24 contact TV shows broadcast with topics from the field of textile and apparel.
- 16 new companies became members of TTA-TC, for a total of 70 memberships in TTA-TC.
- 23 companies – TTA-TC members linked to new buyers.
- A total of 13 internal processes improved, which ultimately increased the value the organization provides to their members.
- TTA-TC gained membership at the Business Social Compliance Initiative (BSCI) platform AMFORI, one of the leading global business association for open and sustainable trade.

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*“The Business Social Compliance Initiative (BSCI) certificate we received is a confirmation to foreign partners that we as a company take care of our employees and the environment – it simply means a permission to work for foreign partners. In order to start talking to foreign clients at all, you must have these standards implemented, especially in conditions of a pandemic when we are trying to get in touch with new customers. New customers know nothing about us and having a social responsibility certificate is a confirmation of the quality and confidentiality of the company.”*

*– Kiril Naskov, owner of the company Lars Trade, supported by TTA-TC*

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# FACTSHEET: VETERINARY CHAMBER OF THE REPUBLIC OF NORTH MACEDONIA



## VETERINARY CHAMBER OF THE REPUBLIC OF NORTH MACEDONIA

The Veterinary Chamber is actively working on protection and promotion of the professional, scientific, and economic interests of veterinary doctors, and on improving of competencies, competitiveness and the sustainability of veterinary businesses.

The Veterinary Chamber of North Macedonia (VCNM) is an organization established in 1993 as a professional organization of veterinary specialists in the country, employed in all segments of the veterinary service. As such, VCNM successfully works in the promotion of the veterinary profession and the role of veterinary professionals in the veterinary service across the country. VCNM is a public institution authorized by the state and their purpose is to protect and promote the professional, scientific and economic interests of doctors in veterinary medicine through registration, licensing, control of the work of veterinary experts and their continuous education.

### **ACTIVITIES SUPPORTED BY THE USAID BUSINESS ECOSYSTEM PROJECT (BEP)**

As BEP's grantee, VCNM worked on improving the capacities of both the Chamber and its members to implement appropriate actions aimed to regulate and manage the practice of veterinary medicine in the country. With BEP's support, the Chamber offered educational, business development and advocacy services to empower MSMEs in the sector to increase their income, acquire support from National programs and funds and become sustainable. Simultaneously, the Chamber was setting minimum standards for veterinary practice, promoting high standards of veterinary education and conduct, registering veterinarians and recognizing their appropriate qualifications by providing Doctor of Veterinary Medicine (DVM) licenses.

### **NEW BUSINESS DEVELOPMENT SERVICES**

This activity targeted one of the most important needs of the veterinarians willing to start a veterinary business: access to information, advisory support, and access to finance.

#### **KEY ACCOMPLISHMENTS**

- 11 new veterinary companies established.
- 17 new jobs created in the assisted MSMEs.
- 37 new members of VCNM registered.

### **VETERINARY TRAINING AND INTEGRATED VETERINARY PROGRAM**

VCNM worked on providing education, transfer of know-how and good veterinary practices as well as establishing an integrated veterinary program.

#### **KEY ACCOMPLISHMENTS**

- 200 companies licensed for using Integrated Vet Software.

### **LOBBYING AND ADVOCACY**

VCNM strengthened its staff and members' advocacy skills and developed policy papers regarding legislative issues that influence animal and human health and advance the veterinary medical profession in general.

#### **KEY ACCOMPLISHMENTS**

- Developed and submitted four policy papers, two of which were adopted by the Food and Veterinary Agency: "Policy paper aimed to increase the national payment for veterinary services costs provided under the national program of primary health care" and "Policy paper aimed to develop measures that engage private veterinary entities to provide veterinary services for the prevention and control of African swine fever".

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*"Opening my new veterinary clinic was so easy with the support and help of the Veterinary Chamber of North Macedonia. Me and my family are grateful."*

*– Aleksandra Koceva DVM , Owner of Veterinary Clinic Provet HG, Gevgelija*

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## FACTSHEET: STARTUP MACEDONIA



# Startup Macedonia

CONNECTING  
THE ECOSYSTEM

> Mentorship

> Acceleration

> Innovation

## STARTUP MACEDONIA

Startup Macedonia is an umbrella association that facilitates greater cooperation among all stakeholders in the Macedonian startup ecosystem and represents their interests.

Startup Macedonia is an association which focuses on the development of the startup ecosystem with a mission to release the full potential of Macedonian startups, by building a connected ecosystem that will support their development. It was formed in 2016 as a collective of experts, business support organizations (BSOs), founders and investors with the common goal to unify, improve and strengthen the Macedonian startup ecosystem. Through uniting all stakeholders in the ecosystem – startups, investors, entrepreneurs and even policy makers, Startup Macedonia leads the joint efforts to create a business environment where newly created companies can thrive.

### ACTIVITIES SUPPORTED BY THE USAID BUSINESS ECOSYSTEM PROJECT (BEP)

In 2018, Startup Macedonia conducted a mapping of the Macedonian startup ecosystem. The analysis showed that that it is fragmented, with poor connections among stakeholders, limiting opportunities for investment and collaboration. Startups found it difficult to obtain information on financing, available services and support offered by a range of BSOs. Due to asymmetric information flows between startups and BSOs operating in the startup ecosystem, young entrepreneurs had difficulty finding mentors, choosing the best opportunities for investment and collaboration and gaining access to resources. The research also confirmed that access to resources was uneven nation-wide – most of the resources and growth services were congested in the capital. With BEP's support, Startup Macedonia launched a data-driven startup platform to increase ecosystem competitiveness and connect newly-created innovative companies with relevant BSOs and investors.

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## CONSTRUCTION OF A DIGITAL ECOSYSTEM PLATFORM

The main purpose of the platform is to improve cooperation and networking between BSOs and startups by sharing data and insights leading to better diagnosis of the development phase of each startup, thus matching it to the appropriate service that will support it reaching the next development phase. The platform also provides clear information on all relevant BSOs and the services they offer, thereby matching the start-ups with the appropriate service providers. The platform allows startups to become more visible to Business Angels (BAs), investors and supporting organizations like the Fund for Innovation and Technology Development (FITD), accelerators, network of mentors, incubators etc. It proved to be COVID-19 functional, providing support to startups in times of a global crisis.

### KEY ACCOMPLISHMENTS

- 126 startups and 45 supporting organizations registered on the platform.
- 43 services for startups made available through the platform.
- Promotional caravan of the platform organized in five cities across the country.

## STARTUP ECOSYSTEM DEVELOPMENT

Startup Macedonia's systemic approach focuses on sustainable development of the Macedonian startup ecosystem by uniting local actors and increasing their self-reliant growth. In addition to finding opportunities to improve collaboration among all stakeholders, Startup Macedonia works on bridging the gap between the startup community and policy makers and improving outreach about the Macedonian startup community.

### KEY ACCOMPLISHMENTS

- Three new services introduced used by a total of 699 micro-, small- and medium-sized enterprises (MSMEs) operating in the startup sector.
- 16 internal processes improved as a result of BEP's capacity building activities.
- Business development services provided to 167 MSMEs and 373 trained people in new skills relevant for operating in the startup ecosystem.
- Together with various stakeholders, Startup Macedonia representatives participated in a study tour to Israel, learning about accelerator/incubator programs, the relationship between the private sector and academia, as well as the impact of research and development centers on the startup community.
- Startup Ecosystem Steering Committee formed, offering increased and better-structured sharing of information, joint planning and opportunities to leverage resources among different stakeholders in the startup ecosystem.
- Policy changes initiated – related to the introduction of convertible loans as an investment product within the Law on Trade Companies.
- PR activities and events regularly conducted, including the in organizing the Global Entrepreneurship Week North Macedonia – an international event encouraging entrepreneurship.

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*“I love that the platform does not overwhelm its users with information, but rather works in a selective manner. It selects which event is for whom, which startup is for where and which investor is for what. I hope that there will be more and more users on the platform – this is the only way in which we will be able to meet each other, truly help each other and bring the startup scene to a level which reflects the real potential that Macedonian startups have.”*

*– Milan Dimitrievski, Executive Director of X Factor Accelerator*

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## FACTSHEET: CHAMBER OF CRAFTS



### CHAMBER OF CRAFTS SKOPJE

The Chamber of Crafts – Skopje is a non-profit association of craftsmen on the territory of Skopje that was established in 1932. Today, the Chamber is a modern business association with more than 2000 members and includes 19 craft sections.

The Chamber is a non-profit association of craftsmen that was established in 1932. The organization serves as a one-stop-shop for industry representatives, offering a wide range of services such as registration, education, legal and professional advisory, promotion and lobbying. The main objective of the Chamber of Craft is the support and development of craftsmanship.

#### ACTIVITIES SUPPORTED BY THE USAID BUSINESS ECOSYSTEM PROJECT (BEP)

Focusing on revenue increase and youth employment in the crafts professions, the Chamber of Crafts Skopje, works with each of the 19 craft sections through support mechanism and the apprenticeship program. The program is a large direct employment measure that involves students from vocational and other schools who want to have a career in the selected craft. A new service got introduced by the Chamber of Crafts Skopje for its members – training for mentors at the craftsmen employers. The training for mentors is general for all profiles and covers 19 sections in the Chamber of Crafts. Due to the lack of labor force in the bakery and bread production, including production of the traditional “burek” (a type of pie), the Chamber developed a bakery training program verified through the Adult Education Centre and the Ministry of Education and Science.

## **APPRENTICESHIP AND SUPPORT FOR ESTABLISHMENT OF NEW CRAFT BUSINESS**

Apprenticeship program creates opportunities for opening new jobs and reducing workforce deficit. This also opens opportunities for entrepreneurship and starting new businesses in the craftsmanship sector, as well as increasing membership in the chamber. The Chamber of Crafts Skopje offers full support to apprentices who become entrepreneurs through the voucher system of counseling, self-employment programs and through the one-stop shop for craftsmen registration.

In this regard, the Chamber of Crafts also worked on providing support to new craft businesses through trainings for starting a business, as well as providing continuous mentoring support on a monthly basis.

### **KEY ACCOMPLISHMENTS**

- 10 young people trained through the apprentice program for the following crafts: cosmeticians, auto-mechanics, bakers, confectioners, hairdressers, and locksmiths.
- 27 new craft businesses established within the program for financial support of new craft businesses.
- 33 people employed.

## **TRAINING FOR MENTORS IN CRAFT BUSINESSES**

The Chamber of Crafts introduced the new service – training for mentors – with the aim to enable craftsmen to teach students in the future.

### **KEY ACCOMPLISHMENTS**

- 66 mentors trained in accordance with the program verified by the Vocational Education Training Center.

## **ADVOCACY**

The Chamber also worked on advocacy and lobbying, as well as coordination with the relevant government institutions on activities aimed at improving and adapting national legal frameworks and reforms based to the interests of their constituents. Four policy papers were submitted.

### **KEY ACCOMPLISHMENTS**

- The value added tax (VAT) entry limit was raised from one million to two million denars.
- The communal tax for craftsmen and performers of craft activity was reduced.
- The VAT tax rate was reduced from 18% to 5% for some craft activities.

## **IMPLEMENTING A SOFTWARE SOLUTION FOR BUILDING A DATA BASE AND MANAGING THE RELATIONS WITH THE MEMBERSHIP**

The Chamber worked on development of a software solution for building an internal data base that solves the challenge with a lack of correct and timely data regarding the number, categorization, and selection of members on various grounds. Subsequently, with the software for managing relations with the members, the chamber improved the communication with its members.

#### KEY ACCOMPLISHMENTS

- The software is fully operational enabling efficient communication between the members.

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*“The apprenticeship program funded by the USAID Business Ecosystem Project enabled me to train four young people in my business. I managed to provide three employments of young people who acquired professional skills and competencies within the nine-month apprenticeship training.”*

*Biljana Zografska, Patisserie Mozart Cakes*

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## SUCCESS STORY: E-COMMERCE



**USAID**  
FROM THE AMERICAN PEOPLE

### E-COMMERCE HELPS MACEDONIAN RESTAURANT THRIVE AMID COVID-19 PANDEMIC

USAID UNLOCKS THE PRIVATE SECTOR'S  
FULL POTENTIAL



*"Since I opened the e-shop, takeaway orders  
have almost quadrupled"*  
-Viktor Gavrilov-

The COVID-19 pandemic has devastated the hospitality sector. Strict lockdowns and physical distancing measures have taken a heavy toll on many restaurants around the world. Small businesses like Viktor Gavrilov's restaurant, Radio Coffee Kanal 77, located in Shtip, North Macedonia, were particularly vulnerable. At the beginning of the pandemic, Viktor had to shutter his restaurant for three months. The situation seemed apocalyptic to him, so he tried to figure out what he could do to keep his business alive.

"I had seen that e-commerce was gaining momentum in North Macedonia and the world, so I started thinking about opening an e-shop to mitigate the impact of the pandemic," said Viktor.

In researching how to make his own e-shop a reality, Viktor heard about the Macedonian E-commerce Association's (MECA's) call for businesses needing website development support and he decided to apply. The association was particularly interested in working with Viktor both because of his keen interest in e-commerce, and because online shopping was novel in Shtip.

Before the pandemic even began, MECA, in partnership with USAID, sought to promote digitalization and online sales by local companies. That foresight put the association in an ideal position to help promising businesses unlock their full potential during the pandemic. The association provided consulting, technical and financial support, enabling 40 local businesses to set up online sales channels, which allowed them to sustain and grow their businesses during the pandemic. MECA's web platform "Ecommerce4ALL" provides detailed and easy-to-understand information on how to start and run an e-shop. With USAID's support, MECA also organized five "learn-a-thons" where businesses explored how to apply digital skills to increase their sales.

As a result of MECA's support, Radio Coffee Kanal 77 made 200 online sales within the first month of going digital, demonstrating huge potential to further increase sales.

"I made a business plan with minimal expectations—just a small number of sales to keep the business running. Nevertheless, all my projections for the restaurant came true in just two months. Since I opened the e-shop, takeaway orders have almost quadrupled," said Viktor.

Viktor's success is a good example for Shtip businesses and consumers, demonstrating that e-commerce is viable in the area.

"We strive to safely deliver food to our customers in the comfort of their own homes. There is no other similar e-shop in Shtip and the surrounding area. Our customers quickly got used to this way of functioning. We already have buyers who use the e-shop at least 2 to 3 times a week, and some even every day," Viktor noted.

By shifting to online sales, companies can generate more revenue and retain workers, while also providing customers with products they otherwise are unable to get safely in person.

"If we had not opened the e-shop, we would have been forced to lay off some employees. We all need to adapt if we want to prosper in this current environment. On the other hand, if we stick to the old ways of doing business, we are more likely to fail than to succeed," Viktor underscored.

In partnership with USAID, MECA has also introduced the "verified e-trader badge," issued to e-commerce traders that meet all the legal requirements for online sales. This badge is helping to standardize and increase the level of e-commerce, while helping customers distinguish between legal and illegal online sales, thus helping reduce the grey economy.

Together with local partners and the private sector, USAID is supporting North Macedonia's efforts to achieve economic growth by building a responsive and sustainable business environment that enables increased productivity, revenues, and jobs for micro-, small- and medium-sized enterprises.

# MEET OUR TRAINEES

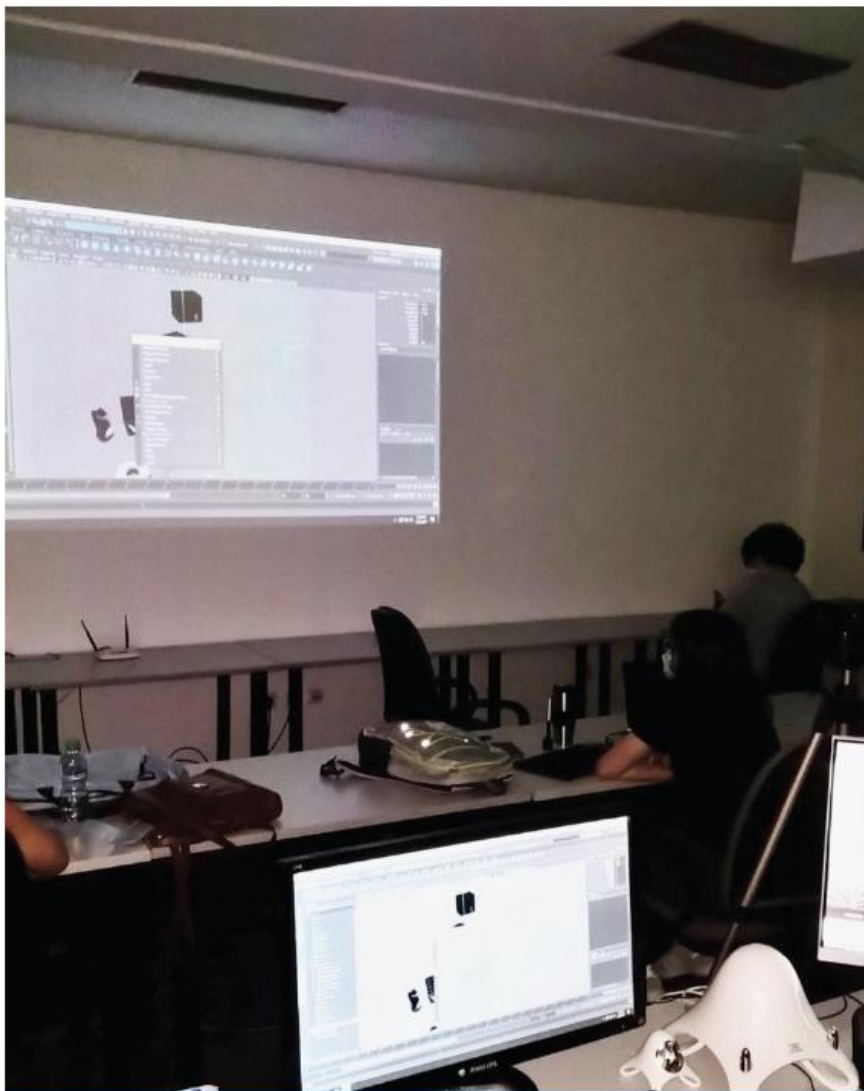
## INTERVIEWS

USAID BUSINESS ECOSYSTEM PROJECT

Vol. 3



DATE: January, 2021



The USAID Business Ecosystem Project, in partnership with FX3X, a company provider of visual effects and computer graphics animation for film, commenced a Training for Employment initiative - providing 3D Modeling and Animation Training, organized by New Man's Business Accelerator and a Visual Effects Training, organized by VFX Nest.

# Meet Aleksandra

**Aleksandra** is a student at the Faculty of Electrical Engineering and Information Technologies with a major in power engineering, automation and renewable energy sources who attends the Visual Effects Training.

"Aleksandra has a huge interest in learning new things and believes that by broadening your capabilities and skills, many new opportunities come within reach. She wants her actions to speak for her qualities and has a highly developed and creative problem-solving capability.

Aleksandra is motivated by new challenges and a friendly working environment, and she has the potential to become an excellent visual artist and a successful team leader"

– *Katerina Zlatanovska Popova, Career Counselor, involved in the trainee selection process.*

## What motivated you to attend the 3D Modeling and Animation training?

I found the announcement about the Training on social media.

What motivated me to enroll in this Training was my desire to know more about the processes behind the big screen and my interest to broaden and improve my digital skills for video content development.

As a movie art admirer, I wanted to be a part of the creation process and this is a chance I can't miss.

## Where does your interest in this kind of work come from? Did you have any foreknowledge in this field?

Usually I am impressed with the new accomplishments in the world of technology. I study at the Faculty of Electrical Engineering and Information Technologies, I am constantly within reach of technology, thus the field of visual effects in movies is a perfect combination of my love towards movies and technology.

I love the world of visual effects in movies because we can create everything that we can imagine.

Recording and editing videos is my hobby, so before I enrolled on this training, I had moderate know-how and skills for recording and editing videos, experience with a few photo editing programs, and basic knowledge of graphic design.

## What are your first impressions from the training? What is the best impression you had so far?

Thus far, I have only good impressions and experiences. I like that the training is intensive, and we gain thorough knowledge. The exercises are excellent, and we have enough time to absorb the gained knowledge.



The Training Coordinator and other trainers are more than pleased to answer our questions, to help us with everything, great discussions occur, and we hear great work experiences derived from this field.

The best impression so far is that there is no working pattern, but rather every scene we work on presents a new challenge.

## How would you like to continue your career? What are your expectations after concluding the training?

As in every career, you must improve and upgrade, so after concluding the training, I would like to continue improving my knowledge and skills, whether as part of FX3X or at home.

## What will you recommend to all students who have an interest to develop skills in this specific field?

I think that self-initiative is one of the capabilities that should prevail in every field, thus I will recommend exploring the opportunities the Internet has to offer. Additionally, if they want to gain professional experience in this field, to contact FX3X and the academies they collaborate with (VFX Nest Academy for Visual Effects and Newman's Business Accelerator for 3D Animation) where they could attend a training like this one.

Meet Aleksandra Stojanovska (21) and Tiana Mitovska (30), two trainees sharing their experience.

Meet Aleksandra Stojanovska (21) and Tiana Mitovska (30), two trainees sharing their experience.

# Meet Tiana

**Tiana Mitovska** is a student at the Faculty of Computer Science and Engineering with a major in E-Technologies, attends the 3D Modeling & Animation Training

"Tiana is a team player who wants to share her success with other team members. She handles work under pressure really well, she has no fear from new tasks and can successfully cope with deadlines."

– *Katerina Zatanovska Popova, Career Counselor, involved in the trainee selection process*

## What motivated you to attend the Visual Effects training?

I like work where I can express my creativity, and the 3D Modeling and Animation is an excellent profession for that. When I found out about the training, I immediately knew that I should enroll.

I was already acquainted with FX3X's work, and I knew that they are leaders in this industry. Probably that was my greatest motivation – the opportunity to learn from the best.

## Where does your interest in this kind of work come from? Did you have any foreknowledge in this field?

My interest in this field originates from a long time ago. I always wanted to know what the development process of anime movies is and what are the techniques that need to be mastered.

I had basic foreknowledge from previous 3D Modeling and Animation events and workshops, but I really wanted to improve myself in this field.

## What are your first impressions from the training? What is the best impression you had so far?

The program is excellent and advanced, as for the mentors, they are extremely determined and always open for questions and advice. I especially like that apart from the theoretical classes we have a practical part where we apply what we have learned.

Everything is interesting correspondingly, but if I must choose one part, that would be the modeling.

## How would you like to continue your career? What are your expectations after concluding the training?

I want to continue my career path in this industry and become a professional in my work, so I believe that this training will enable that.



## What will you recommend to all students who have an interest to develop skills in this specific field?

I will recommend to everyone who has an interest in this field not to hesitate – I think that this is the place where they will gain the required knowledge from mentors which are professionals in their work.

Meet Aleksandra Stojanovska (21) and Tiana Mitovska (30), two trainees sharing their experience.

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# MEET OUR TRAINEES

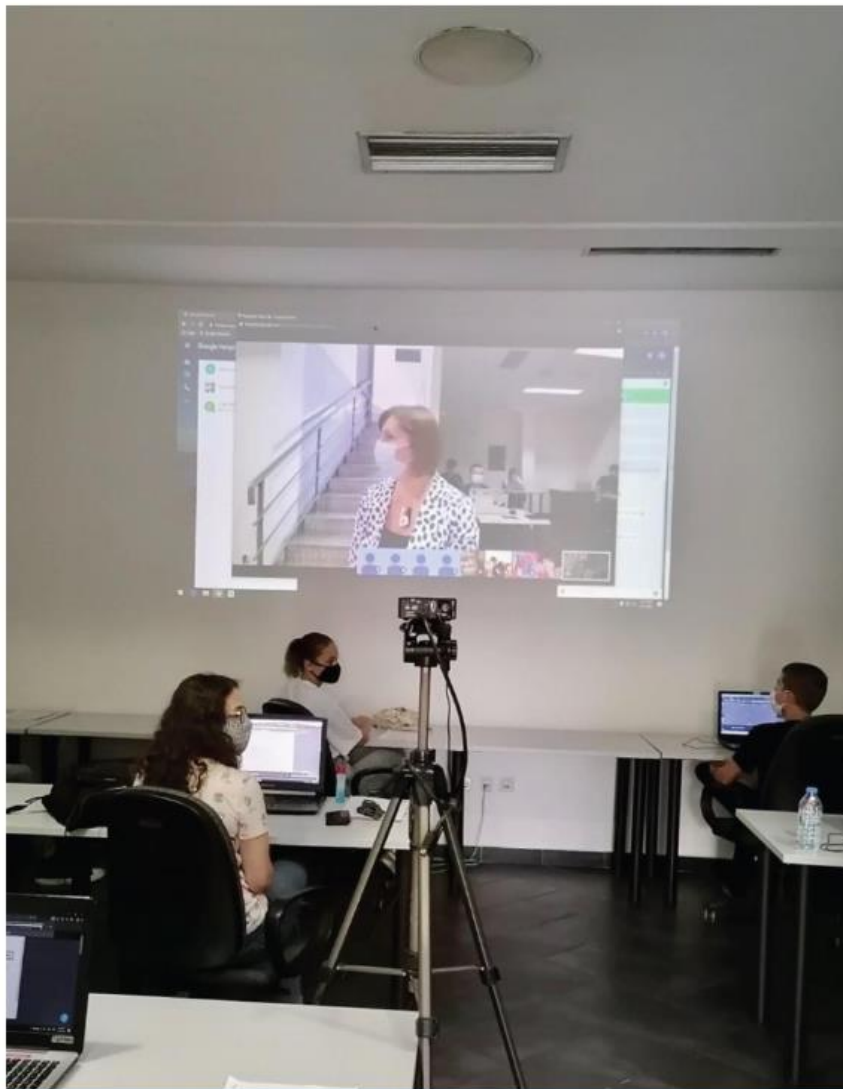
## INTERVIEWS

USAID BUSINESS ECOSYSTEM PROJECT

Vol. 4



DATE: January, 2021



The USAID Business Ecosystem Project, in partnership with FX3X, a company provider of visual effects and computer graphics animation for film, commenced a Training for Employment initiative – providing 3D Modeling and Animation Training, organized by New Man's Business Accelerator and a Visual Effects Training, organized by VFX Nest.

# Meet Katerina

**Katerina** is a student at the Faculty of Architecture and Design at the University American College Skopje, who attends the Visual Effects Training.

"Katerina is a unique young lady with huge passion towards science fiction and video games design. She is a positive person, with excellent communication capabilities, open for new challenges. She has excellent cognitive skills, dedication to the training, emotional balance and self-control which gives her immense potential to become a senior artist in the future."

– *Katerina Zatanovska Popova, Career Counselor, involved in the trainee selection process.*

## What motivated you to attend the 3D Modeling and Animation training?

Since my collage days, I wanted to enroll in this Training, but due to other responsibilities I did not have the opportunity to enroll. I was always impressed by the visual effects.

## Where does your interest in this kind of work come from? Did you have any foreknowledge in this field?

The interest for drawing and anime movies originates from my younger days. While others played with dolls, I was Son Goku (a character from the anime series Dragon Ball), my father made me a Nunchaku and I never went anywhere without it.

Moreover, the drawing and art talent go in my favor - since I know about myself, I draw, and I really like video games (last year I reached 3rd place in Hearthstone at the A1 Game Fest). The drawing, creativity gaming and computers run in my blood.

I did not have any foreknowledge about the programs we study at the training, but I have quite a good foundation when it comes to art. In June 2020, I graduated from the Faculty of Architecture and Design at the University American College in Skopje and I became a Graduated Architect Engineer with the highest honor "Magna cum Laude".

During my studies I used several computer programs for design, drawing and architect drawing and I am grateful to my professors Dr. Vladimir Deskov and Dr. Mishko Ralev who increased my desire to direct my career towards computer design and to enroll in this training.



## What are your first impressions from the training? What is the best impression you had so far?

The training is very evocative, extremely unique, and professional, the mentors are wonderful, they know the answers to all our questions.

I am really pleased with the training. It surpassed my expectations. The best impression are the trainers with their attitude and the whole atmosphere on the training.

## How would you like to continue your career? What are your expectations after concluding the training?

I want to continue my career as a part of FX3X, and my dream is to work for Blizzard and create cinematics for World of Warcraft.

## What will you recommend to all students who have an interest to develop skills in this specific field?

To gain professional skills provided from specialized trainings by New Man's Business Accelerator and VFX Nest, to improve on daily basis and never give up on their dreams.

Meet Katerina Kolachkovska (22) and Ivica Gjorgjevski (27), two trainees sharing their experience.

Meet Katerina Kolachkovska (22) and Ivica Gjorgjevski (27), two trainees sharing their experience.

# Meet Ivica

**Ivica Gjorgievski** has completed his high school studies at Nikola Karev High School and attends the 3D Modeling & Animation Training

"Ivica has a huge passion to work in the field of anime movies and 3D and believes that by attending this training he will move closer to fulfilling that dream.

He is creative, persistent, and motivated to offer the best he has. He believes that if the desire prevails, a man can learn everything"

– *Katerina Zatanovska Popova, Career Counselor, involved in the trainee selection process*

## **What motivated you to attend the Visual Effects training?**

The main motivation for me was that the training is carried out in FX3X, a company which has worked on many Hollywood blockbusters, and their best artists with many years of experience in the field are hired as mentors.

## **Where does your interest in this kind of work come from? Did you have any foreknowledge in this field?**

As a science fiction and video games admirer, I had interest for modeling and animation since I was a kid. I started to do modeling one or two months before I found out about the 3D Modeling and Animation Training.

## **What are your first impressions from the training? What is the best impression you had so far?**

The training covers everything around the process, and you can learn a lot.

The mentors are exquisite professionals with over 10 year of experience in the field, thus the mentors and their dedication left me the best impression.

## **How would you like to continue your career? What are your expectations after concluding the training?**

I have been thinking about a career in the 3D world long before I applied for the Training, and with the previously gained knowledge, that became a reality.

After concluding the Training, I expect to be given a chance to work for FX3X as soon as possible.

## **What will you recommend to all students who have an interest to develop skills in this specific field?**

To everyone interested I would recommend applying for the next training without hesitation, to aspire and to be persistent.



Meet Katerina Kolachkovska (22) and Ivica Gjorgievski (27), two trainees sharing their experience.

Meet Katerina Kolachkovska (22) and Ivica Gjorgievski (27), two trainees sharing their experience.

# MEET OUR TRAINEES

INTERVIEWS

USAID BUSINESS ECOSYSTEM PROJECT

Vol. 5



DATE: February, 2021



The USAID Business Ecosystem Project, in partnership with FX3X, a company provider of visual effects and computer graphics animation for film, commenced a Training for Employment initiative - providing 3D Modeling and Animation Training, organized by New Man's Business Accelerator and a Visual Effects Training, organized by VFX Nest.



# Meet Igor

**Igor** attends the Visual Effects Training, and at this moment he is a graduate student at the Faculty of Economics (e-business) in Skopje.

Most of the time Igor traveled from Kumanovo to the premises of Fx3x in Skopje, while he attended the training online only when he was not able to come in person. He is a big admirer of the Film Industry, and has a huge interest for Music, History and Photography.

With this training Igor aimed to make a swift career change from economy towards visual arts and to become a Visual Effects Artist. His intrinsic motivation, emotional stability and readiness to learn new things helped him in achieving that."

– *Katerina Zatanovska Popova, Career Counselor, involved in the trainee selection process.*

## What motivated you to attend the 3D Modeling and Animation training?

The motivation to attend this training comes from my long-standing desire and interest for film and the film industry.

Although at the age of 18 I decided to enroll at the Faculty of Economics, the interest in the film industry still did not fade even after graduation. When I acknowledged the level of readiness the training offers, I enrolled without hesitation.

## Where does your interest in this kind of work come from? Did you have any foreknowledge in this field?

Since my younger days I admired this field. At the beginning, the interest came simply from watching movies. Afterwards, I put some effort in intensive research on how movies are made, I gave myself a chance at it and successfully made my first short movie that incorporated elements of visual effects.

## What are your first impressions from the training? What is the best impression you had so far?

I am really happy that I was part of this training. I acquired new knowledge and skills, thanks to the wonderful mentors. They were completely professional, but at the same time very friendly, which made the training fun, interactive and successful.

We used Nuke, SilhouetteFX and 3D Equalizer software which is also used by "Walt Disney Animation Studios", "Industrial Light & Magic" and other globally renowned production studios.

The training surpassed my expectations because all classes was held and organized by experts and masters in their field of Roto, Paint, Matchmove and Compositing.



## How would you like to continue your career? What are your expectations after concluding the training?

As a rookie, I am considering three fields through which I would like my career path to continue: rotoscoping, painting, and compositing.

After successfully concluding the training I would like to be employed in a company like Fx3x, and be able to participate in creating professional movies, and contribute to creating new successes for the company. I will surely continue to upgrade my knowledge because this is what makes me happy.

## What will you recommend to all students who have an interest to develop skills in this specific field?

As part of these trainings, everyone who has the desire and interest in this field, will have the opportunity to see first-hand what visual effects are and what is their role in making a movie.

I would recommend all interested candidates to make the first step and enroll in the training without any hesitation, because this experience will help them gain many new skills and open new career paths where creation and participation in movies will not be just a desire, rather a reality.

Meet Igor Jovanovski (26) and Predrag Ikonomovski (50), two trainees sharing their experience.

Meet Igor Jovanovski (26) and Predrag Ikonomovski (50), two trainees sharing their experience.

# Meet Predrag

**Predrag graduated at the Faculty of Technology and Metallurgy, attends the 3D Modeling & Animation Training.**

"Predrag came with great determination to advance his knowledge in the field of visual effects and be part of FX3x.

Even though he was among the senior participants in the training, Predrag had a clear plan to focus on the most recent technologies in the field and he put additional working hours beside those envisioned in the training program in order to master the material"

*– Katerina Zatanovska Popova, Career Counselor, involved in the trainee selection process*



**What motivated you to attend the Visual Effects training?**

I was always interested to learn how those "magical" moments in the movies were made.

I wanted to learn thoroughly about the software and tools that are used in the VFX industry, mostly with focus on Compositing.

**Where does your interest in this kind of work come from? Did you have any foreknowledge in this field?**

For some time, I have worked as a Rotoscoping artist. That is how I got acquainted with The Foundry Nuke, which is a perfect tool for manipulating any kind of taped material. However, the tool is very large and complex, and the possibilities of constantly learning new operational skills are endless.

**What are your first impressions from the training? What is the best impression you had so far?**

The training is remarkably conceptualized. From the introduction in Cinematography to emphasizing all kinds of opportunities and careers in which all of us can focus on in the future and prosper.

The best impression so far was from filming the shots where each trainee from the program contributed in. The mentors are dedicated to transfer their knowledge and are always willing to answer every question, even after hours.

**How would you like to continue your career? What are your expectations after concluding the training?**

I would like to devote on the most recent trends in the film industry, for example Virtual Production.

This technology enables producers and actors to be directly involved in shaping the final product. There are many programs deriving from the gaming industry that enable this kind of inclusion, but I focus on Unreal Engine.

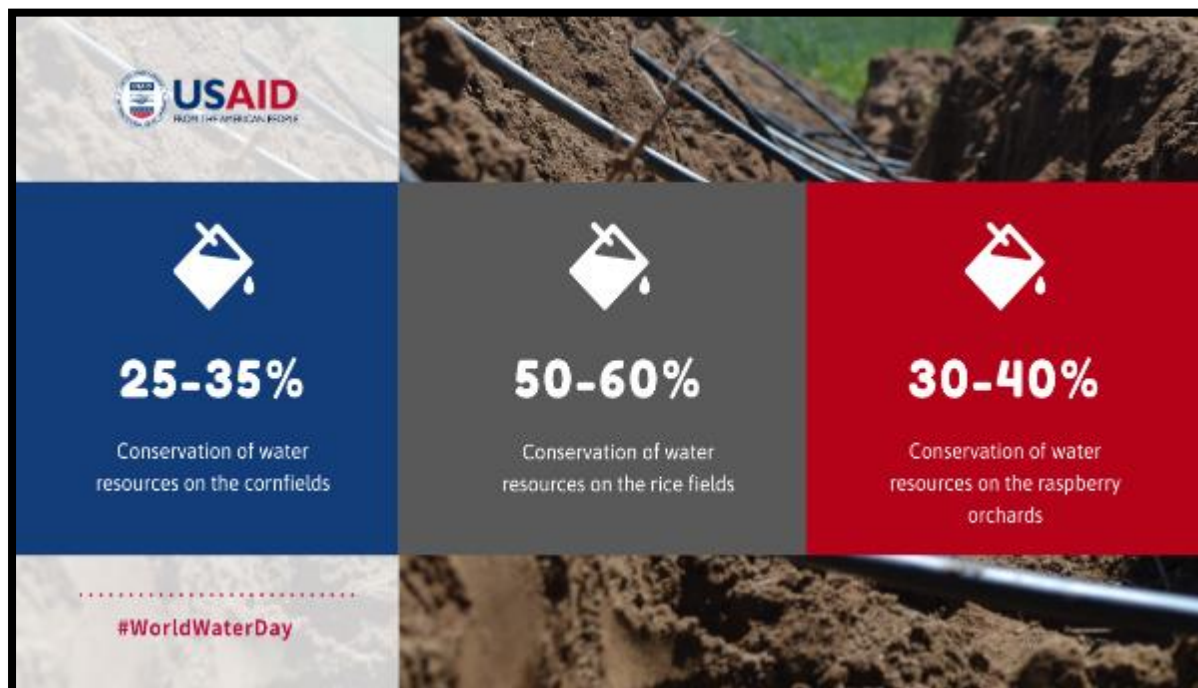
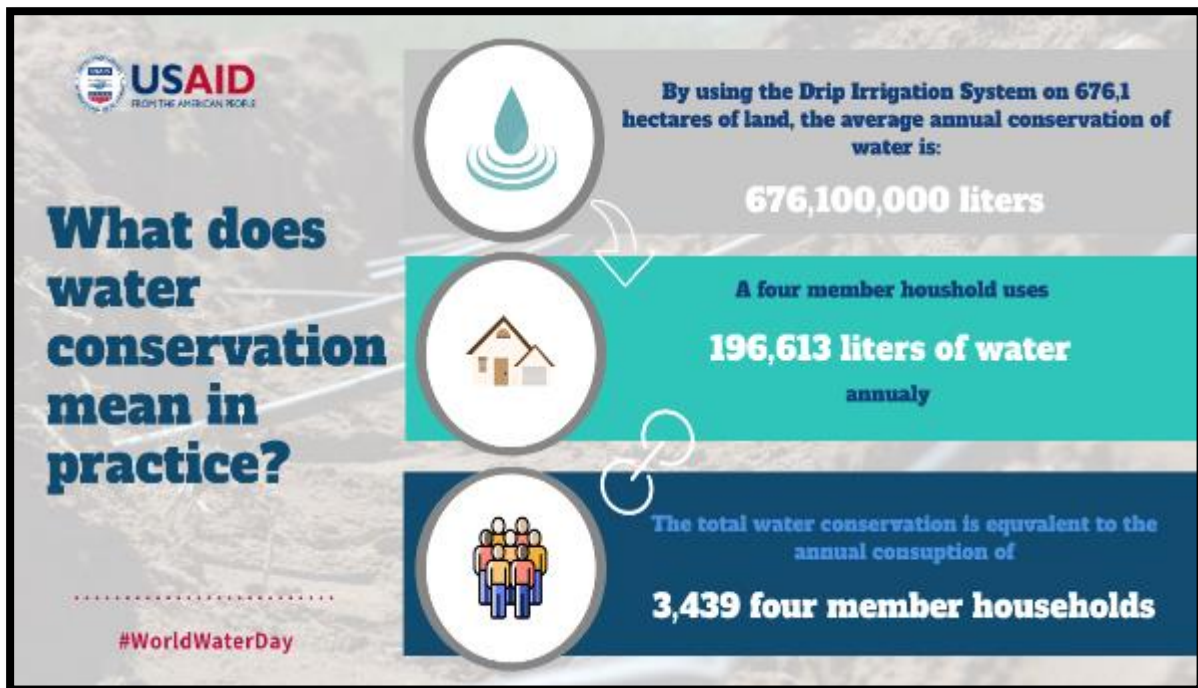
**What will you recommend to all students who have an interest to develop skills in this specific field?**

Even though you can find on YouTube many tutorials for different kinds of software, the truth is that you cannot have a clear insight which software is mostly used in the film industry without direct professional guidance. Therefore, I would recommend everyone interested to enroll in these trainings, since they will help them decide which field of movie effect creation suits them best.

Meet Igor Jovanovski (26) and Predrag Ikonomovski (50), two trainees sharing their experience.

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**PICTOGRAMS: MARKING WORLD WATER DAY THROUGH BEP'S CONTRIBUTION ON SAVING WATER RESOURCES IN AGRICULTURE**





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**VIDEO #1: PARTNERSHIP WITH LOCAL BSOS**

Partnership with local business support organizations



**THE USAID  
BUSINESS ECOSYSTEM  
PROJECT**

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Scroll for details

## VIDEO #2: CHAMPION SERVICES OF THE BSOS IN NORTH MACEDONIA

