

TAKING STEPS TO A 21ST CENTURY WORKFORCE MACEDONIA

VOLUME II: ANNEXES

APRIL 2009

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ANNEX A: FULL MEETING LIST/CONTACTS/AGENDA

SCHEDULE OF MEETINGS 02/16/- 03/06/2009

Monday, 16.02.2009

Time	Informant	Interviewee	Attendees	Location
08:30 - 12:00	Holiday Inn - Study Teams meet	Team		Holiday Inn
14:00 - 15.45	New York University	Prof. Jane Miljovski, Rector, Former Minister of Finance	Zoran, Erik	NY Uni, Saraj
16:00 - 17:00	Ultra	Zoran Novkovik, Co-owner	Zoran, Erik, Jovan	Ultra

Tuesday, 17.02.2009

Time	Informant	Interviewee	Attendees	Location
08:30 - 11:00	USAID Mission	USAID Team	All	USAID
11:00 - 12:00	USAID Business Environment Activity Project	Kiril Minoski, Senior Advisor for Labor Market and Pension Reform	All	BEA
12:30 - 13:00	USAID Primary Education Project	Gjorgi Kusevski, Workforce Development Specialist	All	CEED
14:00 - 15:00	EU CARDS Employment Policy III Project	Suzana Ignjatovic Aleksova, National Coordinator	Jovan, Denise, Erik	Project
14:00 - 15:00	Adult Education Centre	Svetlana Pineva Lazarevska, Director	Claire, Zoran, Elena	Holiday Inn
15:15 - 16:15	Macedonian Association of Processors	Saso Risteski, Executive Director	Erik, Denise, Jovan, Claire	MAP

Wednesday, 18.02.2009

Time	Informant	Interviewee	Attendees	Location
08:30 - 9:30	Worker's University	Jovan Angelov, Director	Claire, Zoran, Elena	WU, next to Holiday Inn
09:00 - 10:00	Ministry of Labor	Stojan Trajanov, State Advisor	Erik, Denise, Jovan	MoL, 4 floor, r.6
09:45 - 10:45	Centre for Secondary Vocational Education	Husein Xhevat Huseini, Director, Laste Spasovski, Curriculum/Program Coordinator	Claire, Zoran, Elena, Lela	CSVE, next Ministry of Health
10:15 - 11:15	Ministry of Labor	Aleksandra Slavkoska, EU IPA HR Coordinator	Erik, Denise, Jovan	MoL, 6 floor, r. 12
11:00 - 12:00	Faculty of Electro-technical Engineering and Informatics	Prof. Aneta Buchkovska	Claire, Zoran, Elena, Lela	FEIT, Karpos 2 b.b.
12:00 - 13:00	Fx3x - 3D Animation	Kristijan Danilovski, owner	Erik, Denise, Jovan	Fx3x

12:30 - 13:30	Chamber of Crafts	Snezhana Denkovska, Director	Claire, Denise, Zoran, Elena	Chamber, Bitpazarska 12
14:00 - 15:00	Trade Union (Education, Science, Culture)	Dojchin Cvetanovski, President	Claire, Denise, Zoran, Elena	Union offices,
15:00 - 16:00	YES Business Incubator (incl. companies)	Ljupco Despotovski, Incubator Manager	Erik, Jovan	YES Incubator
16:00 - 16:30	Etcetera - Animation and Visualization company	Natasha Minovska, owner, Professor at ESRA	Erik, Jovan	YES Incubator
17:00 - 18:00	Team debriefing		All	Holiday Inn

Thursday, 19.02.2009

Time	Informant	Interviewee	Attendees	Location
08:30 - 10:30	Tourism with RCI	Neal Nathnason, RCI	All	TBD
10:30 - 16:00	AmCham Macedonia - AmCham Kosovo B2B Summit	Tentative agenda: 10:30 – 11:00 Registration & coffee 11:00 – 12:30 Introductions, keynote speaker, Q&A 12:30 – 14:00 Lunch 14:00 – 16:00 Facilitated break-out sessions according to industry grouping	Erik, Denise, Claire, Jovan	Hotel Arka Skopje, Bit Pazar
11:00 - 12:00	Secondary Vocational Schools - Automechanics	School Director	Claire, Zoran, Elena	Edvard Kardelj 3/26b
11:00 - 12:00	Ministry of Economy	Imerali Baftijari, Head of Entrepreneurship and Competitiveness	Erik, Denise, Jovan	USAID Building
12:30 - 14:00	Secondary Vocational Schools - Agriculture	School Director, student focus group	Claire, Zoran, Elena, Lela	Kitka bb
12:30 - 13:30	IMF Resident Representative Office in Macedonia	Bert Van Selm, Resident Representative	Erik, Denise, Jovan	Kompleks Banki (sporeden vlez, III sprat)
14:00 - 15:00	Jonsons Control	Jelica Ivanovska, HR Manager	Erik, Denise, Jovan	Economic Zone Bunardzik
14:30 - 15:15	TA to the MoES on LLL (EU-funded)	David Handley, Team Leader	Claire, Zoran, Elena	LLL Office, Zeleznicka 44, 4 floor
15:30 - 17:00	World Bank	Bojana Naceva, Education Expert (formerly MoES responsible for assessment)	Claire, Zoran, Elena	Mecho's Pizza

Friday, 20.02.2009

STATUS 19/02/2009

Time	Informant	Interviewee	Attendees	Location
08:30 - 10:00	USAID Competitiveness Project	Chief of Party, Team members	All	USAID Mission Office, Jurij Gagarin 15/III
10:30 - 11:30	GTZ Regional Economic Development	Alek Karaev, project Coordinator	Erik, Denise, Jovan	GTZ Office, Antonie Grubisic no.5
11:00 - 12:00	Macedonian Parliament	Slavica Grkovska, Former Chairperson of Committee on Education	Claire, Zoran, Elena	Parliament
12:00 - 13:00	Fonko Group (energy efficiency sector company)	Stefan Trajkoski, Owner and Alek Tolevski, Manager for Geothermal Pumps	Erik, Denise, Jovan	Fonko, Skupi bb.

12:30 - 13:30	FOSIM	Suzana Pecakovska, Roma Education Programme Coordinator	Claire, Zoran, Elena	FOSIM Office, Jane Sandanski Blvd
13:30 - 14:30	Vrabotuvanje.Com, Licensed Job Mediation Company	Darko Velkov, Manager	Erik, Denise, Jovan	Vasil Gorgov no.24 entr.1 app.5
13:45 - 14:45	Foundation Agro-Center for Education	Ljupcho Toshev, Executive Director	Claire, Zoran, Elena	FACE, Aleksandar Makedonski bb
15:00 - 17:00	Team debriefing		All	Holiday Inn

Saturday, 21.02.2009

Time	Informant	Interviewee	Attendees	Location
14:00 - 15:00	USAID AgBiz Project	Jim Maxwell, Chief of Party	Erik, Denise, Claire	Holiday Inn

Monday, 23.02.2009 Stip field visit

Time	Informant	Interviewee	Attendees	Location
8:30	Departure			
10:30 - 11:30	VIT Textile Factory	Venco Filipov, Manager	Claire, Denise, Jovan	Near the Employment Center
10:30 - 11:30	Secondary vocational school Kole Nehtenin	Director (electrical engineering, tourism/catering); Vice-rector of the Goce Delchev University, Stip	Erik, Zoran, Elena	School
11.45 - 12:00	Goce Delchev University	Prof. Sasha Mitrev, Rector, Prof. Boris Krstev, Vice-rector	Erik, Zoran, Elena	Rectorate
11:00 - 12:00	Municipality of Stip -LER Office Closing event of GTZ Project for training of unemployed persons in rural tourism		Claire, Denise, Jovan	Municipality
12:30 - 13:30	Employment Center Stip	Snezana, Director of the Employment Center (071 330 214)	All	Employment Centre
14:00 - 15:00	BEAS Textile Factory	Beti Saneva, Manager	All	Factory
16:00	Departure			

Tuesday, 24.02.2009

Time	Informant	Interviewee	Attendees	Location
08:30 - 09:30	Strengthening Entrepreneurship, Competitiveness and Innovation (SECI Project funded by the British Embassy)	Igor Nikolovski, Project Coordinator	Erik, Jovan	APPRM, Nikola Vapcarov br.7, I floor
08:30 - 9:30	Secondary Vocational School for Electrical and Mechanical Engineering (EMUC, 8	Director	Denise, Zoran, Elena	Blvd. Aleksandar Makedonski n.n..

	September)			
10:00 - 11:00	UNDP	Aferdita Hadzijaha Imeri, UNDP Programme Officer	Erik, Denise, Jovan	UNDP Office,
10:00 - 11:20	USAID Office	Debriefing	Claire, Zoran, Elena	USAID Office
11:00 - 12:00	Ministry of Information Technology	Ivo Ivanovski, Minister of Information Technology	Erik, Denise, Jovan	MIT, Blvd. Ilindenska
11:30 - 13:30	Faculty of Mechanical Engineering; Business Start-up Centre	Prof. Atanas Kocev, Dean; Prof. Rade Polenakovik, Head of Centre; students	Claire, Zoran, Elena	Karposh 2, n.n..
12:00 - 13:00	Employment Agency (Skopje)	Biljana Delovska, Head of research and analysis	Erik, Denise, Jovan	Vasil Gjorgov 43
13:30 - 14:30	MASIT (IT Chambers)	Ivan Mitrevski, Executive Director + company representatives (presence to be confirmed by Thursday 19th)	Denise, Jovan	MASIT, Dimitrie Cupovski
14:00 - 15:00	Mayor of Veles	Ace Kocevski, Mayor of the city of Veles	Erik, Zoran, Elena	Holiday Inn
15:00 - 16:00	Mens Legis (Legal Consultancy)	Ljubica Ruben, Attorney at Law	Denise, Jovan	Bul. Kliment Ohridski 66-1-1,
16:30 - 18:30	Team Meeting		All	Holiday Inn

**Wednesday,
25.02.2009**

Tetovo field visit

Time	Informant	Interviewee	Attendees	Location
9:30 - 11:30	University Ss. Cyril and Methodius Skopje	Prof. Zoran Velkovski	Erik, Zoran, Elena	Holiday Inn
10:30 - 11:30	ESA (Enterprise Support Agency) Tetovo	Salajdin Idrizi, Manager (044 350 960)	Denise, Jovan	Ilindenska b.b, opposite Makpetrol Gas Station (Avtoprogres)
12:00 - 13:00	Employment Center Tetovo	Zorica Gerovska, Director of the Employment Center (071 330 253) + team + group of unemployed persons attending some of courses at the center	Denise, Jovan	Blagoja Toska 23, Tetovo
12:00 - 13:30	Step-by-Step Foundation	Suzana Kirandshiska, Country Director	Erik, Zoran, Elena	Blvd. Partizanski odredi
14:00 - 17:00	USAID Macedonian Competitiveness Project - Second WfD Taskforce Meeting		All, Lela, Marga	Skopje Fair

Thursday, 26.02.2009

Time	Informant	Interviewee	Attendees	Location
09:00 - 10:00	State Statistical Office	Slavka Atanasova, Head of Labor Market Sector and others	Erik, Denise, Jovan	Dame Gruev 4

10:30 - 11:30	Saving House Moznosti	Snezana Andova, Stevce Jakimovski (ex Minister of Labor)	Denise, Zoran, Elena	Bul.Jane Sandanski 111
11:00 - 12:00	ITC Carrier (private professional consulting company for development of HR and promotion of business processes.	Saso Trajkovski, Managing Partner	Erik, Jovan	YES Incubator (off.102), Arhimedova b.b
12:00 - 13:00	CS Global	Afrodita Keramitchieva-Panova, Exec. Manager	Denise, Zoran, Elena, Lela	Mitropolit Teodosij Gologanov Str.
12:30 - 13:15	VIP Mobile Operator	Kristina Bocevska, HR Manager	Erik, Jovan	Soravia, 8th floor, Meeting room Veles
14:00 - 15:30	Ministry of Education and Science	Pero Stojanovski, Minister	Eric, Denise, Dwain, Zoran, Lela, Elena	Ministry of Education and Science
16:00 - 17:00	AmCham Workforce Committee	University AmErikan College Skopje, Deloitte, Pivara Skopje AD, AIMS Human Capital Macedonia, Market Com Consultancy, South East European University, ProCredit Bank, Alkaloid AD Skopje, Makedonski Telekom AD Skopje, T-Mobile, Vrabotuvanje.com, Johnson Controls, Cosmofon, CS Global, Semos Kompjuterski Obrazoven Centar	Erik, Denise Jovan, Marga	AmCham Office, Mitropolit T. Gologanov 42, Floor III
17:00 - 18:00	CEED Top Class Plus Program (optional)	Group of Businessmen	Erik, Denise Jovan,	Klub na novinari

Friday, 27.02.2009

Time	Informant	Interviewee	Attendees	Location
08:45 - 9:30	Macedonian Civic Education Centre	Loreta Georgieva, President	Erik, Zoran, Elena	Holiday Inn
10:00 - 11:00	Agency for Foreign Investments - Invest Macedonia	Viktor Mizo, Director	Denise Jovan,	Nikola Vapcarov 7
9:45 - 10:30	Agricultural Faculty	Prof. Sonja Srbinska	Erik, Zoran, Elena	Blvd. Aleksandar Makedonski n.n..
11:00 - 12:00	Mayor of Butel	Petre Latinovski, Mayor of the Municipality of Butel	Erik, Zoran, Elena	Mayor's Office, Municipality Butel
11:30 - 12:30	Economic Chamber of North-West Macedonia	Blerim Zlatku, Director + company representatives from: Top Trade, Drin Mark, Neziri Commerce, Prince Enterprise	Denise Jovan,	Dimitrie Cupovski 13,
12:45 - 13:45	CEED Macedonia	Jovan Madjovski, Country Manager	Erik, Denise Jovan,	Bul.Partizanski Odredi 62
14:00 - 15:00	Macedonian Chamber of Commerce	Vladimir Matevski, Executive Director + company representatives	Erik, Denise Jovan,	Praska 23, I floor

Saturday, 28.02.2009

Time	Informant	Interviewee	Attendees	Location
12:00 - 3:00	Mel Goldman, consultant	World Bank	Erik, Denise	Holiday Inn

Monday, 02.03.2009

Time	Informant	Interviewee	Attendees	Location
10:30 - 12:00	Team Meeting		All	CEED Office, Bul.Partizanski Odredi 62
12:30 - 13:30	Parliament's Labor Committee	Svetlana Jakimovska, Deputy President, Vele Trpevski, Secretary	Denise, Jovan	Mac.Parliament, side entrance
12:00-13:00	Team Supply Meeting		Erik, Zoran, Elena	Holiday Inn
14:00 - 15:00	SPARK - Dutch Training Provider	Rozita	Erik, Denise, Jovan	Holiday Inn

Tuesday, 03.03.2009

Time	Informant	Interviewee	Attendees	Location
9:00 - 10:30	Faculty of Mechanical Engineering	Prof. Atanas Kocov, Dean	Erik, Denise, Zoran, Elena	Karposh 2, n.n..
11:00 - 13:00	Faculty of Mechanical Engineering	Prof. Atanas Kocov, Dean, Professors active in renewable energy	Denise	Karposh 2, n.n..
11:00 - 13:00	Minister of Education and Science	State Secretary, Undersecretary, Director of Vocational Education Centre+Staff, Director of Adult Education Centre, Staff from Bureau for Development of Education, Director of Pedagogical Service, Ministry Staff	Erik, Zoran, Lela, Elena	Ministry of Education and Science
13:30 - 14:30	Microsoft	Ilijanco Gagovski, Manager	Erik, Denise, Jovan	Microsoft Office, Bul.Partizanski Odredi 62
15:00 - 16:00	Weekly magazine KAPITAL	VErika Jordanova	Denise, Jovan	Holiday Inn Lobby bar

Wednesday, 04.03.2009

Time	Informant	Interviewee	Attendees	Location
12:00 - 14:00	USAID Mission	Mission Director	Erik, Denise	USAID Office
15:30 - 16:30	Dutch Embassy	Marije Maesen, First Secretary	Erik, Denise, Zoran, Jovan, Elena, Lela	Holiday Inn Lobby bar

Thursday, 05.03.2009

Time	Informant	Interviewee	Attendees	Location

11:00-12:00	Faculty of Electrical Engineering and Informatics	Prof. Hristina Spasevska	Erik, Denise, Jovan	Faculty Building, first floor

Friday, 06.03.2009

Time	Informant	Interviewee	Attendees	Location
12:00 - 14:00	USAID Debriefing Meeting		All	USAID Office
15:00 - 17:00	Seavus Technologies	various	Erik, Jovan	TBD
17:00 - 20:00	USAID/Carana Competitiveness Project	various	Erik	TBD

ANNEX B: INSTITUTIONAL PROFILES

Name of Organization: Department for Entrepreneurship and Competitiveness
Ministry of the Economy, Government of Macedonia

Person(s) Interviewed: Imerali Baftijari, Head of Department
Suzana Arsova-Kostadinova, Deputy Head of Department

Contact Information: Baftijari: (02) 3093 528 imerali.baftijari@economy.gov.mk

Organizational Summary Description: This department in the Ministry of Economy describes itself as a *policy maker*; there is another office that is the *implementer* of the strategies and activities they described – The Agency for Entrepreneurship and Competitiveness. Baftijari described their policy as having four “pillars”: Institutional Finance, Business Environment issues, Access to Financing, and Awareness and Entrepreneurship. The Human Resource Development Fund is part of the Agency, but their policies are developed by the Department.

“Key Points” Summary of Interview: Projects undertaken by the Department and the Agency as falling into three approaches: Training, Education and Consultancy. Most actual “measures” have been funded by the European Union or by other donors. Much of that work has been done in conjunction with the EU’s Regional Center for Entrepreneurship and Learning, as part of an initiative for Accession candidate countries. The Agency for Entrepreneurship has established 9 regional business centers, is planning 12 more, of which 3 are funded by the British Know-How Fund. As with the Human Resource Development Fund, most of these activities are donor-funded, and most of this external funding is expiring, with current uncertainty about whether or when they may be picked up by current or new donors. There has been positive response by Norwegian and Japanese donors, but the total is a fraction of the previous EAR funding.

Next Steps and Recommendations: The funding situation seems to be front and center in this agency’s viewpoint, so most of their recommendations revolved around a hope that USAID might fill the gap. In particular, they recommend:

- Funding and logistical support for the network of business assistance centers
- Especially help in establishing the remaining 9 new centers (assuming the British are funding 3)
- Filling the HRF gap left by the ending of funding from the European Agency for Reconstruction

But in addition, Baftijari recommended that we consider:

- Continuing, deepening, and recommending policies drawing upon the Training Needs Assessment and Skills Gap efforts
- Development of measures to support entrepreneurship, including training, consultancies, and incubators.

Name of Organization: Chamber of Crafts (Tradesmen) Skopje

Person(s) Interviewed: Snezhana Denkovska, Executive Director (ED)

Contact Information: 3222 957, 071 991 981
zanaet@unet.com.mk

Organizational Summary Description: Since 1932 this guild of tradesmen has been organized to protect the rights of its members, mainly small trades persons – hairdressers, dry cleaners, bakers, locksmiths, and florist, just to name a few. The guild has 5000 members with an average of 3 to 5 EEs per member.

“Key Points” Summary of Interview: After 2000, the guild become active in improving the quality of education of those interested in the areas of its members; practical skills were lacking in candidates. The guild tackled upgrading formal education for those who sought to be in the trades. New H.S. curricula focused on training students with practical time spent with tradesmen, somewhat like apprenticeships combined with classroom training. The guild will train anyone, esp. the unemployed as long as the candidate has a primary education, which is a legal requirement strictly requested by the Ministry of Education (when accrediting the training program). Law now requires that training be conducted by a “master craftsman”, one who is highly skilled and knowledgeable in the craft, and has passed a master’s examination . The most desired classes are hairdressing and beauty culture (face and nails). An example of the capacity for training was the training course on silversmith/filigree work. The guild has trained 3 groups in the last 2 years accepting candidates that replied to open advertisements. The guild capacity is 12 students per class and there are two sessions a day, one evening and one in the daytime. Fees are 100 euros per month per student with some support from international organizations. For example, a German partner provides technical support but not financial support. NO GOVERNMENT SUPPORT!! The guild makes most of its money from being the appointed registrar for all legal trade entities (businesses) in the Skopje area. (There are a total of 12 such chambers in the country each covering a specific geographical area.) 5-8% of its income comes from membership fees. Services provided to members include handling the registration of new businesses, including arranging for the bank account. The guild requested that the MOLSP and/or ESA pay a portion of the fees for the unemployed and social assistance recipients and persons with disabilities. These government entities have yet to respond to this request and the ED does not expect to get a response one way or the other from them.

Next Steps and Recommendations: This would be an ideal partner for any skill-oriented educational program (in both formal and non-formal education), especially in light of possibilities for self-employment. Given that it is a functional network of 5000 private businesses (in Skopje alone), it provides a wide base for organization of practical training in the area of manual skills. It may be good to consider how the PEP project and its technical education component could tap into this pool of resources to take the acquisition of practical skills (in the areas available in the Chamber) to a higher level.

It is especially noteworthy that participants in the programs to possibly be organized with the Chamber could be women (skills suitable for the unemployed female labor force), persons with

disabilities; in general all unemployed with no skills and primary education or less (over half of all unemployed).

Name of Organization: Center for Adult Education

Person(s) Interviewed: Svetlana Pineva Lazarevska, Acting Director

Contact Information: 2-3224-531 Svetlana.Pineva-Lazarevska@mon.gov.mk

Organizational Summary Description: The Center for Adult Education was only created in Nov. 2008 by the new legislation on Adult Education. Current Acting Director is only staff until after the election occurs. The Center is envisioned to be an independent gov't agency under which all non-formal education & training providers will be licensed, programs will be accredited, and funded—though there is no line item to date for adult education in the budget. It will have the mandate to provide professional development to the non-formal ed field and to create standards for training service provision, teacher proficiency, and learning outcomes. Here, adults are defined as over the age of 15, and programs can be of any type or in any area, including literacy, compensatory (primary and secondary school completion), workforce skills training, language training, etc. The only defining feature is that they will be non-formal (that is, not under the mandate of the MoE or the VET Center). The Center will be responsible for the certification and accreditation of programs implemented in the area of non-formal education of adults. Without its approval, no program can be realized. Goals of the Center include: creating a catalogue of accredited non-formal programs; diversifying ed & training field; and improving access to the marginalized.

“Key Points” Summary of Interview: Lazarevska believes that a key challenge will be to motivate the long-term unemployed to return to life long learning. It's unclear how to motivate them as they think they have already completed their schooling. Also there is little availability of community-based adult literacy. She estimates that there are some 500 registered NGOs working in various aspects of education, but that few are workforce skills oriented. Many are language oriented and donor-created. There is no formal evaluation, though apparently the Center for International Cooperation has conducted a survey.

Next Steps and Recommendations: The Center is in its infancy, without staff, budget, or structure. This could be an opportunity, an alternative to working with more rigid formal education. USAID may want to consider “getting in on the ground level” of helping to shape and advise this entity, if ultimate leadership are promising. Keep on eye on it. In future, this center will have a decisive role in the design and realization of programs in the non-formal area.

Name of Organization: Assembly of the Republic of Macedonia (Parliament)

Person(s) Interviewed: Slavica Grkovska Loskova, Parliamentarian, former
Chairman of the Commission on Education (now in the
opposition)

Contact Information: 2-3113-447 grkovska@yahoo.com

Organizational Summary Description: Loskova has been a member of Parliament since 2002 and was the Chairman of the Commission on Education. In this period, a number of legislative achievements were achieved, including the Law on Secondary Vocational Education and Training, the establishment of the Center for Voc Ed., the Center for Adult Education, and the Center for Examinations. The later involved the establishment of national assessment, including the matura which had not been implemented since the Yugoslavia period.

“Key Points” Summary of Interview:

--Many families think of education as merely the process to get a diploma and not as a developmental process focusing on knowledge. She believes that the re-institution of examinations will help change this.

--Two years ago she chaired a regional conference on VET and WfD supported by the Stability Pact that took place in Sofia. Involved Macedonia, Serbia, Croatia, etc. It included employers, MoL, MoES, Chambers, etc. Many important conclusions were drawn but when got back to Macedonia nothing was implemented, no accountability, no next steps. “In Macedonia we always have to have one who is responsible to push others.” She was clearly frustrated by this and feels that there needs to be an independent WfD entity established in MK to carry forward this work.

--Believes that local control is important. Process of decentralization not complete but sees some innovative mayors who might champion WfD such as the mayor of Strumica, who was a business leader.

--One of biggest challenges of implementing Nat’l Ed Strategy is changing the mentality of older adults who are used to a safe system in which they got paid regardless of work performance. The last thing they want to do is to go back to school but the only way out of this problem is through education.

--Majority of young people are frustrated by the econ situation, just want to go abroad even if they don’t have the skills to be successful. They just want to escape: “I don’t want to be like my parents.”

Next Steps and Recommendations:

Loskova would be an excellent champion for workforce dev and ed reform, however, since she is a political, currently out of power, it might be difficult for her to garner widespread support? A completely innovative approach, possible through the huge influence the USA and USAID have in MK, would be to pair her up with an “equivalent” champion from the now ruling party and create a “dynamic duo” acceptable across the board; given the importance of Albanian political participation, the duo could become a “trio” of champions. She said that she would send the Stability Pact conference proceedings and would try to arrange for us to meet the Mayor of Strumica next week.

Name of Organization: Braka Miladinovci Secondary Vocational School for Agriculture, Skopje

Person(s) Interviewed: Elizabeta Angelevska, Director, teachers, student focus group

Contact Information: 075 225 482

Organizational Summary Description: Secondary school that includes both gymnasium and voc ed tracks, the later focusing on agriculture, horticulture, winery/wine production, and veterinarian sciences. A SEA-supported school. The school takes in leasehold land where it conducts part of the instruction, but would like also to have a farm. A Career centre exists in parallel to the youth association. In addition to the practical training conducted in school, the students are required to complete practicum in companies once a week in the course of one year.

“Key Points” Summary of Interview:

Student focus group:

Participants: 21 18-year-old fourth year students, about equal mixture of females and males. Two teachers.

--Do not feel prepared to get a job bec have not had enough practice in field. One day/week over one year.

--Experiences with practicum are very mixed. Some had real work on the job, others were left alone w/o training. e.g., one st in floriculture wanted to learn about flowers, but was made to just pick spinach. One wanted to learn about cats and dogs as a vet but just learned about cows.

--Range of problems with teacher being the supervisor of the practicum: a) not many employers willing to take interns; b) few placements within businesses; c) teachers can't get everywhere if students are spread out over many businesses; d) practicum curriculum was developed by the MoA, however employers ad different views.

--Students resentful that must take courses out of their narrow interests (e.g. florist doesn't want to learn about vegetables). [Note: concepts of preparing for labor market flexibility & transferable skills not well understood by teachers & st.]

--Some students feel that are prepared to get a job/start a business (e.g., florist shop), while others fear that will be pushed out by better ed, though unemployed university st., e.g., vet tech can't get a job if vet w/ univ degree are unemployed. All want to go to university.

--Have had a course in entrepreneurship/business plan dev. but did not get practical exp in starting a bus. from school (some got elsewhere). Teacher: student enterprise didn't work bec st didn't want to stay after school. Low st interest. [Problems implementing, obviously. Note that

teacher tended to blame st for “not taking responsibility.” Teacher defensive, rather than constructive]

--[Note: focus gp took place in room jam-packed with new computers.] Say they only use computers to play games, read docs on a flash drive, or as a typewriter. No Internet access. No integration of computer in curriculum, performance of learning, etc. Teachers not trained. All st claim to have computers at home.

--No books or the books that have are out-dated or very expensive. Generally teachers dictate and st write it down. Sometimes photocopy materials.

--Do not use the career dev center or join the youth club (these are connected?). Voc ed st feel unwelcome by gymnasium st., are waiting to be asked to join One voc ed st tried to join but dropped out bec did not feel part of it.

--One teacher (MK language teachers) taught them job-search skills: CV, interviewing, etc. effective due to her initiative/energy.

--English lang skills very poor even though have studied for 8 years. English teacher not compete—does too much grammar. 1 st learned English by going abroad w/ a folk dance group.

--Their suggestions for improvement of school: employers ask for a lot more work experience than we get; want to study just what need for immediate job; 8 hours of lessons a day is too much; want to do real work and be paid for internships.

Interview of Director:

Feels that has made progress since five years ago, when voc ed was entirely marginalized, too much theory, no practical skills. Still, there are poor conditions: no equipment or school farm, or laboratory.

20 years ago, in the old system, ag coops were functioning and they were happy to receive students as free labor and would train them. Then with privatization & decreasing value of land, ag coops and processing plants closed. Voc ed school lost its partners and could no longer do practical training.

7 years ago, companies re-structured/privatized and doors were closed to partnerships. Now after PHARE, SEA, and WB Education Modernization, there are good partners. However, believes that the school should not depend entirely on private sector partnerships but should have own equipment and practical training. Was able to buy high quality ag equipment thru PHARE. They apply to GOM tender for lease-hold for farming land. In 2003, school opened a pig farm (15 sows); student learned a lot. Broke even. Then lost land and had to close down.

Biggest challenge: To establish a school farm so st get adequate practical experience, without neglecting partnerships with businesses. Goal is to have the high quality of the students' preparation be evident in the labor market: people will recognize that st come from this school.

Note: Career dev center not open bec the teacher who is responsible for it was not present. [Not a good sign.]

Next Steps and Recommendations: This school appears to be on the right track in terms of reform, though is coping with some serious challenges in terms of curriculum, learning materials, computer use, teacher quality, and internships. They need to work on organizing internships better, on active learning approaches, and better understanding among students about how to navigate a modern market labor. Stigmatization of st in voc ed system will be an enduring problem that threatens to undercut st motivation and performance.

Name of Organization: Center for Entrepreneurship and Executive Development –
CEED Macedonia

Person(s) Interviewed: Jovan Madjovski, Country Manager

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Organizational Summary Description: CEED (Center for Entrepreneurship and Executive Development) Macedonia is part of an international network of CEED entrepreneurial centers established by the United States Agency for International Development USAID and the U.S investment fund SEAF to accelerate the growth of small and medium enterprises in the East and Southeast Europe. CEED Macedonia has being launched in September 2007 as the fifth center in the network of CEED centers that already operate in Bulgaria, Slovenia, Romania, Montenegro and Serbia and has a partnering center in Russia. By 2010, the CEED network shall expand in the rest of the countries in East and Southeast Europe. CEED supports, energizes and empowers entrepreneurs throughout Southeast Europe, and is committed to helping them grow their businesses by providing practical know-how, peer-to-peer learning, a strong regional and international network, inspirational mentors, innovative ideas, strong leadership team to propose faster-than-average company growth. The CEED model consists of 1) local networking platforms where entrepreneurs interchange ideas and develop their businesses, 2) business skills training programs delivered by entrepreneurs in short interactive networking sessions, and 3) regional market access forums to promote cross-border and investment.

“Key Points” Summary of Interview: CEED is a legacy institution of SEAF, born out of USAID grant funding in SME equity investments made by SEAF throughout the Balkans, and EBRD in Slovenia. With more than 16 years of experience in SME investing, 150 SME investments and 300 technical assistance interventions in Central and Eastern European SME's, SEAF is acutely aware of the challenges faced daily by entrepreneurs in the management of their businesses. SEAF also recognizes that these challenges will markedly increase with greater regional trade resulting from new free trade agreements and advancing EU accession. Based on SEAF's investment experience, SME entrepreneurs – and particularly 'high expectation' entrepreneurs whose businesses are growing rapidly - are generally not as equipped as they need to be to deal with these new challenges. They frequently lack the knowledge and tools to assess the markets or develop/implement the strategies that can expand their business and make them more competitive. SEAF's experience further suggests that SME's oftentimes lack 'bench-strength' in their more functionally focused 'executive' ranks, significantly hampering company growth. This lack of experienced SME management can deter financiers and large MNCs from partnering with local SMEs. SEAF thus believed there was an important need for -- and

opportunity to sponsor -- a distinctive, more relevant, and time efficient format for strengthening entrepreneurs and their SME's. To validate SEAF's hypothesis SEAF conducted feasibility studies in Bulgaria, Croatia, Romania, Montenegro, Slovenia, Serbia, and Macedonia. The data collected suggested that CEED program would need to go beyond just 'developing a better training program.' It needed to provide a venue to build awareness of the training and to promote it. Finally, the studies suggested entrepreneurs needed incentives to participate – access to new markets and finance. CEED's response was development of the unique and efficient **Top Class Program** adjusted to today's busy entrepreneurs and managers:

- ✓ 1-year program for young fast growing entrepreneurs (under 35 years of age)
- ✓ Includes individual mentorship with local business leaders
- ✓ Includes training by entrepreneurs and international experts
- ✓ Includes local and international monthly networking events

Sessions include:

- Entrepreneurial Leadership – Key questions an entrepreneur must answer
- Different Strategies for Growth
- How to expand through internationalization
- Entrepreneurial Finance
- Growth through M&A and Strategic Partnerships
- Entrepreneurial Marketing
- Entrepreneurial H/R
- How to raise capital and present to investors
- How to Sell Your Company
- Bilaterals with Montenegro, Russia, others

CEED Macedonia is the official Cisco Entrepreneur Institute Training Center for Macedonia. Their activities in the past period were mainly focused on building the network of Local Institutes and preparations for starting with delivery of the first Starting a Business and iExac Enterprises Essential courses. In September 2008, CEED Macedonia and YES Incubator, the first Local Institute, in cooperation with the Municipality of Gazi Baba, have started a joint project for training of the unemployed people from Gazi Baba in business and entrepreneurial skills. The project is co-financed by the USAID Macedonian Local Governance Activity Project. The objectives of the project are: to enable the participants to expand their business knowledge, to foster the entrepreneurial spirit and help in reducing the unemployment in the municipality. The project activities include localization and translation into Macedonian language of the content of the Starting a Business course and delivery of training for 60 young and unemployed people, divided in four groups of 15 participants. After finishing this course, the participants will be able to prepare a successful business plan and to start and effectively operate a business. Three best prepared business plans shall be awarded with prize in amount of 1,000 USD each.

Next Steps and Recommendations: CEED is a USAID legacy project and that it was created as part of the Job Creation Facility arrangement with USAID and has strong past performance and experience in the area of entrepreneur and management education, training and skill building. They should be considered as a potential local and regional partner for implementing some of the activities of the new project such as working with them on new

training curricula for young entrepreneurs and managers, business angels, and supporting start-ups.

Name of Organization: Center for Entrepreneurship and Executive Development – CEED Macedonia, Top Class Plus

Person(s) Interviewed: Managers from: Mikprom, Soloprom, Hotel 7, State Inspectorate for Contraction, Reptil, Law Office Cakarovska, Duna Computers, Makprogres

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Organizational Summary Description: CEED Top Class Plus is a unique program designed to ensure leadership excellence for individuals at middle management positions. It will address the evaluation, building, and sustaining of leadership excellence with regard to core leadership competencies. The program content includes 11 four-hour sessions clustered as follows:

STRATEGIC LEADERSHIP	PEOPLE LEADERSHIP	PERSONAL EFFECTIVENESS
Exploring Leadership	Fostering Collaborative Relationships	Using Influence to Achieve Impact
Leading Change	Coaching and Developing Others	Delegating for Superior Results
Exercising Sound Business Judgment	Encouraging Creativity	Communicating Clearly
Prioritizing for Success	Managing Performance	

Key objectives of the program are:

- To promote leadership excellence
- To develop insights, knowledge and skills critical for leadership growth and effectiveness
- To raise awareness as to what it means to “lead” as opposed to “manage”
- To begin the transition from a “management” focus to a “leadership” focus and from a tactical mindset to a strategic mindset
- To apply key learnings to on-the-job situations in each session

Leadership Essentials incorporates best practices in adult learning. Sessions will include:

- concrete, practical, experiential activities
- opportunities for observation and reflection
- opportunities to broaden current conceptualizations of leadership competencies
- opportunities to experiment with new concepts
- opportunities to share experiences with others

Top Class Plus is needs-driven, interactive, highly experiential and grounded in building participants' awareness of themselves as leaders. Leadership Essentials is also practical and will provide participants with tools they can implement immediately on the job to improve their performance.

“Key Points” Summary of Interview: This group of entrepreneurs stated that the workforce in general does not have practical experience and that people are now well prepared both with skills and mentality for hard work. The commitment for work is not a professional level and almost all of the workers need be trained for professional behavior and attitude. The productivity of Macedonian workers is not at the level it should be. Some of the managers stated that according to them USAID should influence the psychology (mentality) of the people in order to increase entrepreneurship culture and motivate people to take risks and produce ideas (the education system is not currently promoting these values). Thus, the public opinion should be changed. According to the group, managers and owners need to be educated and trained to switch their mentality from low cost strategy (based on cheap labor force) to high quality strategies. This is very important especially for companies that want to become regional players. Thus, training and learning opportunities should be offered to the entrepreneurs, especially to see best practices abroad. Employers do not have enough information on how to hire interns and there are afraid from penalties from the Labor Inspection. According to the group, students can not be employed during the summer because they are students and ESA would not register them as employed. Thus, companies may have an issue with the Labor Inspection if they find these students working in the company. Entrepreneurs stated that they see no self-initiative for retraining and acquiring new skills among the existing unemployed and that some of the unemployed “are looking for a job but hope they will not find it”. Some of the entrepreneurs stated that there is too much paperwork for hiring new people and that they have to pay announcements or to spend time and put an ad on the bulletin board in the ESA. They would prefer to have an electronic ad or ad on a web site, but that is not possible because ESA will not register the employee until there is a proper ad. According to the entrepreneurs there is not enough information on the labor market both for the employers and for the unemployed. Further, public awareness about the need for professional skills should be promoted both with employers and unemployed.

Next Steps and Recommendations: Explore why engaging an intern is so complicated and why students can be hired as workers? Consider creating secondary legislation for hiring interns and employing regular students during summer.

Name of Organization: Employment Agency Shtip

Person(s) Interviewed: Snezhana, Director of the Employment Agency

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Organizational Summary Description: The Agency is a regional center for employment. The facility in which the agency is situated is old and in a poor condition. Of the total of 13 staff, only 3 are councilors/advisers that have direct contact to the unemployed, with the remaining staff being managerial, administrative and ancillary; given the total number of unemployed, the adviser/unemployed ratio that emerges is 1 to approx. 2320. These advisers are responsible for admission and registry of the unemployed.

A Job Club operates in the Agency whose purpose is to provide information to the unemployed and provision of foreign language and IT training; the most sought after languages and English and German, the latter due to the extensive cooperation with German textile companies. In addition, the JC provides re-training with a 3-month duration; while in the process, it is the responsibility of the JC to offer information to the unemployed trainees and the offering employers on their rights and duties. So far, a total of 1163 have used the services of the JC.

“Key Points” Summary of Interview: The role of the Agency is mainly in recording and registering the unemployed. No active employment measures were present. The training organized is mainly incidental and dependent on the initiative of the employers. In the employment process, the Agency acts as an intermediary between employers and employment candidates. Annually, a total of 200–300 persons find employment in this manner. Approx. the same number of persons registers as newly employed in the same period. For a number of years, the number of employed and unemployed is being maintained at the same level. The situation is expected to change in 2009, as the period in which the registration of the persons seeking re-training following an offer by a company is nearing its end, and there is no demand. This is due to the weakening of the textile industry due to the crisis.

It is evident that the Agency does not capacities to develop active employment measures. Not only due to the small number of staff, but also to the lack of vision on modernization of the work of the Agency. On the other hand, the political influences reflect themselves in frequent turnover of managerial staff and over-centralization in decision-making.

Next Steps and Recommendations: The Employment Agency, as it is at the moment, is not a serious partner for cooperation. It is more an administrative than a developmental and active player. A complete and thorough reform is needed.

Name of Organization: Employment Services Agency of Tetovo

Person(s) Interviewed: Ms. Zorica Gjerovska, Manager

Contact Information:

Organizational Summary Description: The Tetovo ESA is one of eight regional employment service centers under ESA.

“Key Points” Summary of Interview: ESA has shifted from passive labor market activities to a ALMPs focus. As such this Tetovo office has 3 ALMPs that it’s implementing:

1. Loans for start-ups - 3,000 euros for someone who has been unemployed for at least 1 year or for 6 months if that person is over age 55 and for unemployed youth, up to age 27. Applicants must submit a business plan, have an in-person interview, no online access, and a field visit before the application is forwarded to a committee of the MOLSP, ESA, Agency of Entrepreneurship, and an advisor for the final loan approval. Collateral, up to twice the loan amount, or an employed co-signer are required. The loan process takes about 3 months, if approved, from start to finish. A bank administers the loan payout and loan servicing for the government. The bank provides no funds for this program. In 2008, there were 400 applicants and 120 loans (called employed persons) were awarded. There are “unspent” 2008 loan funds that will be awarded this year. Also, this program will continue in 2009 with additional funding as soon as the fiscal year funds are allocated to the Tetovo ESA.
2. Grants of up to 2500 euros with eligibility requirements the same as set out above except for the need for collateral or a co-signer. Grant funds cannot be used for livestock. Grantees are required to provide at least 3 bids for each item they want to purchase under this program. The program pays the vendor directly to avoid mishandling or misdirection of the grant funds by the grantee. An unemployed person can apply for both the loan or the grant but cannot receive funds from both of these programs. There were 30-40 grant applications last year and 20 grants were awarded.
3. There is training for jobseekers – no details on the training

Recommendations:

1. Since the largest percentage of the unemployed have not graduated from primary school or H.S., help these people obtain more education to improve their skills
2. It is urgent that ESA link to the education system and the education system link to the private sector to get better WfD results
3. Career guidance in schools and even in the primary schools
4. Training for the ESA staff to improve productivity and customer relations. Clients need/deserve higher quality counseling from ESA

ESA Tetovo will receive computers soon and plans to make one or a few available to clients without having to go through an ESA staff person, independent job search use is contemplated.

Next Steps and Recommendations: This was a dynamic ESA manager. Should USAID pilot this ESA office, or some other one, by upgrading the facilities, it did not have a decent bathroom, and staff skills? In Armenia, a youth construction job program did the renovation for several employment centers – two bites at the apple – youth training and upgrading the employment service centers. The Armenian employment service center had a kiosk that clients could use to register for benefits, or was that Ukraine?? No, Ukraine had a self-directed career counseling kiosk in the primary school. Now, that was innovative, wouldn't you say?

USAID could also pilot an online skills assessment tool that becomes integrated in the client intake application process. Skills assessments should become standard at the ESA offices, preferably online, even for clients with low skills. How else will ESA ascertain what training is needed for a client? In the 21st century, ESA should not guess at this skills need nor should it be left to the discretion of a staff person without the training and experience to do so. Erik has knowledge of such employment skills assessments tools used in the U.S. We could research which ones are internationally recognized, if we go down this path.

Name of Organization: EU Cards Employment Policy III Project

Person(s) Interviewed: Ms. Suzana Ignjatovik Aleksova, National Coordinator

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Organizational Summary Description: Community Assistance for Reconstruction, Development, and Stabilisation ...The **CARDS** program of the Community Assistance for Reconstruction, Development and Stabilisation is the **EU's** main instrument of financial assistance to the Western Balkans, covering specifically the countries of Croatia, Bosnia and Herzegovina, Serbia, Montenegro, the former Yugoslav Republic of **Macedonia** and Albania. In Macedonia this program provides EU employment policy (EP) technical support.

“Key Points” Summary of Interview: This project is the 3rd phase of the EU providing EP assistance to the GOM. The first project started in 2003. Each project has been about 1½ years. This current project assisted the GOM draft and adopt the employment strategy, action plan, and implementation plan. Training from the financial perspective and organizational setup (job descriptions) for the labor department within the MOLSP will be provided to the MOLSP. Assistance will be provided to improve the reporting between the Employment Service Agency (ESA) and the MOSP. Assistance will be provided to unify 5 ESA services. Also, ESA assistance will focus on delivering uniform client service throughout Macedonia (ESA has 30 centers), such as staff training (290 ESA employees (EEs), including training for managers and deputy managers. Should be completed early March 2009. TA is planned for local government entities – LM analysis that will be used to feed into the national employment action plan. Public education and information TA has been provided and 3 brochures have been produced:

How to Get a Job

How to Use the Web

How to find EEs

9 flyers will be produced for the 9 ALMPs and one for the new ESA service model.

Need or will develop international classifications of occupations.

Biggest problems in Macedonia are:

- The informal economy
- 80,000 to 87,000 who have registered as unemployed do so mainly to get health insurance coverage; They usually work in the informal economy and the Ag sector

A report on the ALMPs is due out in 2 weeks

New ALMPs are planned in March

EU's recommendations to USAID:

- Country needs long-term LM forecasting to improve the education system
- 190,000 of the 300,000 unemployed have low skills; they need to finish their education and get job skills training
- Need to monitor and evaluate the ALMPs
- Only 11 of 84 municipalities now have employment plans. Could USAID undertake some of these plans for other municipalities or help those with plans implement their plans?

Next Steps and Recommendations: Visit IPA to learn about the EU's next pre-accession TA programs, which we have done. Discuss the suggestions above as possible recommendations to USAID

Name of Organization: FACE: Foundation Agro-Centre for Education

Person(s) Interviewed: Ljupco Tosev, Executive Director

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Organizational Summary Description: FACE is an independent NGO founded in 2006 by the Institute of Agriculture of the University of Skopje. It is a center for excellence for development of human resources in agriculture, food production, environmental protection, and rural ag development in MK. FACE has a Board that includes relevant Ministries, Institute of Ag/University, private sector, Farmer Federation (FFRM), local government association (ZELS). Current projects are to help support and linkage needs for non-formal education (training, seminars, etc.) and formal (post-grad & PhD) education. Act mostly as an intermediary and mini-think tank.

“Key Points” Summary of Interview:

--Conducting TOT to ag extension workers in collaboration with MK Agriculture Advice Support Program. Goal is to build up a network of training providers. Also want to work with 6 out of 10 voc ed schools focused on agric. to assist teachers in improving practical learning. The aim is for the teachers to be trained to work with adult learners so that the school can offer educational services to ag counselors/extension workers. Strengthening of the human resource capacities of the schools in combination with the available equipment and laboratories enables the schools to emerge as providers of educational services not only to extension workers, but also to the farmers themselves. (It wasn't clear what was planned and what was actually happening.)

--400,000 Macedonians are involved in farming, yet only 100 extension workers under MoA, plus a handful (20-30) private agr advisors. This number of extension workers/advisors is very small in comparison with the number of farmers needing expert services and hence needs to be increased. Is working on creating a registry of advisors. Working with the National Extension Agency to establish competency standards for public ag extension workers. This certification would be voluntary for private advisors and required for public extension workers.

--MK farms are small; estimates that operating at only 35-40% of capacity. Only one third of the total arable land is used in MK. Have high domestic demand for farm products but not meeting supply needed.

--GOM budget for Agr is increasing—providing ag supports and incentives in line with the EU before MK will have to compete head-on. Budget for ag was 6 M euro in 2005, 100M euro in 2010 and 120 M euro slated for 2011. Most is subsidies, none is for ed/training support to the ag sector. Believes need more investment in adult LLL for the ag sector.

--Farmers need training in entrepreneurship, business skills, IT, etc. but weight of tradition is heavy.

--Hopes to provide training through the Farmer Federation network. 3,000 farmer associations are registered (some just 3 farmers). well-respected group; have trade union role. Also recommends working through ZELS, the local self-government network.

Next Steps and Recommendations: This is a thoughtful, apparently small group that has only started recently. They have done analytic work for USAID's AgBiz. Would check with COP of Ag Biz for more insight if we wanted to work more intensively with FACE. Not clear how much they would be willing to get their hands dirty so to speak; they struck me as wanting to play intermediary. The strengthening of the capacities of the ag schools (with or without FACE) for provision of educational services to farmers and/or advisers opens up opportunities to improve the income of the school and to improve cooperation with private sector that will facilitate placement of students on internships and career guidance with the help of the private sector.

Name of Organization: Faculty for Electro-technical and Information Technologies, Skopje

Person(s) Interviewed: Aneta Buchkovska, professor – IT expert

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Organizational Summary Description: The Faculty for Electro-technical and Information Technologies is a unit of the “Ss. Cyril and Methodius” University Skopje. It offers several study programs in the areas of: electro-energetics, electronics and telecommunications. A constituent part of the faculty is the informatics department where study programs are delivered in: computer system engineering and automatics, informatics and computer engineering with a 4-year duration and professional studies in informatics with a 3-year duration. The faculty trains more than 2000 students in all 4 years at the moment. Only in ICT, more than 250 students enroll each year. The faculty has highly professional teaching staff in the area of ICT, and permits its professors to provide teaching services to a number of state and private universities delivering this type of ICT course programs. The faculty is hampered by lack of space, as it shares the same facility with the Faculty for Machine Engineering.

“Key Points” Summary of Interview: Student interest in ICT programs has been increasing for the last 10 years. The demand from the market/companies/private sector is confirmed by the fact that part of the students (as a rule the better ones) fail to complete the studies because they get recruited by companies before reaching the final year(s). This trend of demand for labor force with ICT competences is stable and does not show signs of abating. However, given the large scale production of IT experts by the universities (the establishment of a special university for ICT by the Government is in the pipeline), it is to be expected that the demand for IT experts will decline in future. The interviewee expressed the opinion that this trend is already evident in the developed countries. High demand among students for ICT: 550 applications for 350 slots for 4 yr program; 100 applications for 80 slots for 3 yr program. 70% male. Decreasing student demand for electrical engineering. Believes that this reflects a decline in labor market demand. In regard to the training quality, there are opposing opinions; on one hand, IT companies (Prof. Buchkovska is a former president of MASIT) claim that the universities do not provide sufficient skills to students, and on the other hand the universities possess sufficient skills, but for the specific needs of companies, there need to be a system put in place in which the companies will take not only a professional part but will also provide funding for the training. The university does not have a shortage of staff to facilitate such tailor-made skills, but lacks the required equipment that would be complementary to that used by the companies. In addition, companies are not very forth-coming in accepting students for practical training. In the absence of a systemic cooperation for student practical training (internships) and/or recruitment for employment the entire burden falls on individual teachers/professors – “with 700 students, this is mission impossible”. There is no career dev counselor and FTE available to hire one. Practical, logistical problems for internships. Internship for month/yr is required, but class schedule is set up so all 700 students must do their internships in July or Aug. The industry cannot absorb this inflow. 10% of curriculum is to cover employability skills and business.

Students also organize their own job fairs, CV and interviewing workshops. Currently have enough computers for all students. (Did not in the past.)

Next Steps and Recommendations: Student quality is being recognized in the country. Together with the Faculty of Maths and Natural Sciences (Institute for Informatics), it is the leading institution in ICT training in the country. Cooperation with the business sector is obviously the weakest link. The program might consider commencing a program that would establish a more dynamic cooperation and link between companies and the faculty in: adaptation of study programs and involvement of companies in the formal training of students and development of a network for practical student training. The interviewee is an expert in ICT with impressive international project experience. She could be a contributing factor in the organization and implementation of specific project activities.

Name of Organization: Faculty of Electrical Engineering

Person(s) Interviewed: Prof. Hristina Spasevska
Prof. Margarita Ginovska

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Organizational Summary Description: Faculty of Electrical Engineering – Within this faculty is a small research project (90,000 euros from Central Europe funding source or project) that began last year to investigate low cost solar technology. There are 500 Elec Eng students in the freshman class.

“Key Points” Summary of Interview: There are no companies in Macedonia that produce solar products for electricity. There is one company in Macedonia that produces solar panels for thermal, heating water only. The GOM subsidized a program to put these panels in several homes. The GOM will also pay 4 to 5 times more for solar energy sold for electrical use than all other energy in Macedonia. The Center for Low Cost Technology is established to intersect government, industry, and research to increase the use of alternative energy in Macedonia to 20% of all energy used. This also an EU goal.

Once the center identifies ways to produce lower cost solar panels, it will need to work with the private sector to encourage it to build these panels. It will likely cost about 2 million euros to build such a plant in Macedonia. This center needs financial support and knowledge transfer for knowledge know-how. The professors interviewed have been visiting professors in Europe. The professors were very keen on the National Techniques, a government supported NGO with a 60-year history. This NGO provides training and outreach on science and energy. It strives to get more students interested in the science and energy. The government funding for this NGO seems to have dried up. It has a staff of 44 and had a budget of 300,000 euros annually. With 5000 euros it could train 200 students for 3 two-day sessions. It has sponsored 2-week summer camps near Ohrid for about 150 euros per week per student, free to the students.

Recommended:

1. Focus on alternative energy, especially solar energy
2. Increase training about energy efficiency

Next Steps and Recommendations: These professors would likely be good collaborators for the **Green Jobs Corps** activity, if adopted. It would be great to investigate the National Techniques as a possible NGO in which to house the **Green Jobs Corps**, particularly since it seems as if it has been doing energy training already.

Name of Organization: Faculty of Mechanical Engineering

Person(s) Interviewed: Dean Atanas Kochov
Prof. Aleksandar Nospal
Prof. Radmil Polenakovik, Dir. Business Start-up Center
Prof. Darko Danev, International Cooperation
Prof. Slave Armenski, Alternative Energy

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Organizational Summary Description: The Faculty has six institutes and one department, as follows: Institute of Production Mechanical Engineering with 5 laboratories; Institute of Mechanical Construction, Mechanization Machines and Vehicles with 3 laboratories; Institute of Thermo technology and Termoenergetics with 5 laboratories, Institute of Hydrotechnology, Pneumatics and Automatics with 2 laboratories; Institute of Welding and Welding Constructions with 4 laboratories; Institute of Mechanics with 1 laboratory and a Department of Mathematics and Information Technology. The Institutes are further divided into many well-equipped chairs and laboratories or working groups. Each Institute is chaired by a professor, who is responsible for its operation and high level of academic and professional conduct of its members. With the Faculty, there are also the IT Center and General services, as separate units. Apart from its educational activity, the Faculty of Mechanical Engineering undertakes research activities in the field of Mechanical Engineering. With its staff potentials, it represents a centre for the development of science, scientific thought and the application of science in the economy. The Faculty research activity is accomplished by participation in the realization of research projects and by means of writing masters theses and doctoral dissertations. As a result of the intensive research activity of the Faculty, lecturers and research fellows take part in a large number of international conferences, symposia and seminars in Macedonia and abroad: scientific and specialist papers and articles are published in domestic and foreign journals, collections and books. In recent years, 47 research projects have been realized at the Faculty of Mechanical Engineering including: Centre for Research, Development and Continuous Education (CIRKO as abbreviation from the Macedonian language) project for improvement of the competitiveness of Macedonian SMEs in mechanical engineering industry in collaboration with USAID; Johnson Controls Training Centre; UNIDO an UN project – Macedonian National Centre for Cleaner Production; Macedonian Centre for Energy Efficiency -MACEF; Centre for Climate Changes; Ss. Cyril and Methodius University – Business Start-Up Centre (UKIM-BSC) and Web Lab: E-Learning Training Centre. Among the research projects are several TEMPUS projects: Master studies for Industrial Design and Marketing; Web-based Multimedia e-Learning for Applied Technology; Numerical Simulation Program in Mechanical Engineering; Development of Environmental Resources Engineering Curriculum; Creating R&D Capacities and Instruments for boosting Higher Education – Economy Cooperation; Matching competencies in higher education and economy: From competence catalogue to strategy and curriculum development; Master Studies and Continuing Education Network for Product Lifecycle Management with Sustainable Production.

“Key Points” Summary of Interview: Since 2004, the Faculty of Mechanical Engineering Skopje has collaborated with USAID on several projects, particularly the E-Biz project, which the Dean considered a very successful project. This project focused on business start-ups in tourism, shoe manufacturing, apparel, CAD/CAM design, and tool and die. Students started and still run these companies. Currently, Faculty of Mechanical Engineering Skopje is working with the USAID Competitive project on an E-Library, a database of model designs at the masters level. Next, it plans to have 20 students as interns with a licensed software re design molds. Faculty of Mechanical Engineering Skopje students upon graduation easily find jobs. The Faculty of Mechanical Engineering Skopje has also collaborated with other intl donors – Austria, Slovenia, UNDP, etc. The Dean along with other Fulbright scholars in Macedonia are organizing internships. This program has been well received by students and companies. The Dean is most interested in working with the USAID Competitive project re internships.

Next Steps and Recommendations:

1. Visiting professors to the faculty to increase knowledge transfer for knowledge know-how
2. Visiting senior-level managers in the universities and in the local businesses, again for knowledge transfer and knowledge know-how
3. Need to change the mentality of the Macedonian people
4. Educate the people away from using electricity to heat homes bc while its subsidized now by the govt, it will become expense when market rates are introduced. Energy efficiency training is needed.
5. Support business start-ups with incubators
6. Upgraded the skills of teachers in all schools from primary to post-graduate levels

Name of Organization: Fonko

Person(s) Interviewed:

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<http://www.fonko.net>

Organizational Summary Description: Fonko, established in 1990 by two owners, is a manufacturer of air, ventilation, and heating units. It also produces wine as a result of a bartering relationship with a client that needed a specialized wine cooling system.

“Key Points” Summary of Interview: Fonko produces geothermal pumps (GTP) and has plans to develop a more advanced GTP. Its highly skilled workers need to know physics and mechanical and industrial engineering. They should also be innovative. It’s difficult to find such workers with that combination of experience or interest. The advanced GTP will need 30-40 new EEs for production and the R&D will require about 10 highly skilled professionals. Its current production line of 20 EEs is generally comprised of H.S. grads with vocational mechanical or electrical training, not computer training. These workers “..must want to have a screwdriver in their hands and be happy with it.” They tend to be ages 25 to 45 with prior work experience and with families, which makes them more serious and more reliable than the younger workers they have hired. The professionals tend to be younger and university trained. Their best source for new hires is word of mouth although the law requires that all new postings be advertised for at least 5 days or be posted at an ESA office. Fonko is in discussions with a Welsh company to use Fonko’s advanced GTP in conjunction with the Welsh company’s current electric distribution services. Fonko has also done a pilot installation of one of its pumps in a public school that used wood for heating in each classroom. According to the interviewee, the GTP will save 66% in heating bills with costs for such pumps recovered in about 3 years. The GOM spends a lot on heating schools, hospitals, and other inefficient government buildings. With the GTP, the GOM could reduce its energy expenditures. The GOM has budgeted to upgrade its building.

Recommendations to USAID:

Have students learn another language and develop IT skills

Address the need for qualified GTP installers who could become self-employed (SE), similar to HVAC experts.

Next Steps and Recommendations: Continue discussions with Fonko about developing and launching an Energy Efficiency Youth Corp in Macedonia.

Name of Organization: Fx3x Media

Person(s) Interviewed: Kristijan Danilovski, Managing Director

Contact Information: +389 2 3239 889 kristijan@fx3x.com

Organizational Summary Description: Fx3x is an eleven year-old digital media firm that does digital graphics and post-production with applications to film, television and (even) Internet. They currently employ 50 people, and report pending contracts which will cause continued growth in the near future. They have a modern production and office facility in a converted aircraft hanger building on the outskirts of Skopje, and appear to be cutting edge in technology and applications on a regional, even worldwide basis. Their first global project was an animated sequence in the award-winning US film *The Aviator*, which has been followed by subcontracted segments of other feature films, and several direct (and credited) contributions to film and television productions, including *The Path to 911*, for which their work has been nominated for a US Emmy award..

“Key Points” Summary of Interview: Danilovski presents Fx3x as a USAID mega-success story, and asserts that he would do so even if we were not there representing the Agency and the Mission for this assessment. The Competitiveness project, beginning in 2003, has assisted with access to regional and global markets, assisted with market analysis, helped advise on company reorganization to accommodate growth, sponsored attendance at trade shows, and generally assisted the company to reposition itself to take full advantage of its technical and artistic strengths. In fact, perhaps the biggest contribution since the original market analysis was in workforce development: when the company needed to add technically trained staff, the competitiveness project assisted with training, provided introductions to schools that would refer students, and paid Fx3x staff while the company shut down and the staff converted temporarily into trainers. 1500 participants were recruited, 300 students completed the intensive 3 month course, 20 were hired directly by Fx3x, and the rest were referred to other potential employers requiring IT skills.

Next Steps and Recommendations: Fx3x continues to grow, and projects to require a steady flow of people qualified by graphics and computer background and artistic inclination to work on *visual effects, animation, and editing*, of both video and sound. They are unlikely to shut down again to train a large cohort of people, and will look to other training institutions to provide staff. Danilovski did have several recommendations about any workforce effort that might be undertaken with USAID sponsorship:

- Consider schools as sources of trainees, but not of fully-trained employees;
- Consider training through private firms or trainers who can be more responsive to business needs;
- Work with companies to bring more training in-house, as their particular needs require;
- Work with business associations where possible to achieve economies of scale
- Set projects up to succeed, don't just focus on neediest students or hardest-hit areas;
- Be prepared for USAID to run interference and advocate for companies and for training institutions; you need government support, but firms can't get it on their own.

Name of Organization: “Goce Delchev” University Shtip

Person(s) Interviewed: Prof. Sasha Mitrev, Rector (Chancellor), Prof. Boris Krstev, Vice-rector

Contact Information: +389 32 550 002 ugd.edu.mk

Organizational Summary Description: The Goce Delchev University in Shtip was founded in March 2007 by the Assembly of the Republic of Macedonia; its 12 faculties and one higher education college, located in three Macedonian towns (Shtip, Strumica and Kochani) are as follows: Law, Economics/Business, Agriculture, Computer Science, Education/Primary Ed. teacher Training, Mining, Geo-sciences and Technology, Music, Medicine, Electrical Engineering, Philology/Languages, Tourism and Business Logistics, Technology and Mechanical Engineering. The University follows an integrated-university model. Its principal academic and administrative officer is the Rector. The University's principal executive and policy-making body is the Senate.

The University has at the moment 2500 students, with the expectation that its capacity of 8000 students will be filled in two to three years.

“Key Points” Summary of Interview: This is a young university and is in a developmental stage; its leadership is ambitious and determined to create a strong university able to satisfy the labor needs in the eastern part of the country. The organizational structure contributes to the education of future employees in the medical, technical and social sciences. Additional services and facilities are to be set up, such as A Career Centre, Alumni Club, Teaching Quality Control and Improvement System.

The above resembles a wish-list; given that development of quality needs time and that there is serious shortage of teaching staff, results can be expected in about 10 years.

Next Steps and Recommendations: Recommendations can hardly be given, as the university has still not proven itself. It should undoubtedly be kept in mind for the future as it may grow into a major player in the production of high quality staff.

Name of Organization: IMF Resident Representative Office in Macedonia

Person(s) Interviewed: Mr. Bert van Selm, Resident Representative

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Organizational Summary Description: The IMF has maintained a Representative Office in Macedonia since 1995. The office performs a wide range of activities, contributing to the formulation of IMF policy advice, facilitating the policy dialogue and flow of information between IMF Headquarters and the Macedonian authorities, monitoring economic developments and performance under the IMF-supported economic program (the 2005-08 Stand-By Arrangement), coordinating technical assistance, and explaining the IMF's views on economic policy issues.

“Key Points” Summary of Interview: The latest IMF report on Macedonia was just published (<http://www.imf.org/external/pubs/ft/scr/2009/cr0960.pdf>). On the macroeconomic area, IMF finds Macedonian banking sector stable and not hardly affected by the world financial crisis and the recession. However the threat to the Macedonian economy and financial sector comes from the pegged exchange rate to EUR. GDP is around 6 billion USD. The IMF has different GDP growth projections (3%) than the Government (5%). The IMF Rep. stated that the analysis was done in November 2008 and that if he was to redo the analysis most probably his projection will be closer to 1-2% GDP growth for 2009. Inflection is stable at 3% and we may see it coming to a range 0-1% or even potentially deflation in 2009. GoM has projected budget deficit at 2.8% which is not bad except that in the current world financial crisis there are not enough places to borrow from. The question remains from where this funds will come and if there will be someone to borrow from. Current account deficit is 15-17% of GDP. FDI in 2008 are app. 4% of GDP but in 2009 this may drop to 2% of GDP. Remittances are decreasing and that is affecting the current account deficit that in the past was mainly offset by them. Exports and FDI are also decreasing and that is causing a red flag for the financing of the current account deficit in the future years. Again, the question remains who is going to finance the Macedonian government in a period when there is a world liquidity problem. GoM Reserves managed by the National Bank were 1.7 billion USD (app. 4 months of import) but since October they have started to decrease as the National Bank started measures to protect the peg to EUR of the Macedonian denar. So far, around 300 millions were spent in selling EUROS on the domestic exchange market. In the region Serbia already depreciated its currency and that is affecting Macedonia too. Their main

challenge remains in the expansionary fiscal policy that is not in line with the contracting monetary policy. In order to preserve stability IMF recommends that both fiscal and monetary policy need to be aligned and restrictive. Mr. Selim stated the world crises will enter the Macedonian from the real (business) sector as export and sales are contracting and orders are postponed or cancelled. This is already affecting the main exporting industries such as metal, mining and textile. Mr. Selim stated that the current wage reform from net to gross salary is to be commended, although there are some glitches in the implementation as the software is not fully operational.

Next Steps and Recommendations: Main issues in which IMF has interest are the growth rate and wages. IMF supports further decrease in the currently high social contributions and recognizes the will of the government to reduce them (already legislated) by 2011. The question is can they pull it off as GoM was planning to reduce the social contribution rates and increase the taxation base as the grey economy will shrink. The new project might consider assisting together with BEA in this effort. IMF also supports change in the minimal wage taxation as currently employees with lower salaries pay higher contributions because the minimal taxation base is 15% lower than the average national salary. With this change lower paid workers can receive higher salaries as the contributions will significantly decrease. The new project might also consider assisting together with BEA in this effort. From the above two GoM priorities IMF prefers the second one – minimal wage taxation as this can effect to more vulnerable employees. In order to finance the decrease in the contributions, there a need for exploring alternative scenarios such as increase in VAT as a main revenue contributor. IMF recognizes that what ever the real unemployment numbers are, they are still high and unemployment should be tackled. Thus any specific work in the area of workforce and job creation is highly recommended. Based on the situation, some creative thinking should be incorporated. Helping companies to formalize and move to the formal economy is recommended as these companies once they are part of the formal sector may start to grow and employ new people. As long as they are in the grey economy their growth is blocked. GoM implemented a Regulatory Guillotine Reform that considered and changed some of the impediments of doing business in Macedonia. As this is still an active GoM project, this could be a venue for some workforce regulatory changes.

Name of Organization: Johnson Controls

Person(s) Interviewed: Jelica Ivanovska

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jelica.ivanovska@jci.com

Organizational Summary Description: Johnson Controls (JS) is the first FDI auto electronics supplier to set up in Macedonia after building a \$30M electronic components plant in the capital Skopje in 2006. The U.S. company operates in 150 countries in 3 main areas – automotive interiors and electronics, building efficiency, and power solutions (batteries).

“Key Points” Summary of Interview: JC choose Macedonia over Poland because of the quality (strong theoretical knowledge, fast learners, and hard working) and cost of its labor force. Geography, being in Eastern Europe close to Turkey and Russia, was also a factor. However, the details of the level and extent of tax and other incentives as a FDI were not provided. The plant mounts green boards with electronic components that are sold to all car manufacturers with the exception of Japanese auto manufacturers. JC has 112 EEs in Skopje working an 8 hours shift with a second production shift planned soon. Primary positions in the JC plants are line operators. Usually women ages 37-50 are sought for this job bc it requires keen dexterity, cleanliness, and repetition. There are no particular skills required for these jobs bc one can easily be trained within a week. However, workers must be able to read, albeit English is not required for this job. Most workers have a HS education and some when hired had engineering degrees (They moved to positions more closely aligned with their training). Starting salary is 400 euros per month, the average wage in Macedonia. 90% of JC’s applicants speak English well but many lack strong communication or interviewing skills. JC has a strong scholarship/internship program with 70 students/scholars that receive \$2,000 per year for 4 years. The internships tend to be outside Macedonia at JC’s design facilities in Germany, France, or Bulgaria. The GOM is not as efficient and responsive as JC would like. It often has to contact high-level government officials to get mundane tasks completed. It would like the government to be more professional in all aspects so that it can comply with all regulations and requirements timely. How Can USAID help improve the WkF in Macedonia? Focus on the H.S., mainly the voc ed schools to improve the quality of the education in these schools. At the university level, require students to do more than study individually; help students develop team building and project management skills. Teach them how to prepare CVs and interview for jobs. Investigate HR consulting firms to learn about the quality of the training that these firms provide. No suggestions re which ones to visit. Challenges: Laws on firing (dismals) and wages and benefits are not specific. JC would like the GOM to provide in great detail rules and regulations on discharging employees without having to litigate each such dismal if the dismal is squarely within the rules.

Next Steps and Recommendations: Not sure

Name of Organization: Kapital, member of Kapital Media Group

Person(s) Interviewed: Verica Jordanova

Contact Information: +389-2551-441 lok 203 jordanova@kapital.com.mk

Organizational Summary Description: A business weekly magazine.

“Key Points” Summary of Interview: Verica did not believe that the media was very professional because it did not provide objective reporting or in-depth analysis. Big business owns the media and big business is tied to politics and will not allow their media outlets to report the truth or probe for the truth. Internships would be a great help to WfD in Macedonia. Her firm has 7 interns out of 20 employees. Job fairs were helpful in finding interns. The school system has deteriorated tremendously, especially the primary and the H.S. Grades are generally awarded to students who have not truly earned such high marks bc of pressure from parents or others. Students are majoring or studying subjects that are not relevant to today’s market place. Students need practical work experience to improve the quality of the WfD. They also need to travel overseas to learn what is expected of them, what other young people are doing to improve themselves, and how to compete for jobs. If USAID were to support internships, what institution(s) would be a good choice to work with? None, most don’t have capacity.

Next Steps and Recommendations:

Name of Organization: Kocho Racin Workers' University Skopje

Person(s) Interviewed: Jordan Angelovski, Director
Mile Stoilkovski, Secretary General

Contact Information: 323 09 21, 070 217 260 ruracin1@mt.net.mk

Organizational Summary Description: Founded 56 years ago, Workers University is a specialized organization for education of youth and adults operating on the principle of self-financing, co-financing and donations. The property it uses is in its ownership. Until 2001, the activities of the Workers' University was partly financed (co-financed) by the Ministry of Education, whereas nowadays, the Ministry only funds programs only incidentally and depending on the Programs it wants to see implemented, thus the WU receives its funding through user charges, predominantly by the learners themselves and much rarer by private companies, and also co-funding and grants provided by foundations, international organizations and NGOs. The WU employs staff and organizes training in general skills, such as foreign languages and IT, and qualification and re-training for low levels occupations, such as secretary, hairdresser, boiler-worker, hospital orderly, seamstress and tailor, cosmetician and masseuse, pedicure, physical therapy, book keeping, TV mechanic/appliance maintenance, welder, fireman, etc. This is one of the rare institutions where the staff has experience in working with adults. The WU has at its disposal abundance of classrooms and equipped labs for the specific occupations.

“Key Points” Summary of Interview: In the past, the WU served a large number of beneficiaries; in the past it employed over 140 staff, whereas today, there are 38 employees delivering the courses. On one had the shift to self-financing, and on the other the decreasing financial potentials of the populations have led to a decrease in the number of learners, and respectively income and employees. (They charge 1.5 euros/lesson hour.) In the past, the WU were the only specialized institutions for adult education; the Skopje institutions had the largest number of beneficiaries. The market of providers of educational services has been increasing and the WU are losing their monopolistic position. The legal framework (Adult Education Act and Vocational Education Act) and the regulations for certification and accreditation of training programs slows down the process of adaptation of the WU to the needs of the beneficiaries. The regulations emerge as an obstacle for the free operation on the market of educational services. One example is certification that they were providing for transporters of dangerous materials. The Min. of Transportation took over the certification process so learners no longer come in for training but go directly to the MoT for certification (questionable whether they have really gained all the necessary skills). Although with a significantly decreasing volume, the WU is collaborating with the private sector and is offering and delivering specialized tailor-made courses; a recent example is the training for 300 gas-operators for the Gas-company.

Next Steps and Recommendations: Zoran: The interview provided insight into the situation of the specialized institutions providing training for children, youth and adults. The WU could be a good partner in a program providing training to the unemployed labor force with no or with low levels of qualifications and skills.

Clare: This is a dinosaur-type institution that has not adapted to the new market conditions. Their main asset is ownership of large building and many branches around the country, but without trainers and equipment that are up-to-date, it is questionable whether they can compete in the new, more nimble economy. I don't think USAID should prioritize WU for funding, but rather allow them to compete if grant funds are available. If they can change and keep up, fine; if not, they will probably wither away.

Name of Organization: Macedonia Association of Processors (MAP)

Person(s) Interviewed: Mr. Saso Risteski, Executive Director

Contact Information: 389-70-355-578
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Organizational Summary Description: A business NGO of fruits and vegetables producers

“Key Points” Summary of Interview: Macedonia Consulting Group (MCG) manages this association of 26 members out of 45 such producers (80% of all such producers). Mr. Risteski founded this consulting group and, thus, wears two hats – as owner of the consulting firm and ED of the MAP.

90% of the members’ products are exported mainly to the EU with Germany the largest buyer of canned, glass, deep frozen and dried products. The number one product is red peppers with some cucumbers, pickles, and sour cherries (frozen), about 28 million euros and 30,000 tons in 2007.

Macedonia’s vegetables come to the market earlier than its neighbors, a slight competitive advantage early in the season.

MAP members are small, 50 to 250 employees full time with 2 to 3 times that in seasonal workers (mainly women) from August to November doing processing, not harvesting.

Macedonia is extremely late with Ag reforms, according to MAP ED, even though Macedonia is a WTO member.

Pre-EU accession funds are available if firm provides 50% of the total funds; firms will be reimbursed, not provided upfront funds from the EU.

Worker safety is not a major concern in food processing bc no chemicals or potentially dangerous machines used.

Challenges:

It takes a month to register one seasonal worker even if that worker is with a firm for just 1 day or 1 month (administrative burden)

Producers can hire workers as S/E and pay only the 10% income tax (no social taxes) but a worker cannot register with more than one ER. So, if one wants to work two jobs, the system pushes the ER and EE to report the second job off the books.

Demand for products are higher than the supply but there is too often a lack of sufficient domestic raw products and limited access to capital to expand the businesses.

Adding cold stores (storage facilities) could improve productivity and profitability.

Need trained food safety professionals and about 50 quality control managers trained in HACCP standards¹. There is such a school in Thessaloniki, Greece, about 3 hours drive from Skopje.

Food processing is under the Ministry of Economy (MOE), which is not a good partner for MAP, and not the Ministry of Ag.

Next Steps and Recommendations: Let's discuss the pluses and minuses of training Ag workers as a possible recommendation to USAID, particularly since Ag is a major contributor to Macedonia's GDP (GDP - composition by sector: agriculture: 11.4%, industry: 27.2%, services: 61.4% (2008 est.) and 19.6% of the labor force in 2007 - CIA Factbook)

¹ Hazard Analysis and Critical Control Point (**HACCP**), is used to describe an internationally recognized way of managing food safety and protecting consumers.

Name of Organization: Macedonia's Parliament Labor Committee
Assemblée De La Republique de Macedoine

Person(s) Interviewed: Svetlana Jakimovska, MP Vice President
Vele Trpevski, Counselor of the Commission for Social
Politics and Labor

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Organizational Summary Description: The Labor Committee (LC) is a standing committee of Parliament with all parties represented on this committee.

“Key Points” Summary of Interview: Youth employment is more of a political question. GOM plans to spend 8 billion euros in 7 yrs for infrastructure and capital investment as a response to the fiscal crisis. Yes, the private sector is involved in policymaking. The public can testify at public hearings and submit their concerns to Parliament. In 2009, the LC's main focus is preventing discrimination throughout society. The LC does not have the capacity to analyze how well laws and regulations are being implemented. All EU laws have been adopted except the one on preventing discrimination. It should be adopted soon.

Next Steps and Recommendations: Focus on FDI in Macedonia. Help the WkF improve their skills, esp. eastern Macedonia, the Ag area. The LC or the GOM, not sure, is planning a program for rural kindergartens.

Name of Organization: MASIT (IT Chamber of Commerce)

Person(s) Interviewed: 7 Attendees from various companies, some IT firms and training providers
Goran Kalajdziski (Resource Dispatcher) Seavis
Aleksandra Radesk (Instructor) SEMOS
Biljana Lazarevska (Key Account Manager) KING ICT
Iskra Trajkoska (Personal Assistant to the CEO) Nextsense
Aleksandar Marjanovic, CEO Alexandria Education Center
Ivan Mitrevski, MASIT Executive Director
Anita Nikova, Project Coordinator

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Organizational Summary Description: A business organization of 80 ICT firms established 2 years ago. Their main issue is WfD.

“Key Points” Summary of Interview: MASIT conducted a survey of their industry 2 yrs ago and it plans to update that survey this year under the USAID/Carana project. The results should be available the end of March.

- Nextsense has 41 EEs had 25 EEs last yr. It offers internships and fellowships
- KING ICT has 350 EES in Croatia, Macedonia, and Bosnia – 11 EEs in Macedonia. It hires 40-60 new EEs each yr. It will hire 4-6 new EEs in Macedonia this year
- Alexandria - 16 years in business; last 6 yrs focus has been training in post 2nd edu and professional certifications
- SEMOS has 13 EEs; it does post 2nd training in a variety of business areas
- SEAVUS ICT is a consulting firm and software developer with 400 EEs, 330 are in Macedonia. It established a training ctr bc of the need here in Macedonia. The center is linked to all universities. It offers internships but have not found them to be effective bc of the large skills gap and mind set that students have.

There have been jobs fair once a year, which were helpful but not often enough. Best hires are those with Knowledge, Business and Soft Skills, and the Right Attitude (want to work and don't know everything). The difficulties in hiring are:

1. Holiday benefit – 20 days
2. Too much paper work to hire and register an employee. Even with the new online ESA registration tool, ERs must still GO to the ESA office and submit lots of documents
3. Requirement to advertise job openings
4. Social taxes too high

Next Steps and Recommendations:

1. Upgrade the outdated curricula at the university level
2. Help companies develop information and procedures for new hires
3. Help students gain practical work skills before leaving school
4. Promote life long learning to help workers upgrade their skills – international certifications such as the Microsoft certification (MCSA), which costs about 2500 euro and takes 6-7 months - would help
5. Career centers

Name of Organization: Mens Legis

Person(s) Interviewed: Ms. Ljubica Ruben
Ms. Tatjana Dimitrijoska, Senior Legal Advisor

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+389 70 675 100
www.menslegiscom.mk

Organizational Summary Description:

Mens Legis is the first law firm in the Republic of Macedonia, established in February 1995, with its principal office in Skopje.

“Key Points” Summary of Interview:

Workforce challenges:

1. Students do not have practical experience
2. It’s mandatory for professional organizations to be connected to government; this should not be so that professionals can develop without government interference
3. Difficult to obtain work permits for foreigners; Macedonia should have more foreign workers to benefit from their skills and know-how, knowledge transfer
4. Employment laws are vague, complex, and contradictory. For example, the Labor Relations law requires ERs to provide EE training, but it is not done and the law is not enforced
5. Largest employer is the government and most government workers are hired bc of connections or bc they got signatures from neighbors that the neighbor would vote for a certain party; Government is an employment firm; it is not transparent nor does it seek excellent workers, especially now, just before elections next month
6. Legal environment is not business friendly – can’t own land without land title complications and too many unnecessary rules and forms to submit – government works hard at making more rules/hoops for business owners to jump through – government workers do this bc they seek bribes to easy the way for payers to get the necessary permits or other such approvals
7. Need to grow SMEs if jobs are to be created in Macedonia
8. Civil society is not organized to give voice to the need for more jobs and for politicians to be constructive in this process

USAID has been most helpful to Macedonia and the lawyers expressed the desire that it continue to work with the citizens of this country.

Recommendations:

1. Provide training for H.S. teachers
2. Help ESA provide training to the unemployed
3. Help the private employment agencies grow
4. ERs need training

5. Promote a new law on labor relations to encourage hiring foreign workers

RE internships – max. 1 yr period; student need not be registered with ESA but intern must receive 50% of the position salary if that intern has graduated. Can be paid or unpaid internships if the student is enrolled in school

New edu law/rule requires that student have at least 1 month practical experience/internship for each year of university training.

Social taxes have been reduced but the net is effectively the same bc some benefits that were tax-free are now included as wages.

Incentives to hire – ERs don't pay the health insurance contribution if they hire a youth, up to age 27, for 1 ½ years. The health insurance exemption continues if the ER keeps that same youth for 2 more years. The state pays the health insurance contributions under this ALMP.

Seasonal workers – hard to find seasonal workers bc they get better wages in neighboring countries.

Envelope wages are pervasive in Macedonia.

Wage arrears exist but no idea of the magnitude

An amendment to the gross wage law was recently introduced, after protest from lawyers and some self-employed, to reduce the social contributions for certain self-employed groups – lawyers, notaries, tradesmen, and Ag workers.

Next Steps and Recommendations:

The lawyers recommended the SEB (start and expand businesses) and CAT (counseling, ALMPS, and training) approaches, which seem to be the common themes of this assessment, thus far.

Name of Organization: Microsoft Macedonia

Person(s) Interviewed: Ilijanco Gagovski, Manager for Macedonia, Kosovo and Albania

Contact Information: Bul. Partizanski Odredi 62
1000 Skopje
+ 389 2 3090 890

Organizational Summary Description: Microsoft office in Macedonia does sales and marketing for Macedonia, Kosovo and Albania. They work with several distributors and around 50 partners in Macedonia. Most of the efforts of the office in Macedonia are related to partner readiness activities – ensuring partners are ready to deliver and distributors have the right licensing capacity. Microsoft prefers to have partners that not only sell Microsoft products but who can also add value and develop content on Microsoft developed platforms.

“Key Points” Summary of Interview: Microsoft recently organized a sales training for the staff of the partners and noticed strong interest for the training. According to Ilijanco, Macedonian workforce lacks soft skills and therefore training and capacity building should be applied. Also, he believes that Macedonian managers need a lot of skill building support because they are crucial for unleashing knowledge and skill building for all other employees. Also, Macedonia needs managers that will allow and support others to grow. We concluded that managers “don’t know what they don’t know” and that for some of them ambition is lacking because they have started their company just to employ them selves and secure regular salary. Unfortunately some of the entrepreneurs act like traders. These managers have low ambitions and thus do not strive for excellence and human capital growth.

Next Steps and Recommendations: The Director of Microsoft Macedonia recommended that USAID should improve the skills of the managers, especially soft skills. Somebody needs to imitate a change in the altitude “I know everything”. Many managers haven’t seen better and do not have perception how high quality production or service looks like. Also, there should be more information about business and industry trends in 2009 and 2010 so that people can plan and act upon them. In addition, he recommended that innovation should be supported by visits to innovation fairs and by introducing innovation approaches and cultures within the companies.

Name of Organization: Ministry of Information Society of the Republic of Macedonia

Person(s) Interviewed: Mr.Ivo Ivanovski, Minister

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Organizational Summary Description: The Ministry of information society of the Republic of Macedonia is responsible for:

- Providing and managing funds for financing of the development of the information society in the Republic of Macedonia
- Evidence, coordination and monitoring of the implementation of approved projects for development of the information society within the state bodies
- Policy creation and providing recommendations and advice for implementation of strategic and operational documents for information and telecommunication technologies
- Coordination, management and development of integrated safety information and communication network for the needs of the state bodies
- Promotion of use of electronic services
- Creation, development and use of data bases and their interconnection
- Realization of international technical and technological cooperation.

Ministry of information society is the authorized institution for coordination of the activities for developing information society and coordination of the measures which derived from the two Strategies:

1. [National strategy for developing the information society and action plan](#)

Basic challenge in building the Strategy is defining the economic, social and political vision of the society based on knowledge, through development and application of ICT in all living aspects, creating modern and efficient citizen and business services.

2. [National strategy for developing electronic communications with information technologies](#)

Basic challenge of the Strategy is the enabling of aggressive implementation and massive, efficient utilization of electronic communications and information technologies, which will assist the involvement of the Republic of Macedonia in the global net economy and the achievement of leap frogging in the economy.

“Key Points” Summary of Interview: The Minister asked when the ICT Survey supported by the USAID Competitiveness Project will be completed as they are already anxiously waiting to receive the findings. He explained the roles of this new Ministry (started in 2007 and before operated under the Prime Minister as a Minister with no specific sector): in charge of ICT related issues, legislation, Govt. projects such as computer for each student, free ICT education, vouchers for graduates to buy computers, e-government, e-health, etc. The Minister noted the progress in the education with both ICT and English language that are now part of the regular curricula at primary education, the ICT vocational school are existing and that an ICT University is about to start operations. He also stated that all of the issues related to internships are resolved and that there is a legal obligation for the universities to send their students to 30 days of practical work. Now there will be 60.000 students looking for internships. The Minister stated the following sectors with potential for future growing and in demand for new employees: ICT, health care, agriculture, education, construction. The Minister was open for the idea of bringing the Macedonian Diaspora back for transfer of know-how and building local capacities through shadowing local managers or providing expert advice. If a mechanism for paying the costs of such activity is found (such as current employer of the Diaspora person), he would fully support the idea.

Next Steps and Recommendations: The Minister recommended that we focus on the general management skills of Macedonian managers along with trainings that will increase productivity, both in private and in public sector. According to him, those are the most important need for future growth of the economy. He also stated that there is a need for improvement of the link between private companies and the education system. The Minister stated that once they finally receive the data from the ICT WfD Survey they will publicly promote the findings.

Name of Organization: Ministry of Labor, Office of the State Advisor

Person(s) Interviewed: Stojan Trajanov, State Advisor

Contact Information: Jovan

Organizational Summary Description: Jovan

“Key Points” Summary of Interview: Mr. Trajanov discussed the Ministry of Labor and Social Policy’s current priorities with regard to workforce development. He described the National Employment Strategy, and shared the Operational Plan for implementing it. Based on his observation and experience, he named the long-term unemployed – especially youth under 27 – as the Ministry’s highest priority, and said he believed that his assertion would be supported by the facts and statistics. Three sections of the Ministry’s work ought to be of particular interest to us, he felt, naming the Employment Agency, whose director we ought to meet with, the newly-established section of the Ministry set up to do labor market analysis, and the new “active training measure”, which he described as a pilot project being conducted by the Center for Vocational Education. While small (serving 120 people), he believes that it represents a useful model, providing 3-month training for food services, water and gas service technicians, and HVAC technicians. The training itself is provided by secondary vocational schools, and represents the approach he hopes will be adopted by other vocational schools.

Next Steps and Recommendations:

- Mr. Trajanov recommends that we should focus on a younger population (from school age up to age 27) in order to prevent long-term unemployment. Other points, in summary:
- The current skills gap analysis, while helpful, is incomplete, and does not yet reflect real needs. The World Bank report is a good start, but much more is needed, and Trajanov suggested USAID might consider carrying it to a next level;
- Previous high growth sectors – textiles and apparel, metals, and mining are all under severe pressure, and will be more so as a result of the worldwide economic crisis;
- The SME sector – especially food processing, organic food production and processing, and services (especially hospitality services) could be a good place to focus work. ICT too, of course, but “everybody talks about that”
- A follow-up meeting should be scheduled in his office including the Center for Vocational Education and the Center for Adult Education and others.

Name of Organization: Ministry of Labour and Social Policy – Sector for European Integration

Person(s) Interviewed: Ms. Aleksandra Slavkoska – IPA Coordinator, Aneta Vlahova – Assoc. IPA Coordinator

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Organizational Summary Description: The IPA (the European Union Instrument for Pre-Accession Assistance) funds the "support for transition and institution-building" and "regional development" components allocated for Macedonia. The IPA Human Resources Development component amounts to 19.176 mil. EUR. About 85% of this amount represents the EU contribution and the balance to be provided from national public sources.

The overall strategic objective of the IPA Human Resources Development component is to foster the development of human resources, in particular by improving the quantity and quality of human capital, leading to more and better jobs, higher growth and development, and the increased national competitiveness at an international level.

The IPA Human Resources Development component should support the Republic of Macedonia in policy development, as well as preparation for the implementation and management of the community's cohesion policy, in particular the European Social Fund. Within the Human Resources Development component The Multi-annual Indicative Planning Document (MIPD) 2007-2010 specifies three priorities:

- Employment - Attracting and retaining more people in employment
- Education and training – Investing in human capital through better education and training
- Social inclusion – Promoting an inclusive labor market

The Operational Program HRD 2007-13 has been prepared by the Ministry of Labour and Social Policy (MLSP) and Ministry of Education and Science (MES) in close collaboration with all relevant agencies and institutions including the social partners and NGOs. This Operational Program will be implemented through decentralized management and managed by the operating structure set up within the Ministry of Finance. MLSP and MES will be responsible institutions for the programming and technical implementation of the program. Assistance under the IPA Human Resources Development component will be implemented only after accreditation of the National IPA structure has been attained, which is expected to be finalized in the second half of 2009. The first open calls (request for proposals) for projects under the IPA Human Resources Development component are expected by the end of 2009.

“Key Points” Summary of Interview: At the meeting the representatives of the Ministry of Labor and Social Policy (MLSP) explained the EU IPA funding mechanism and its five components:

1. Capacity Building of the GoM public administration – mainly focused on the Ministry of Interior and other Ministries;
2. Cross Border Cooperation (CBC) through which municipalities and regions can partner with neighboring municipalities and regions for joint projects;
3. Regional Development (RD) focused on addressing the disparities between the regions in EU mainly through infrastructure and environmental protection;
4. Human Resource Development (HRD) focused on building human capacities of students, the unemployed and employed, and on social inclusion;
5. Rural Development focused on agriculture and rural tourism.

Out of the above 5 IPA components, the Ministry of Labor and Social Policy (MOLSP) is involved in 2: Component 1 through which the Ministry of Labor and Social Policy will receive funds for capacity building of its Roma Inclusion Department and Component 4 where MOLSP together with the Ministry for Education and Sciences (MES) are lead government institutions.

Aleksandra and Aneta explained the current status of the IPA funds – the GoM still needs to get accreditations for the relevant ministries (Ministry of Finance, MOLSP, MES) in order to be able to start contractual obligations. They expressed hope that this will be achieved by September 2009 and that first calls for proposals and calls for tenders will be out in the autumn 2009.

For the HRD component, the GoM has adopted an Operation Programme that elaborates on the actions that can be supported and funded. They shared the links to the Operation Programme with the team

(http://ec.europa.eu/enlargement/pdf/the_former_yugoslav_republic_of_macedonia/ipa/mk_com_p_4_programme_9_11_2007_en.pdf) and the IPA overall Programme (http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/programming-ipa_en.htm).

The MOLSP IPA team will prepare guidance for prospective bidding applicants, will post public announcements, will be included in the selection process, and will conduct monitoring and evaluation.

The HRD Components have three sections with the following funding:

	Section	Funding 2007-2009	Total Funding 2007-2013
1	Employment	1.5 million EUR	8 million EUR
2	Education and Training	1.12 million EUR	5.7 million EUR
3	Social Inclusion	0.7 million EUR	3.8 million EUR

It can be estimated that approximately the IPA HRD component can spend up to 6 million EUR per year once the program is fully operational.

Potential implementers of the specific calls for proposals include consulting companies, NPOs, NGOs, private companies, schools, etc. There is a component for grants that will require 10% matching contribution from selected implementers.

Based on the funding principles of EU, the annual funds need to be spent in maximum of three years or the funds will be lost (use or lose principle). As such, there is pressure on the GOM to attain its accreditations immediately, prepare the calls for proposals ASAP, and launch the call for proposals or tenders for the 1 year projects for the 2007 funding cycle that ends in December 2010.

Out of 2007-2010 funds, NEA can use a portion of the funds to build a forecasting model.

In the section 1, IPA funds can be used for employment subsidies for employers that will employ unemployed people from specific target groups (youth, long-term unemployed, females, etc.) The focus will be regions that have higher unemployment rates, especially long-term unemployed and with a high share of ethnic minorities.

MOLSP plans to announce one general call (something similar to USAID’s call for information) and ask for specific project ideas that can include training, new jobs, job counseling, etc.

MOLSP is using the data from the Skills Gap Analyses conducted by NES to support its planning and implementation. It indicated that there is room for improvement of this analysis.

The MOLSP questioned if there will be enough training providers with strong qualifications and references (to match EU standards) that can deliver training.

Next Steps and Recommendations: A new USAID project will have to coordinate closely with the MOLSP IPA department to learn what exactly the call for proposals will require and once the projects are approved to stay informed what projects are funded.

Specific Sector Analyses can help the MOLSP to tailor the calls for proposals for those sectors with the greatest need.

Better coordination between the MES and the Center for Adult Education (CAE) is needed as the improved capacity of the CEA is crucial to the timely accreditation of the training providers.

The challenge will be in certifying not only training providers but also specific training programmes and curricula.

Avenues for further consideration:

- Building the capacity of the training providers, developing strong training programs, and learning how to apply for EU IPA funds
- Certification of the training programs
- Rural studies – Local Employment Plans
- Specific industry sector studies
- Build the capacity of the Adult Education Center to certify trainers and training institutions, per its mandate

Name of Organization: Mozhnosti Savings and Loan House, Skopje

Person(s) Interviewed: Snezhana Andova, CEO, Suzana Kostova, HR Manager

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Organizational Summary Description: It started in 1996 as a USAID Project on Microfinancing implemented by Opportunities International, with the aim of helping business development for families, farmers and other micro-businesses. In 2000 it became a savings and loan house. Nowadays, it has 11 branches and over 100 employees. Most staff is young and women; of staff 76 have a university degree and 3 have an MBA, with the rest having completed secondary school.

“Key Points” Summary of Interview: On preparedness of staff for starting work, conclusion was that different universities produce different qualities; preparedness of candidates for interview is also different. Those coming from state universities (Ss. Cyril and Methodius) have better theoretical preparation and those from private ones (SEE) have better practical preparation. Thus the employer has the opportunity to choose for different purposes. For their own part, the majority of employees come from state universities. For new entrants into the job they are looking for good personality, basic skills, IT, English language, driving license and appropriate attitude; when hiring experienced workers; all current managers were hired without any work experience and were groomed into the job. They had bad experience with internships. Last hiring process was also problematic: for 10 positions there were 300 applicants, with 150 being interviewed, with only 9 having decent CVs. Process was conducted on-line and scored by computer. They perceive the large number of unemployed as offering low quality, lacking skills, attitudes and personality. Part of the discussion revolved around possible effects from the global crisis; fiscal depreciation would not solve the problems for Macedonia; problems are internal insolvency, over-debt all-round (also among clients), reduction of loan activities – slows economic development, decreasing remittances; currency stability pursued by Government reduces public consumption and public investments; G’ment needs to reduce taxes. Their own client base consists of 15% of youth under 25, majority of clients (approx. 50%) are small businesses (3-5 employees) and average loans are approx. 4000 EUR.

Next Steps and Recommendations:

- for pre-service training was to include more practice during the educational process. Critical thinking, ability to formulate and express opinion are also important;
- would also appreciate help in defining standards for testing when hiring;
- an HR association would be helpful (no such exists)

Name of Organization: Municipality “Butel” Skopje

Person(s) Interviewed: Petre Latinovski, Mayor

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Organizational Summary Description: Butel is a small urban municipality in the north-western part of the Republic of Macedonia. According to size, it is the seventh smallest municipality in the country. It covers five settlements: Skopje-Butel, Vizbegovo, Ljuboten, Ljubanci and Radishani. It is one of the smaller municipalities within the limits of the city of Skopje, with a population of over 40 000, of whom 66% are Macedonians, 25.5% Albanians with the remaining 8.5% Roma, Bosniacs, Vlachs and Turks. The Municipality was created in 2005, and this current Mayor is the first elected one for this Municipality. The average population density is 758 on a m², positioning it below the Skopje average. The annual budget of the municipality is 185,617,151 denars (3,000,000 EUR) received from allocations from the central government and collected by themselves through taxes, sale of land, etc.). The municipalities comprising the City of Skopje share their revenues with the City as well as the responsibilities; there is dissatisfaction that the city takes one half of the income but does not seem to do enough to justify such an allocation (in the eyes of the municipalities).

“Key Points” Summary of Interview: This is a new municipality which has already developed certain projects aimed at improving the living conditions and strengthening the economy. Through EU Reconstruction and Development Program Funds a sewage system was constructed in the settlement of Vizbegovo. This activity is in line with the intentions of the municipality to strengthen the economic zone in Vizbegovo, creating conditions for attracting private investors and for creating new jobs for the population of the municipality. By decreasing the price of land earmarked for sale, the municipality manages to attract interested companies and increase its budget. In regard to the quality of the workforce at the disposal of the municipality, the majority of the active population has completed secondary education (51%), 34% have completed primary education, with 7.8% having completed university education. The small density of the population and the natural resources enables the municipality to pursue a dynamic economic development. Hence, the municipality is interested in initiatives that would help it enhance the educational level and improve the competences of the current and future workforce. Although of a multi-ethnic composition, the municipality is not plagued by problems of an interethnic nature. According to the last ranking of municipalities, this one has been awarded high marks and takes a high rank in the implantation of the decentralization processes and achieved economic growth.

Next Steps and Recommendations: The Mayor is an energetic man eager to cooperate, managing a competent team. This multi-ethnic municipality has potential for growth and also for cooperating well with donors, including USAID, and for implementing projects. All decisions, however, are pending given the upcoming local elections.

Name of Organization: Nahtevit Vocational Secondary School

Person(s) Interviewed:

Contact Information:

Organizational Summary Description: Public secondary vocational school operating in the City of Stip, serving some 800 students in all, two-thirds from Stip itself, 270 from other municipalities. Students are aged 15-18, with some 14 year-olds – typical of a secondary school in Macedonia. 220 new students begin each year. The school offers training in six occupational “profiles”, plus general ‘gymnasium’. They report a decline of interest and enrollment in textiles, reflecting the decline in that industry in Stip, which is the traditional textiles center of Macedonia, and increased interest in computer technology and automatics and ICT fields (four-year courses leading to university) and in catering and food service (3 years, leading to employment). The program is offered in a 1970s-era building with maintenance and heat problems, and with partially-equipped facilities for the most part — except for up-to-date computers that did not seem in active use in one of the two computer labs we visited.

“Key Points” Summary of Interview: Most students enrolled in ICT courses are good students, who intend to attend university after graduation, and most do – especially since the recent formation of the University of Stip (see brief profile). The school participated in a seven-school pilot with GTZ essentially replicating the concepts of the German ‘dual system’ in Macedonia. This added more school-based and employer based practica to the curriculum, provided equipment and teacher training and re-training, and, according to the Principal (?) helped to modernize several programs in the school. The GTZ support has ended, but many of the concepts have been maintained. It did not, however, appear that much consultation with employers and employer groups survived the phasing out of GTZ funding for the project. In-school, hands-on “labs”, however, have continued, and we saw them on the tour of the facility. There was an SEA-established Career Center that seemed in disrepair, and in poor maintenance, although the room itself was just beginning a refurbishment. Two teaching staff members have the career center as an add-on duty, but there does not appear to be much activity.

Next Steps and Recommendations: The principal offered several pieces of advice regarding future investments in workforce development:

- Invest somehow in current students, as a preventive measure against long-term unemployment
- Look at ways to assist the under-skilled, currently employed
- Establish or build on current regional centers to provide more and better career services to all three groups (future workers, unemployed, and currently employed)
- Vocational schools are well-positioned to respond

There may, in fact, be vocational schools prepared to move ahead; this one would take work. Leadership here seemed pretty good, but they are laboring against inadequate facilities, bureaucratic inertia above them, limited resources, and a tradition of self-containment that makes it difficult to maintain active employer-responsiveness and engagement.

Name of Organization: New York University Skopje

Person(s) Interviewed: Jane Miljovski, PhD, Rector
Marija Peseva, General Secretary

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Organizational Summary Description: New York University Skopje (no affiliation with NYU in the U.S.) is a privately-owned University that operates as a franchised affiliate of Staffordshire University in the United Kingdom. The University serves fewer than 100 students in all, most at the baccalaureate level, mostly in business but also some studying political science and computer science. In addition there are a few post-graduates pursuing MBAs. It has operated for several years in conjunction with several Greek universities of the same name, and under the same ownership, but the Greek partners withdrew more than a year ago, and the local campus re-affiliated, this time with Staffordshire. The Rector is former Minister of Finance in the Government of Macedonia, and it was in both his former capacity and his current one that we interviewed him.

“Key Points” Summary of Interview: A review of post-World War, then post-Yugoslavia developments in higher education suggested historical roots for the bias towards theoretical approaches to higher education in Macedonia, not only in the public University, but also even in the technological institutions, now defunct. In Dr. Miljovski’s view, the system of higher education was designed to produce intellectuals, not to produce a labor force, and despite rhetoric to the contrary, the value still dominates. There has been some lip service given to adapting the “American” practice of creating a trained and educated workforce, but that has not resulted in altered practices, except in some of the private institutions (such as his own). Significant reductions in budgetary support to higher education has further affected this bias, and growing unemployment has, ironically, resulted in some students choosing university enrollment over employment. Due to the possibilities for long-term unemployment this practice in increasing in the last years. Whereas formerly all costs of university level education were paid by government, now government funding amounts to about 24% at some faculties in the public sector. Public university tuition is about 200 – 800 or 1200 (Medical School) euros per year, while private universities charge more than 2,000 euros. Enrollment has been increased to offset reductions of government funding.

Next Steps and Recommendations: This was a highly informative conversation, and perhaps there is a role for NYUS if the eventual project were to include a provision for management training for either current workers or for new entrepreneurs. Rector Miljovski would be a valuable, if intellectual, advisor to such a project.

Name of Organization: PEM GmbH Germany, implementing the Technical Assistance to the Ministry of Education and Science Project, funded by the European Agency for Reconstruction

Person(s) Interviewed: David Handley, Team Leader

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Organizational Summary Description: The Project started in February 2008 and will continue until March 2010, and it aims at modernizing of the adult learning system as part of the Lifelong Learning system through the five components: (1) Improving data and information base. (2) Improving policies and regulations on adult learning. (3) developing the National Qualifications Framework. (4) Development of curricula and piloting a program for acquisition of basic skills (literacy, employment and basic vocational skills) for adults with low levels of skills and piloting the system, and (5) Awareness raising on adult learning. The framework for the Basic Skills are the EU Key Competences.

“Key Points” Summary of Interview: DH presented in detail the program and the progress so far, including reasons for delays, lying mainly in lack of knowledge and understanding of the importance of LLL by Ministry. This could be indicative of preparatory activities needed for (if any) program components focused in the area of adult education. The support provided to the newly established adult Education Centre was described, as well as its centrality to any interventions in the non-formal education system. Other EU initiatives in this area at the moment do not exist. The assessment of needs for and barriers to participation in education for vulnerable groups was presented; as Elena conducted this assessment, she can provide additional information. Main results focused on lack of providers in the field and high dependency on certificates and formal diplomas, rather than on skills. Noted that the Chamber of Crafts was rejected by the MoES as a training provider because even though they have a labor market demand-driven approach, they did not require all learners to have completed primary school. Talk about cutting off your hand to spite your face.

Next Steps and Recommendations: Useful experiences if program intends to deal with vulnerable groups, adult learning, low levels of skills addressing the uneducated or poorly educated unemployed. The project is establishing good relationship with the AEC and is doing preparatory work on development of curricula that could be built on if required. Also, a directory of local service providers should emerge.

Clare: I was biting my tongue during most of this interview. This struck me as a typical EU project that was all “legal regulatory framework” and abstract category creation through NQF. There was some vague gesturing of compensatory adult literacy integrated with soft skills dev to be provided by regular public ed teachers to disadvantaged groups. Don’t see much of use here.

Name of Organization: Roma Education Project - FOSIM (Foundation Open Society Institute-Macedonia), Skopje

Person(s) Interviewed: Suzana Pecakovska, MPPM, Roma Education Program Coordinator

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<http://www.soros.org.mk>

Organizational Summary Description: The Foundation Open Society Institute – Macedonia (FOSIM) was founded in 1992 as a foreign entity representative office, and in 1999 as a national legal entity – foundation. FOSIM is part of the Soros network in Central and Eastern Europe. Dedicated to the promotion of an open society, FOSIM initiates supports and implements a wide spectrum of programs. The Foundation addresses its objectives by: providing grants, awards, loans and other types of financial support on a one-time or continuing basis to individuals and legal entities that engage in activities consistent with the FOSIM mission; implementing operational programs for the promotion of innovative ideas and for the development and growth of individuals and legal entities having activities relative to the FOSIM mission, and performing other humanitarian and development activities that the Founder and the Managing Board may find adequate for fulfilling the FOSIM mission. In the past, FOSIM has been one of the most significant supporters of civil initiatives and reforms implemented by the Government. The aim of the interview was to provide information on the work of the FOSIM with vulnerable groups in Macedonia, more specifically with the Roma Education Project).

“Key Points” Summary of Interview: The situation of Roma in the country is very concerning; their participation in the labor force is minimal and is the lowest of all groups in the country. The Roma Education Project has been implemented since 2004 and is the most significant, comprehensive and well organized program implemented with Roma students, covering children at preschool, primary, high school and tertiary education levels, and its goal is to increase the number of Roma students at all levels. In addition, the Program provides for the development of soft skills, which is crucial for further education and employment of this vulnerable group. The ultimate aim of the Macedonia Roma Education Program is facilitation of access to a continuum of quality education for all Roma girls and boys in Macedonia. The vision encompasses creative interventions and quality improvement in programs from pre-school through university education, ideally in multicultural settings, where Roma children are fully integrated in the learning community. Program activities focus on enabling pupils to succeed in learning, especially at transition points when Roma children and youth are most vulnerable to drop-out, discrimination and otherwise poorly served by public education. The program also addresses the need for anti-bias training of teachers and school administrators. REP addresses the needs of all Roma students enrolled in the first year of secondary education through an integrated approach of the following three sub-components: Scholarships for Roma secondary school students; School-based mentorship assistance to scholarship students and Additional academic support (English language and computer courses, trainings and summer

camps for Roma scholarship recipients). University component of REP is aimed at all Roma university students, offering scholarship for purchasing of books, travel costs, accommodation and other school equipment. The Additional Academic Support Program offers assistance in filling the educational quality gap from the previous level of education as well as provision of opportunities for all motivated students to develop their personal skills and to improve their academic performance. It is interesting to note that this is the only organized approach to a systemic support to Roma students in higher education in the Republic of Macedonia. REP combines the successful Macedonia experiences of the Step by Step Program (a child-centered methodology focusing on children of up to 12 years of age), the Reading and Writing for Critical Thinking Program (RWCT, a methodology that challenges students of all ages to think critically), the experiences from the Roma Educational Centers (non-formal environments that support children in achieving better school performance), established and run by local NGOs, and experiences from the implementation of the Mentoring Roma High Schools Students Program and Romaversitas Program for Roma university students.

Next Steps and Recommendations: Elena: The interview helped gain insight into the situation of the most vulnerable group of students in the country – the Roma. It confirmed the fact that the main reason for the high percentage of unemployment among the Roma. In addition, the government lack the capacity and/or commitment to continue the initiative and/or institutionalize support for the education of Roma, and Programs aiming at improving the educational achievements and acquisition of employability skills of Roma will need to find continued support. The experience gained so far makes FOSIM a primary candidate for any further program development targeting this most vulnerable group.

Clare: I was less interested in this Roma Education program for what it was doing for the Roma per se (though that it of course important and laudable), rather I think we can look at it as a pilot of what happens to a high-quality pilot program within the over-all public ed system. Three conclusions:

- 1) The special supports targeted to the Roma should be available to ALL Macedonian youth (i.e., tutoring, employability skills dev., soft skills dev., financial assistance, support thru transitions, etc.). The MK ed system seems to have a very low interest in helping lower-achieving students (not just Roma, but drop-outs generally).
- 2) FOSIM is discouraged that Roma program is not sustainable w/in Ed system and there is little interest by the gov't to fund it or take notice of its achievements for wider replication. To me, this is a potential lesson learned towards more attention by innovative “niche” programs towards planning for sustainability, scale-up, and policy implications for longer-term.
- 3) We might consider a small “quota” for Roma and other disadvantaged targets within a larger workforce dev program, but we might avoid creating a separate program.

Also, Suzana showed us an assessment/analysis that they are just finalizing on educational achievement using the Labor Survey. Please follow-up in a few days with her to get it; it seems very useful.

Name of Organization: Secondary Vocational School – Automotive “Boro Petrusevski” Skopje

Person(s) Interviewed: Ignat Donevski, Director
Sonja Ristevska, Deputy Director

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www.assuc.edu.mk

Organizational Summary Description: Secondary Automotive Vocational School “Boro Petrusevski” was established in 1948 and is currently under the authority of the city of Skopje. It offers education to 1100 full-time and 150 part-time students (adults undergoing re-training). It offers training in 3-year courses (vocational training for trades/occupation) and 4-year courses (technical vocational training leading to university education). The courses are in Chemical-technological occupation (Vehicle body mechanic), Traffic occupation (road traffic, transport), Automobile technical occupation (Vehicle electronics) and Machine occupation (mechatronic - 4 years and car mechanic/repair 3 years). The Ministry of Education and Science provides 60% of the entire budget of the school, with the remaining 40% coming from the additional activities the school has developed: Station for Technical Control of Vehicles used by any client from the city, Driving School also open for any client, Test-Driving Filed open to all interested clients and avail be for tailor-made training. For the purpose of providing these services, the school employs staff that are paid out of the school budget but are not financed by the state. The school has at its disposal sufficient well-positioned and equipped training space. For student needs, a large number of labs have been set up and equipped; the practical training is organized here and also services provided to the general public.

“Key Points” Summary of Interview: While the practical training of students is one the weakest points of secondary vocational education throughout the country, this school has managed to successfully bring together the two components: the practical training of students and generation of income. The participation of the school in a number of national and international projects (PHARE and GTZ), including a study tour to Turkey, enabled them to build this innovative model.

[Clare doesn’t understand this para.: In addition to this training provided within the school, which allows them to develop high competences in the occupations they are learning in, they need to attend additional practical training, mandatory by law, at public/private employers. It was confirmed that this part of the practical training is difficult to organize and implement due to two major difficulties; lack in interest among employers and unclear regulation on the part of the state regarding this issue.]

The provision of training courses for adults is hampered by the newly established system for certification and accreditation for training programs for adults (by the Adult Education Centre).

As good as its fee-for-service community-based service is, the school does not partner with any outside businesses, other than Peugeot which has rented space for its operations in the school's building. This is significant. Do other auto repairs businesses see the school as a competitor?

No tracking of students post-grad results. Tried to send out letters and found it cumbersome.

Director notes that regulatory framework that allows for tariff reduction for companies that take interns is vague and cannot be used easily by companies.

Dissatisfied with some reform projects bec useless equipment was dumped on the center and they cannot use it. Also MoES not following through on its promises to reform the 3 yr program.

Note that 50% of the 4 yr students in the automotive program go to university. They choose other career paths in univ. bec there are not enough slots in the technical HE faculties. Director believes also that this school is drawing in students who want a better quality prep for eventual enrollment in university, and not bec they are interested in automotive. (What do we do with this? Highest student demand is for quality education of any kind—they don't care about immediate labor market entrance.)

Next Steps and Recommendations: The school can serve as a model for a school providing highly marketable vocational skills for the current and future workforce. It is a powerful model of public and private funding sources for a financially sustainable school that provides a “real-life” learning environment for students.

Name of Organization: Secondary Vocational School for Mechanical Engineering
“8 September” Skopje

Person(s) Interviewed: Elizabeta Gerasimovska, director

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Organizational Summary Description: The Secondary Vocational School for Mechanical Engineering “8 September” Skopje provides education for 300 students organised in 19 classes (15 receiving instruction in Albanian and 4 in Macedonian language). The school offers 4-year programs (technical) providing education for machine technicians, machine-engineering technicians and automotive technicians – mechatronics, and 3-year vocational programs training for: locksmith, welder, milling-machine operator, machine worker, heating and cooling system installer, plumber and handler of construction machinery. The school also offers general education. The school has a capacity for educating 700 students and has at its disposal specialized workshop for practical training, ICT equipped classrooms with internet access and equipped classrooms for vocational subjects. The school has so far participated in several projects, such as: SEU, SEA, PHARE and E-School.

“Key Points” Summary of Interview: The school is in a “pitiful” state. There is no interest for enrolment even in the general education track offered. It operates with only half of its capacity and students enrolled are mostly those with very low knowledge and achievements/grades from primary education. School discipline is at a very low level and students completely lack interest and motivation for learning. Quality is poor, and teachers are not motivated for work, absenteeism is extremely high. Projects implemented have not contributed at all in the improvement of the quality of teaching and learning, apart from having provided equipment. Although there is a special classroom with ICT equipment and internet access, it is rarely used by students. One of the reasons is poor competence of teachers for using this technology. Specialized workshops for practical training have outdated equipment and hardly aid students in gaining practical competences.

Next Steps and Recommendations: The school needs a complete overhaul. Management staff is unmotivated and leaves the impression of lacking competences and energy to undertake radical steps which would bring quality. From the perspective of USAID, this school is highly risky for undertaking any activities.

Name of Organization: SPARK

Person(s) Interviewed: Mrs. Rozita Talevska Hristovska, Director of Business
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Organizational Summary Description: SPARK supports people in post-conflict regions to provide for their own means of subsistence by building the capacity of local economic and educational institutions. Spark actively mobilises support for this within the Dutch Society, especially among economic and educational institutions. SPARK is an independent non-profit institution and was founded in 1994. It has field offices in Belgrade, Mitrovica, Pristina and Skopje and Spark-supported Business Start-up Centres in Bar, Bitola, Kragujevac, Pristina and Zenica These centers are run as joined undertakings by Ministries, local governments, Chambers of Commerce and Universities. And they are part of the South-East European Network for Start-up Centres and Incubators ([SENSI](#)). The project is supported by the Dutch Ministry of Foreign Affairs (2007-2010). What the BSCs do:

Support young and potential entrepreneurs to start up their own business
Offer practical training courses, consultancy as well as micro credits and incubation services for start-ups
Actively engage in lobbying activities to ease legislation for setting up new businesses
Promote entrepreneurship as part of curricula in higher education

The Business Start-Up Centre - Bitola (BSC Bitola) is a project of 6 partners:

[Municipality of Bitola](#)

[University "St.Kliment Ohridski"-Bitola](#)

[Regional Chamber of Commerce-Bitola](#)

Agency for promotion of entrepreneurship of the Republic of Macedonia

[Regional Enterprise Support Center](#)

[Faculty for Technical Science-Bitola](#)

The centre is ignited by [SPARK](#) through a grant of the Dutch Government. The BSC Bitola offers young entrepreneurs up to the age of 35 training, consultancy, working space and access to micro-credit which will lead to the establishment of new and innovative small and medium enterprises.

“Key Points” Summary of Interview: This recently established Incubator has 6 tenants, 3 commercial and 3 from the business plan competition they organized. Three companies are in the ICT, two are in services (such as press clipping) and one honey production. They stated that unfortunately in Macedonia, especially in the Bitola region there is a lack of entrepreneurship awareness and spirit. Through their business competition they have received 63 business plans while in 2007 they received only 23, so they are improving the awareness group. Their sustainability after 2010 will be considered in the upcoming period as they will be developing a sustainability strategy in early 2009. They plan to initiate creation of a business center in Bitola as part of the incubator as one of the ways for sustainability. They hope to receive the support from their existing partners. They plan to initiate internship within Bitola area, prove that it works both for the universities and the private sector. Although they were skeptical that six partners can work together, their functioning is not obstructed and they are able to carry the activities as planned. They are hoping the ownership of the partners will grow. The incubator will measure success through survival and growth rate of the existing tenants and they will consider success if more than 2 companies stay on the market after 2-3 years and continue to grow. We have discussed the financing of the start-ups and they stated land-ownership and titling is a barrier for taking loans as land could be used for collateral. SPARK also has a credit line with 7% interest rate and although in the first year there was no interest among the first tenants, now the demand is present. According to them ICT and marketing are sectors that are demand for workers with specific skills and have difficulty finding them.

Next Steps and Recommendations: This incubator is a good proof that private-public partnership can work in Macedonia. Having in mind that Municipalities really want to invest in LED, USAID WfD Project might consider partnering with LED municipal offices for building enterprise support. SPARK team mentioned the ESA ALMM for self-employment as a good initiative and that they are happy to see that this measure is boosting some awareness for starting businesses. What they would add is on-going support for the companies that started to operate (they conduct small TNA)– something they do for their tenants. This suggestion should be taken into consideration by USAID’s WfD project. They provided the following recommendations:

- support for incubators
- increase the awareness for training and LLL among entrepreneurs and unemployed
- provide management skills training
- facilitate coordination among business support/SME donors
- improve the curricula at university – SPARK is already participating in this process at the Bitola university.

Name of Organization: Ss. Cyril and Methodius University Business Start-up Centre, Skopje

Person(s) Interviewed: 4 senior year students from the Study Program on Industrial Engineering and Management and users of the BSC

Contact Information and Organizational Summary Description: (please see BSC Institutional Profile)

“Key Points” Summary of Focus Group: The interviewees were 4 extremely pleasant and outspoken senior year students (2 boys, 2 girls), with excellent English; 3 of them they came to the Faculty from general schools and one from a vocational secondary school.

- in the course of their studies they took numerous courses on Engineering Economics (learning about practical tasks related to business professions, market research, marketing, financial plans, economic analysis), Business Logistics, Strategic Management, etc;
- they prepared case studies (unfortunately none focusing on Macedonia), also Project Work (construction and design plans for Microsoft projects);
- greatest benefit for them are the team work skills (they always complete their assignments in teams), listening and presentation skills (they prepare and make abundance of presentations)
- there is sufficient practice (they spend 1 month in a company, working on a project - mandatory); there are possibilities for internships; information available at the faculty, so students have a choice; HOWEVER, they feel more practical work could be organized – experience in actual businesses – some lectures could take place in companies; also companies are often reluctant to accept interns;
- they participated in the competitions organized in the BSC but did not win (they had some very good ideas – silicon implants in shoes, laundry-mats for students, etc.);
- their goal is to start working in a company, gain experience and start up a company of their own, or enroll in post-graduate courses; one plans to go abroad on internship; for all options they need a good CV and some experience;
- they gain during their studies good experience in development of business plans; on the question if a textile factory came asking for help in the reorganization of the work process (BEAS case), they felt confident that they could make a contribution
- On the question of a Career Development Centre, they have one and all of them posted there their CVs; the Centre has a huge CV data base; problem is companies don't communicate well with Ed services;
- Macedonians suffer from “corruption” in employment processes (unlike international ones) – they hire only close relatives and friends;

Next Steps and Recommendations: Some issues were identified by the students such as:

- companies should be influenced to support schools
- support should be made available to faculties in the application of practicums

The students could be used for the establishment of a core group of mobile career advisers, as unemployed persons have difficulties in communicating with institutions, especially going to institutions; they could provide orientation, guidance and referral to the local/regional HRD Centers – the first contact is both critical and difficult.

Name of Organization: Ss. Cyril and Methodius University Business Start-up Centre, Skopje

Person(s) Interviewed: Radmil Polenakovic, Director

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Organizational Summary Description: “Ss. Cyril and Methodius” University in Skopje with financial support of *Austrian Development Agency* established a Business Start-up Centre (UKIM - BSC) in 2006 which supports students and recent graduates in their effort to start their own businesses. The Centre also covers university curricula shortage of subjects treating entrepreneurship and small business management, by offering on-line course for “How to Start Your Own Business” to all university students as an elective course. UKIM – BSC is designed as a centre opened for innovative, technology-based and profit-orientated ideas. It has a selection system which starts with on-line application of business ideas, followed by selection of the best 80 ideas, training in 10 modules of entrepreneurship and small business management issues and business plan competition, ending with at least 5 newly funded companies annually. The Centre activities continue with counseling and coaching of the established companies with the aim of straightening the capacities of newly established companies to successfully sustain and grow on the market. The BSC employs 3 full-time employees and 7 part-time employees.

“Key Points” Summary of Interview: The establishment and operation of the BSC was explained and the achievements listed:

- Demand Analysis Report about entrepreneurial situation in the Republic of Macedonia published
- Promotional campaign about the UKIM-BSC and possibilities of self-employment among students done (> 7000 participants)
- More than 230 students trained in series of trainings in the field of Entrepreneurship
- 20 start-up companies established
- 30 military officers trained in series of trainings in the field of Entrepreneurship and Small business management - “LEPEZA” project (re-socialization of dismissed army officers), project organized by Ministry of Defense and funded by Kingdom of Norway and Denmark
- Online curricula and teaching materials on Entrepreneurship and Small business management for 4 biggest Universities in Macedonia developed (within TEMPUS SCM project)
- Textbook “Your own business: how to get there?” published for university level and as teacher manual in the high schools
- Practical guide “How to find a job?” published and more than 1500 students trained on that topic
- Engineering Career Centre developed

- National promoters of entrepreneurial spirit and culture with roundtables “Self-employment vs. employment”, organized by Agency for Entrepreneurship promotion in the Republic of Macedonia
- 70 high school teachers trained for disseminating the topic “Business plan elaboration”
- Organized (with Biro for Development in Education) a national gymnasium business plan competition
- Partners in the manifestation of EU Day of the Entrepreneur 9th May
- Co-founders of the National award: Entrepreneur of the year (for micro and small enterprises)
- Developed significant part of 2007-2010 national program for SMEs for innovation within Ministry of Economy
- Initiators and organizers of First International Conference for Entrepreneurship, Innovation and Regional Development 2008, 8-11 May, 2008, Skopje/Ohrid

Next Steps and Recommendations: The BSC is an excellent model that could function not only at a university level but also within an appropriate Regional Center for Workforce Development or for Human Resource Development, or similar. If it is established at a university level, then it should undergo changes in its organizational structure, since it currently addresses only the needs of the students from the technical faculties. Thus, once modified, it could become a centre of excellence for entrepreneurship and small business management training (national institution for training of young entrepreneurs).

Some key elements were identified:

- mentorship – each professor at Faculty is responsible for mentoring (guidance through the educational process- not related to subjects or courses) of approx. 40 students from the moment they enroll to the moment they graduate;
- the entry skills level is important – where students come from and what they bring with them; better quality education is provided in general schools but vocational schools provide practical training and skills;
- training of junior staff is crucial and should be provided at all higher education institutions;
- too few companies offer places for internships – they need to be sensitized and won over;
- curriculum needs to be more flexible and offer more soft skills (at all educational levels).

Name of Organization: Trade Union for Education, Science and Culture

Person(s) Interviewed: Dojchin Cvetanovski

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Organizational Summary Description: This trade union was established in 1993 and is the largest trade union in MK (& one of the largest in the Balkans) with 37,000 members. It is the only multi-ethnic trade union with both Macedonian and Albanian members. Albanians have a higher membership proportion, especially after the 2001 crisis, in which the union helped unify the population. Members include educators from all levels: PK-tertiary.

“Key Points” Summary of Interview:

--There is a surplus of trained teachers who are unemployed. There are too many newly recruited teachers, due to declining birthrate (across all populations). Every year, there are shrinking enrollments in primary school. However MK stipulates 34:1 st/teacher ratio, while EU standard is 24:1. So, in terms of quality standards, there is not necessarily a teacher surplus.

--This trade union is concerned with salary arrears and has conducted successful strikes: five general strikes and many local ones in past 5 yrs. (Jan. salary has not been paid yet.) Difficult to organize teachers to strike bec of pressure that high rates of unemployment put on them. Union does no work with unemployed teachers on re-training, and they do not have an educational reform platform. They are however, working to decrease the st/teacher ratio.

--Required minimum level of ed of teachers was raised. Believes that there is not an ed quality issue bec some students go abroad and do well.

--IMF pressure on MK to reduce size of the civil service thru lay-offs, privatization, and lowering salaries. Sees a combination of measures for MK.

--Union has participated in some tri-partite dialogue under PHARE but doesn't believe their perspectives were listened to.

Next Steps and Recommendations: Although very positive about American partnership (gave a big appreciate from help of the ATF when they were just forming), this union does not seem to be a very helpful partner for ed reform as they are primarily concerned with saving teacher jobs at any cost. Not focusing on ed quality as tied to teacher jobs and incentives. I agree fully, at the moment the Union is not a quality partner for cooperation although it would not be a bad thing to maintain its support, especially in light of the fact that the Union could oppose any drastic increase of the workload of educational staff (teachers, pedagogues, psychologists, etc.).

Name of Organization: ULTRA Skopje

Person(s) Interviewed: Zoran Novkovich, Co-owner

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Organizational Summary Description: Ultra was founded in 1988 for development of specialized software tailored to the needs of end users. In 1990, Ultra was established in today's form (privately owned limited liability company). In 1995 Ultra became the pioneer of Internet service provision in Macedonia, by establishing its daughter company Unet, the first ISP in Macedonia. In 2003 Ultra acquired Telit, a company specialized in the telecommunication industry. In July 2003 Ultra implemented the system for Quality Control Management ISO 9001:2000.

Over the last 15 years, Ultra has grown beyond plain application software development, and expanded into new fields, such as supply of computer and communication infrastructure, development of specialized hardware and software systems etc. Today, Ultra is one of the leading companies in the field of information technology in Macedonia, whose portfolio comprises design, development and implementation of complex information systems, and provision of services from all levels of IT projects' lifecycle. It is the biggest IBM Business Partner in Macedonia, as well as representative and/or dealer of other world leading companies in the IT field.

In the area of education, Ultra cooperates with a number of universities (SEE University Tetovo, UKIM Skopje, UKLO Bitola) for which where it has developed and installed Information Systems for Student Services (ISSS), Accounting Systems, etc. For all systems installed, ULTRA has designed and delivered user orientation and training (this is valid for all other clients as well).

“Key Points” Summary of Interview: The IT companies, whose number has risen sharply in the last years are organized around MASIT (IT companies' association) which assesses the situation and protects the interests of the companies.

The work of the IT companies in Macedonia is rather chaotic and lack cooperation with state institutions. Despite the fact that a separate ministry for ICT exists in the Government, the cooperation with the IT companies in the creation of the strategies and the realization of the national interests is at a highly unsatisfactory level. For example, the provision of IT equipment to the schools within the initiative “computer for every child” displayed serious faults because the computers were procured and installed in the schools without a prior reconstruction of the facilities and of the electrical supply network, the teachers are not trained to use the computers and there is lack of educational packages for the students and teachers to work with.

The production of IT experts by the universities is problematic in respect to the quality; their competences rarely correspond to the needs of the IT companies and they are therefore forced to undertake additional training of employees. There is no cooperation with the universities in regard to development of study programs and participation of IT experts from the companies in the pre-service training of the students; the cooperation with the is based rather on a clientistic grounds.

Next Steps and Recommendations: This was an informative conversation. Ultra is a serious company with internationally certified employees. Their experience in the implementation of international projects and installation of educational and information systems in the educational institutions in Macedonia should be kept in mind, especially in view of the lack of educational packages.

Name of Organization: UNDP Macedonia

Person(s) Interviewed: 1. Aferdita Hadxijaha Imeri, Program Officer
2. Snezana Damjanovska

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Organizational Summary Description: UNDP is part of the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. UNDP in the Republic of Macedonia provides support to the Government through its current program activities in the following flagship areas: Decentralization, Social Inclusion, Environment and Cross-Cutting and Joint Programs.

Decentralization

Support to decentralization efforts has been one of the main thrusts of the UNDP program in the country. Through a broad range of complementary interventions at central and local levels, UNDP systematically assists the Government in achieving the objectives of the decentralization reform.

Social Inclusion

Social inclusion is an overarching theme of UN agencies and UNDP in the Republic of Macedonia in the 2007-2010 programming framework. UNDP, together with other UN agencies, provides advisory support and technical assistance in three main areas:

1. Social inclusion policy development and reform
2. Building national capacities to develop and implement programs promoting social inclusion; and
3. Strengthening national capacities to collect, disseminate and use social statistics for analyzing and monitoring social inclusion.

Better access and equal access to services, two objectives of social inclusion, are tackled in different UNDP programs. Gender equality is addressed through gender mainstreaming measures and specific gender-related issues such as electoral rights and ballot secrecy. Better access to the labor market is addressed through active labor market policies implemented in different

employment programs for youth, women, low-skilled and long-term unemployed. UNDP also assists better access for children to quality education and for citizens to information through ICT.

“Key Points” Summary of Interview: Since 1997 UNDP is working in the area of employment in Macedonia by piloting ALMMs and then transferring them to the Government for further implementation. Since 2003 they have included the municipalities in several of the ALMMs such as job subsidies and internship. Since 2007 UNDP is co-designing and co-implementing the Self-employment ALMM. This ALMM includes 12 steps from application through training for generating business ideas and business plans through registration of a new entity, self-employment up to receiving a non-cash grant for start-up equipment, raw materials or other needs, expect cattle. In 2008 UNDP has continue and the amount of funds and people to be supported was expanded. Since 50% of the applicants for the self-employment ALMM were people that already have some business in the grey economy, a new measure with almost the same activities plus 3 month covered benefits was named “Formalization of unregistered businesses”. In 2008 UNDP piloted another measure “Training-retraining for unknown employers” which includes training based on the Skills Gap Analysis conducted by ESA. This ALMM includes selecting deficient profiles, preparing of curricula for the trainings (VET Center did this) and implementing the trainings through 3 Skopje-based Vocational Schools. Five profiles were included in 2008: plumbing, welders, electricians, gas home and industry installation and mechatronics. The certification was supposed to be done by the Center for Adult Education and at this point we had a long discussion about the Center for Vocational Ed., and the Center for Adult Education, their links and relationship with the Ministry for Education and their capacity to deliver. We heard that ILO will be present in Macedonia and will focus on standardization of professions and sharing best labor practices.

Next Steps and Recommendations: UNDP staff recommended the following steps to be taken by USAID:

1. Policy level activity
 - a. Work on the framework of occupations which is currently mission
 - b. Capacity building of the Voc.Ed and Adult Ed. Centers
 - c. Coordination between institutions for implementing ALMMs
 - d. Tackle the certification issue – who is certifying what and how
 - e. Build on the education system – continue what USAID’s project SEA was doing
 - f. Initiate curricula changes based on what the market needs
 - g. Additional training of teachers
2. Support of SMEs
 - a. Entrepreneurship support
 - b. Incubators
 - c. Policy support to Agency for Entrepreneurship

Name of Organization: USAID Business Environment Activity Project

Person(s) Interviewed: Mr. Kiril Minoski, Senior Advisor for Labour Market and Pension Reform

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Organizational Summary Description: USAID Business Environment Activity (BEA) is a five-year project with an overall objective to improve the effectiveness of Macedonian legal and institutional environment for investing and doing business. BEA is supporting the labour market reform through introduction of active labour market measures, improvement of employment services and involvement of the private sector in human resource planning and development. Government's Active Labor Market Measures Program has been widely supported by BEA, particularly in the area of job search assistance, labor market training and job creation in the public and private sector.

"Key Points" Summary of Interview: BEA helped the National Employment Agency – NEA to improve its web portal that includes on-line registration of new employees (reducing the need employers to physically come at the NEA's premises) and ability of unemployed to post CVs and employers to post jobs, recent law on the gross salary, employment statistics, pilot new active labor market measures (ALMMs). More specifically BEA has supported the following 3 ALMMs:

1. ToT for NEA employees that will advice unemployed how to Start a business and prepare a business plan.
2. Pilot project for 3-month internships for 110 unemployed (they receive around \$100 for transportation and meals). This ALMM is financed from Government money.
3. Self-employment for starting a family business where the unemployed receive a grant

There is one ALMM in the works – telephone survey for the skill needs assessment which will be done through NEAs Job Clubs and it will be conducted by the unemployed people. This ALMM will prove better data on the demand side, will create proactive approach of NEA and directly benefit unemployed because it will be conducted by the unemployed people registered at NEA. Kiril referred to the GoMs Operational Plan for ALMMs that have in the past included around 12.000 unemployed and helped them to become employed. His suggestion was that this number is not enough and that ALMM should include 100.000 unemployed. Kiril also addressed the uncertainty of the unemployment statistics – stating that this numbers include females that are housewives and are really not searching for a job, grey economy (under the table jobs), a lot of agriculture subsistence farmers that are not registered and some 87.000 unemployed not searching for a job but looking only for the health benefits/coupons. Kiril indicated that the output of the education system is low and the education system in general produces graduates will lack of practical and employability skills. He stated several sectors that have demand for workers such as ICT, apparel (with a focus on creating own brands and designs), logistical centers, etc. One of BEA's future activities will be an upgrade of the NEA's web portal to include career guidance and management information (something similar to the US career voyager model - <http://www.careervoyages.gov/>) and test. Unemployed will be able to compare

their current capacity with the International Standard Classification of Occupations - ISCO (<http://www.ilo.org/public/english/bureau/stat/isco/index.htm>). The web portal will include self-navigation tools. Kiril discussed the need to remove the health coupons from the NEA premises in order NEA to focus on their real job – serving the unemployed. He stated that the problem is within the Health Fund that is not ready/willing to administer this change.

Next Steps and Recommendations:

- Support the initiation of an HR Association that will be an umbrella/venue for dialogue between the professionals and relevant players in the human development field and will promote standards and certified training and learning programmes
- The Employment Revolving Fund in conjunction with USAID MCP
- Investigate avenues to get the unemployed with low education and skills back to education and school.
- Build the capacity of NEA to conduct the Individual Employment Plans – IEPs.
- Develop/support customized training, re-training of unemployed for demanded professions
- Use the HR Association as a venue for dialogue, activities and reforms
- Build the capacities of both NEA and private employment agencies to address the lack of employability skills that the unemployed have and to better serve the unemployed and employers
- Build the capacity of NEA’s Department for Labor Market Analyses (only two people in the central NEA office)

Name of Organization: USAID Macedonia Competitiveness Project (Carana)

Person(s) Interviewed: Nimish Jhaveri, COP
Jasmina Varnalieva, Deputy COP
Visar Ademi, Workforce Component Leader
Other Carana staff
USAID staff

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Organizational Summary Description: As described in the meeting, the USAID Competitiveness Project is part of the Economic Growth Portfolio, and has an overall objective of increasing economic competitiveness of Macedonian firms and groups of firms as can be measured by increases in *jobs* and in *exports*. In pursuit of these objective, the Project addresses three main topics: *Access to Finance; Market Connections Outside of Macedonia; and Economic Growth that Results in Employment*. Two main targets are firms that result from Foreign Direct Investment and firms whose transformation/improvement will promote job growth and longevity. One of three main strategies is workforce development. All the initiatives are described as “demand-driven”, and most work is expected to take place in three sectors: ICT, including telecom and call centers; Fashion, including furniture, footwear and apparel; and Light Manufacturing, including both OEM and assembly.

“Key Points” Summary of Interview: The Workforce Development aspect of the Competitiveness Project aims to support these activities with tailored initiatives in four areas:

- Training and Certification to “bridge the gap between what schools produce and what firms require.” A revolving fund for training subsidies has been launched just this week for cost-sharing between employers and employees;
- An Internship Initiative at both University (post-secondary) level and secondary vocational level to provide increasing numbers of students with some hands-on experience in companies to improve their employability and provide practical (albeit brief) experience – target 500 in 2009; 2000 in 2010;
- Industry Led/responsive Education initiatives, to be designed with expressed needs of the firms involved in the competitiveness project – e.g. a program developing financial management skills for middle managers;
- Supporting Creation of a Human Resources Professional Association, together with USAID BEA

Next Steps and Recommendations: Most of the new initiatives in workforce development are brand new, and warrant support and monitoring for complementarity with a proposed new workforce development-centered initiative. It may be, for example that any new school/university-based “career center” kind of initiative ought to consider the new internship initiative as a tool for direct business connections. Moreover, if such an initiative contemplates (as it ought to do) further direct involvement of employers in specifying training and education

content and in support for career and labor exchange efforts ought to begin with the employers who are already involved in providing internship experiences. Similarly, it seems that workforce activities might productively include an emphasis on both these three sectors and other key industrial areas as well, with information and contacts/relationships to be shared between the two initiatives. Some of the activities that the Competitiveness project will pilot and will show good results, the new activity might consider for future scaling up. Moreover, while entrepreneurship is not a priority activity of the Competitiveness Project, there is interest and expertise within the project and within the firms with which the project works, so that if the Workforce Development Initiative pursues this area (as it seems we might), close communication and joint work may be in order. Finally, we ought to consider the advice of the Competitiveness Project team to focus on:

- Entrepreneurship (see above)
- Promotion of interdisciplinary education at the university level, and
- Online courses and distance learning.

Name of Organization: USAID Primary Education Project, Academy for Educational Development

Person(s) Interviewed: Gjorgi Kusevski, Workforce Development Specialist

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Organizational Summary Description: The Project started in 2006 and has several other components dealing with improving primary education. One component, *Increasing Workforce Skills in Students* focuses on increasing workforce skills in primary school students and helps them meet job market demands. This in turn has three sub-components: *Promoting Entrepreneurial Skills and Attitudes in Students* (integrating entrepreneurial and business education into classroom instruction and promoting entrepreneurial attitudes and employability skills through active learning; 5 geographically distinct clusters will serve primary and secondary schools in catchments areas); *Modernizing Technology Classes* (increasing student interest in technology through providing technology labs in schools, and enabling productive experiences and positive work attitudes); and *Providing Career Opportunities to Primary School Students* (helping students understand relationships between school and employment through career education – selecting elective classes, high schools and/or degree courses; school pedagogues and/or pedagogues will undertake career guidance activities and career corners will be established).

“Key Points” Summary of Interview: Essence of project was outlined; the problem with outdated policies and practices in technology education was presented – no equipment, no ideas for innovations in class and absolute lack of interest among students for the subject. This contributes to low interest in technological areas among majority of secondary school students and decreases enrolment in respective areas. Activities have been well received by schools and accepted by students as a novelty. Linkages were made to the now completed SEA Project, especially the experiences from the real and virtual companies.

Next Steps and Recommendations: This was a short interview, time being primarily allotted to project description, leaving some issues open; the project has potential to achieve much in future, and a second meeting will be useful to discuss particular issues and/or specific experiences. The issues the project addresses and the experiences of the SEA project (related to workforce development) need to be definitely taken into account in the recommendations to be made to USAID. Especially noteworthy will be the experiences in the paving the way with the MoES (and related institutions) and the labor market (private companies)

Name of Organization: VIP Operator DOOEL Skopje

Person(s) Interviewed: Nenad Dimitrijevic, HR Manager, Kristina Bocevska,
Assistant HR Manager

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Organizational Summary Description: VIP Operator is a private mobile operator in Republic of Macedonia, member of Mobilkom Austria Group, which has over 18 millions customers in eight countries in the region. Mobilkom Austria Group has acquired the third license for mobile communications operation in Macedonia, which is granted for a period of ten years and it can be automatically extended by an additional ten years. VIP Operator had 242,000 customers in 4Q 08 compared to 141,200 customers in 4Q 07 and held a market share of 10.7% at the end of 4Q 08 compared to 7.9% in 4Q 07. At the end of December 2008 the penetration rate in the Republic of Macedonia was 112.3%.

“Key Points” Summary of Interview: At the moment VIP has around 210 employees and does not foreseen any large hiring in the upcoming period as they are fully staffed now. Their recruitment process is outsourced to a local company that keeps that data base with applicants and is providing first screening of candidates. They now mainly hire sales staff and have a large percentage of word of mouth applicants. Most of their workforce is with finished university and some of the sales workforce might be still studying. They have not encountered challenges with reading or technical skills of their candidates but faced some issues with experience and soft skills. They have implemented tests, role plays and mirroring techniques as part of their screening process. They stated that soft skills are most important and that they have noticed lack of understanding and awareness among candidates about the importance of the soft skills. Once on board, they have included in-house training, mentoring and coaching techniques to improve the soft skills and to share the corporate culture with the staff. They have noticed that it is much easier to do training for organizational culture versus soft skills training which takes longer time. Other mismatches they noticed are:

- little or no understanding of what an corporate culture is and represents and how important it is for career growth
- many of the candidates and employees want immediately to be managers
- many of them lack presentation and communications skills
- although the quality of CVs have improved in the past year, unemployed do not know that they have to match their CV with the job requirements

VIP has noticed that the capacities of local training providers are not at their desired level as the providers need a lot of guidance when drafting and preparing the curricula especially for different levels of knowledge (low, medium, advanced). They organize trainings for soft skills for their staff such as presentation, negotiation, communication, conflict resolution skills, active listening, etc.

Next Steps and Recommendations: VIP HR staff recommended that USAID should improve the capacities of the training providers through developing content and capacities. They recommended that there is a need for building awareness in general and especially among SMEs about the importance of the HR function, professional and career development, further skills specialization, etc. Again soft skills were presented as missing among the unemployed, even those with university education.

Name of Organization: V.I.T LLC Stip

Person(s) Interviewed: Mr.Vencislav Filipov, Owner and Manager

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Organizational Summary Description: V.I.T. LLC Stip is a private company established since 1994 in the area of textile confection finishing, and in Macedonia it's the leader in this area, with a continuing grow of the profit from 60%. Today the company has the biggest capacity in this business sector - textile and confection products finishing, in Macedonia, with capability to finish 20000 pcs/daily of confection units (normal washing) and 5500 pcs/daily jeans products in all available technologies for finishing. V.I.T. as an expert organization with qualified personnel for confection products finishing, has developed extensive business cooperation with many institutions, laboratories, companies and also with State organizations for Quality assessment of confection products. Apart from this activity confection finishing, the company is the only authorized representative distributor of [NOVOZYMES](#) products, company for production of chemicals from Denmark.

“Key Points” Summary of Interview: Mr. Filipov has more than 30 years experience in the textile industry especially in jeans/denim production. He started the career as textile vocation school teacher and he has been project leader for the first denim production and assembling factory in Macedonia in old Yugoslavia. He was and still is an advisor to several US and world wide textile companies. According to him there are two main challenges in textile industry in Macedonia – political and technological. Political – there is no clear support and focus on domestic production including the textile industry. Textile is the largest employer in Macedonia and second largest exporter thus this industry deserves better support and attention from the state. Technological challenge – most of the textile companies are cut-measure-trim CMT oriented and there are no individual brands, design and promotion. There is no enough technical knowledge and technology to move in new textile dimensions. He sees his market niche in providing one-stop-shop for foreign brands that includes receiving only basic instructions and final design and his company organizing everything else – from purchase of raw material to packaging and shipping the products to the final destination. He has experience in being part of the curricula development for the Textile Voc.Ed School – he promoted more vocational subjects versus more general subjects. His ideas were not fully accepted so he didn't signed in on the final version.

Next Steps and Recommendations: His recommendations were:

Assist the Textile cluster in uniting and being more active in initiating continuous dialogue with the Government for the needs of the textile sector.

Improve the curricula of the textile vocational and universities.

Improve the quality of the teaching in those institutions

Invite visiting professors to complement the local teaching capacity and experience

Stimulating students to enroll in the textile engineering majors

Create a laboratory for textile testing

Train future workers with specialist as teachers and with modern equipment.

Improve soft skills of future workers – professionalism, responsibility

Name of Organization: Vocational Education and Training Center

Person(s) Interviewed: Husein Xhevat Huseini, Director
Laste Spasovski, Advisor for Policy and Program Planning

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Laste Spasovski
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Organizational Summary Description: Under the recent Law on Secondary Vocational Education, the Vocational Education and Training Center (VET Center) was cleaved from the Ministry of Education to become its own independent agency (when?). The mandate of the Center is to translate policy into practice for formal vocational/ technical education at all four levels: 1) 1-2-year basic voc training; 2) 3-year “crafts” training; 3) 4-year vocational training (“technician” level); and 4) post-secondary technical college (not university). The Center’s mandate includes dev of structure of voc ed for Macedonia in consideration of global experience; development of curriculum, including definition of occupations, definition of educational profiles of occupations, standards for curriculum, and guidance on instruction; monitoring and evaluation; professional dev of teachers; partnership with “social partners” including donors; and labor market assessment for educational institutions. (Later was a recently added task that used to be carried out by the National Observatory.)

“Key Points” Summary of Interview: The EU-sponsored PHARE reform of the vocational ed system began in 1999. This is the first year that a cohort of students have been through an entirely reformed program. (Unclear what the significance of that is, if evaluation is not occurring.) Reform has only touched the 4 year program and mostly involved consolidating and revising 90 occupational profiles into 42. Broader categories for vocational training removes training for obsolete jobs (i.e., “technician of the upper part of the shoe”) and is intended to enable students to develop more transferable skills to keep up with market changes.

Trends: Occupations that show increasing promise are: law; trade; allied health; catering and tourism; personal services (e.g., optician, hair dresser), and electrician. Declining fields include: textiles, manufacturing, food processing, and construction. (Note: this is from VET Center point of view—no evidence that analysis is based on data.)

Secondary Ed enrollment ratios: 38% in gymnasium; 62% in voc ed. Within voc ed, 80% in 4 year program; 15% in 3 year program; 0% in 1-2 yr program. (Last 5%?) Student interest in shorter (less than 4-year) programs is declining. Believes lack of interest is in part due to fact that only 4-yr program was reformed.

No system for monitoring drop-outs or for failure to transition from primary to secondary school. Spasovski believes that transition is not much of a problem, but that need a system for tracking very low achieving students into 1-2 year program. Believes that there is about 4-6% drop-out rate. (Note: Analysis from Open Society report to be released next month shows a 32% drop-out rate. It is significant that VET Center is unaware of significance of drop-out—wonder if this is wide-spread across MK.) Spasovski’s PhD dissertation surveyed 600 employers and

found that they were not satisfied with recent employees/students (?) technical skill competency. Noted poor equipment in voc centers, outdated tech, low capacity of teachers, lack of practical learning opportunities for students. Notes that the Center's Management Board includes reps from Chambers and employers associations and that they have input into curriculum. However, he says it's difficult to motivate "social partners" to collaborate. Does not think 3 yr and 1-2 yr programs should be eliminated bec. 1) low-achieving students need somewhere to go; 2) There is a new reform policy for 3 yr program as "Skills for Industry" and "skills for Handicrafts" which can lead to post-secondary ed and "Master" craftsman certification. Waiting for the Chamber of Crafts to define competencies. The design of the curricula in secondary vocational schools, the accreditation of the curricula, development of competences for and licensing of school directors, development of standards of competences and qualifications, monitoring and control of the realization of instruction, student practical training and implementation of projects are all responsibility of this Center, giving it a prominent role in the formal secondary vocational education in MK. Unfortunately its capacities are not very strong, weaknesses appearing in insufficient number of staff, frequent changes of director, poor organizational set-up.

Next Steps and Recommendations: This Center is "where the rubber meets that road" for improving the education of the majority of secondary school students. However, my impression was that this is a well-behaved Center that is happy to make incremental changes, is not doing out-of-the box thinking and is unlikely to break the mold. They will likely continue to make improvements around the edges, and are not research-based in their assessment of ed quality. I would not suggest that USAID invest here unless we could come up and get concurrence on the Center's willingness to try some rather fundamental re-thinking of how voc ed is delivered. caution is though needed; this center is one of the Boulders Denise was talking about. I see three ways to move this "boulder": one is to not make it part of the USAID initiatives (unless higher level of approvals are to be obtained) risking the creation of an "enemy" in the implementation; the other is to intervene in strengthening its competences so that it can make a full contribution; the third option is to gain its sympathy (lobbying).

Name of Organization: Vrabotuvanje.com – job search web portal and Recruitment and Placement Agency;
Vrabotuvanje leasing – staff leasing agency; Vrabotuvanje Education – Training provider

Person(s) Interviewed: Mr. Darko Velkov, Manager; Aneta Psychologist

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Organizational Summary Description: Vrabotuvanje Services is consisted of three separate brands and business units: Vrabotuvanje.com, Licensed Recruitment and Placement Company, license number 0847-49/1 by the Ministry of Labor and Social Policy; also promoting employment and labor market activities through media – job search web portal and previously in the daily newspaper Vreme; Vrabotuvanje.leasing, Licensed Staff Leasing Agency, license number 0847-49/1 from Ministry for Labor and Social Policy; and Vrabotuvanje.education, offering job related training.

“Key Points” Summary of Interview: Darko explained the three main areas in which the company is operating – recruitment/ employment media, staff leasing and education. He presented the newest product of the company – The Vrabotuvanje News e-newsletter http://www.vrabotuvanje.com.mk/images/Newsletters/vrabotuvanje_newsletter.pdf) as a tool for sending job search related information to the unemployed clients of the company. He explained that as part of the recruitment company there are two main sections – recruitment and media. Under **recruitment** they are serving the SMEs through placing ads, selecting CVs, cover letters, making pre-interviews with the candidates, and offering 3-5 candidates for the final interview to the client company managers. Vrabotuvanje charges the companies for this service and the service for the unemployed is free of charge as stated in the regulation in Macedonia. Vrabotuvanje has around 35.000 unemployed clients in its database. He explained the **web portal** www.vrabotuvanje.com.mk as a tool for information sharing with the unemployed - posting job ads and other relevant job search information. The web site is free of charge for the unemployed and even companies. However, the companies do not use the portal and are not directly posting ads through the portal. According to Darko this will happen in the upcoming years. This web site has more than 30.000 visits per month. Darko elaborated on the **staff leasing** services that are providing payroll and administrative support to the employers – employees are formally employed at Vrabotuvanje Leasing but actually working with the client. Vrabotuvanje invoices the gross salary amount to the client with an additional fee from 7-12% that is an revenue for Vrabotuvanje. The third business unit is **education and training** and Vrabotuvanje is an accredited training provider for the Ministry of Education/WB project. Darko provided via e-mail the following list of topics they cover in this programme: They provide training in communication skills, modern teacher techniques, professional orientation/career guidance,

integrating ICT into curricula, preparation of teaching materials with ICT, teaching with NET-SCHOOL programme, basic ICT skills for teachers, basic Albanian language for teachers, etc. Vrabotuvanje also organizes trainings for private sector companies in the topics of sales skills, marketing, merchandising, customer relations and according to Darko these are the skills that are lacking on the labor market. Darko explained his project Employment Revolving Fund that is focused on quickly retraining unemployed people for the professions that are in the demand. The Fund is looking for a specific position in demand that one or several companies have (for example 50 job openings), is announcing the job positions in media, receives the applications, is selecting more than 50 people (for example 100 people) to go through a training programme that matches the job requirements and skills for the announced positions (this training may last from 2 days to 3 or even 6 months). After the training 50 best trainees are selected and the other that were not selected are going to be used as a reserve (in case there is a higher need or there is a staff fluctuation) or supply for other companies. The Fund is a revolving one because although the training is free for the unemployed they repay back the cost for the training once they get the job and start to receive a salary. According to Darko, the trainees will participate with 10% of the costs upfront; the company/ies with 20% of the costs upfront; the rest 70% are initially financed by the fund. The trainees receive an “training loan” from the fund and return the loan after they are employed in 6 or 12 installments. The returned funds are used for another cycle of training. Darko proposed this project to the USAID Competitiveness project and after some delays in the process (for more than one year), cooperation has been very recently formalized. Based on Darko’s labor market experience the industries that are in demand are marketing sector, food sector, services, ICT, distributors of fast moving goods. Specific occupations in demand are sales staff and administrative staff (office managers, office assistants, etc.)

According to the psychologist, the unemployed are also selecting the job positions they accept and although some of them come with good technical skills most of them lack soft skills (teamwork, presentation skills, communications skills and general employability skills). The students that have some volunteering experience within student associations have better soft (project management, communication, teamwork skills) but according to Darko they have high salary and career growth expectations.

Next Steps and Recommendations:

Darko advised that life long learning is an area where significant improvements are needed, especially re-tooling and re-training the existing workforce. Also, more information about the Revolving fund concept should be collected, understand how the fund will evolve with the Competitiveness project and consider, if needed, alternatives for scaling up. This activity can be considered as an active labor market measure (ALMM). The web portal and the e-newsletter can be considered as means for reaching the unemployed. Having in mind the recruitment activities of Vrabotuvanje with their private sector clients and the unemployed they have in the data base, they can be an interesting pool for labor market information and ideas.

Additional informal meeting during the next week was agreed with Darko.

Name of Organization: World Bank, Skopje

Person(s) Interviewed: Bojana Naceva, Education Specialist

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Organizational Summary Description: WB has recently produced 3 policy reports on MK labor market. (They are being finalized; can't distribute yet but will check.) WB education programs focuses on teacher training from bottom-up—training is geared for what teachers say they need. These are conducted through (to date) two rounds of 5M euro school improvement grants awarded on a competitive basis. Both primary & secondary. Also, WB will do a CCT program to incentivize secondary school attendance. Naceva also described her experience as MoES head of assessment, including MK participation in standardized tests.

“Key Points” Summary of Interview:

--WB had considered pre-school and adult ed for the CCT but decided that (for latter) there was not enough supply of training providers to enable to work. Do believe that there are enough secondary school slots. Data shows that in bottom SES quintile, only 32% are attending secondary school. There is not clear understanding of the drop-out problem in MK and at this point, MK not prepared to fund drop-out prevention.

--National Strategy for Education is a very comprehensive doc, however the present gov't is not attempting to implement it systematically. Instead they have cherry-picked items from the “100 Steps Programs,” and implemented them in a haphazard fashion. e.g., to provide a computer for every student, without providing software, electrical capacity, teacher training on use of the computer, integration of computer use in curriculum, etc.

--Another ex. of haphazard, political actions that undercut true quality in ed: Supposedly to address the problem of teacher accountability in ed., govt is entirely focused on evaluating teacher performance by testing students with a standardized test and then comparing it to the teacher's grades. If test is lower than grades, then teacher's salary will be cut by 10%. Teachers infuriated. At the same time, MK has refused to participate in international tests, such as PISA, except for one year (2001). MK came out at the bottom of industrialized nations, next to Albania and Peru. MoES made excuses that the test doesn't work for MK and has refused to participate since.

--Over past 5 yrs., MK has dev and conducted national assessments of student learning, rotating subjects each year, including the *matura* which is required for enrollment in HE. St not attending university can get a school (or internal) matura (school completion). Matura results determine which universities st can enroll in. Last year, matura exams went well: 78% passed mother-tongue; English was very good (check?), math poor.

--Key problems of ed reform in MK: lack of real participation from private sector and MoL; and frequent political change which undermines consistent reform program, including tendency of gov't in power's desire for short-term flashy sound bites.

--New law that makes secondary school compulsory will have effects.

Next Steps and Recommendations: Very helpful interview. If we have any formal ed questions (that Zoran and Elena can't answer ☺), she would be the one to call. Accountability for ed performance should be a section of our report.

Name of Organization: The Youth Entrepreneurial Service (YES) Foundation and Etcetera 3D Animation and Design Company

Person(s) Interviewed: Mr. Ljupco Despotovski, Incubator Manager

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Organizational Summary Description: The Youth Entrepreneurial Service (YES) Foundation seeks to strengthen the local innovation system in Macedonia by stimulating to practical entrepreneurship among the youth by offering complementary activities that will ease the start-up of new ventures. The YES Foundation is offering services of the ICT Incubator and the entrepreneurial trainings. Main donors of the YES project are the Norwegian Ministry of Foreign Affairs and the Foundation Institute Open Society of Macedonia. This project was implemented by the SINTEF's branch (www.sintef.no) in Skopje, the Foundation MIR (Management Industrial Research), Municipality of Chair and Foundation Institute Open Society of Macedonia (www.soros.org.mk).

“Key Points” Summary of Interview: The YES Incubator is providing a full scope of supporting services for start-up companies: space, training, joint facilities, computer labs, promotion, mentoring, coaching, etc. The tenants pay substituted rates which gradually grow on every 6 months. Funding of the YES Incubator is through the Sector for European Integration (SEI) that serves as a coordinating body for the bilateral assistance from the EU member states. However some of the funding is not reaching to the Incubator as it has been initially agreed and the funds have decreased. There are 17 companies in the YES Incubator and the space is fully used. Most of the companies are in the ICT business but there are 4 companies that do other complementary services as event management, consulting, design, etc. So far the YES Incubator has supported 47 new jobs. We discussed the correlation between incubators, support to entrepreneurs poised to grow, entrepreneurship training and job creation. Having in mind that the number of new available jobs from the public and private sectors is limited there is a need for other solutions such as entrepreneurship training, self-employment and starting up new business. The YES Incubator in partnership with CEED Macedonia is the first CISCO Entrepreneur Institute Local Institute in Macedonia and the region that has offered and translated the Starting a Business course (<http://ciscoinstitute.net>). The platform for this course is the US My Own Business programme (<http://www.myownbusiness.org>). There is one more Incubator that is properly operating in Macedonia – in Bitola and is supported by the Netherlands organization

SPARK. In the past there were 7 incubators in Macedonia initially supported by the WB but unfortunately only 2 are still functional: one in Ohrid and one in Stip. Eric mentioned the National Foundation for Teaching Entrepreneurship NFTE <http://www.nfte.com> as an organization that can be interesting partner for the area of entrepreneurship development. At the incubator we met with the owner of Etcetera start up company. Natasha has 11 years experience in 3D animation and visualization at the Fx3x 3D company. She is a professor at the University for Audiovisual Arts (ESRA <http://www.esra.com.mk/>) private university and she is teaching 3D Animation. Unfortunately only 5 students attend the classes. Natasha expressed her opinion that in real life the diploma means nothing especially in specific professions such as 3D animators. She stated that re-tooling is necessary for the new era professions.

Next Steps and Recommendations: The YES Incubator is a well organized model that can be taken into account for supporting entrepreneurship. The new project can consider partnering with the Incubator especially regarding CISCO Entrepreneur Institute and either building new Incubators or expanding the current one. Other models for entrepreneurship support to consider are business angels and micro equity funds which need to further investigated. According to one of the company in the incubator, **design** is an occupation to be further considered.

ANNEX C

- 1) **Recommendation #1 Career One Stop Centers, as written by Assessment Team Member Professor Zoran Velkovski**

- 2) **Recommendation #3 Entrepreneurship Training, as written by Assessment Team Member Jovan Madjovski**

RECOMMENDATION #1: Career One Stop Centers

Zoran Velkovski
University of Ss. Cyril and Methodius

(ONE STOP CAREER CENTERS: a demand-supply matching mechanism)

Develop and pilot (in two or three locations) a system for labor supply-demand matching in the form of REGIONAL ONE STOP CAREER CENTERS that demonstrate effective, demand-responsive career counseling and coaching, assessment-based training and education, and managed job placement for secondary vocational students, university students, and the currently unemployed.

Objective

Improve the employment opportunities for employers and job seekers by providing training, career counseling, and work readiness assistance in several strategic areas throughout Macedonia. Secondary goal: Institutionalize stakeholder collaboration and coordination at the national and regional levels to improve the human resource capacity building outcomes.

The aims of the project are to:

- Strengthen the competences and employability of youth and adults,
- Strengthen and facilitate the processes of job seeking and job creation,
- Promote a culture of and necessity for life-long learning
- Create a mechanism that demonstrates good practice for adoption by public sector organizations.

BACKGROUND

The unemployment rate in Macedonia is high, between 20-30+%, depending on the data source. From numerous accounts, unemployed workers are the victims of an education system that is not appropriate for today's labor market, insufficient investments in new or expanding businesses, weak institutions, and a general environment that does not promote entrepreneurship. Thus, the unemployed in Macedonia tend to have a low level of education and skills that do not fit with labor demand and/or have been unemployed for a long time. Those who do secure employment are often deemed "not job ready" because they lack practical work experience, strong communication skills, and basic project management and team skills.²

Notwithstanding Macedonia's labor market challenges, pre-fiscal crisis it was experiencing reasonable GDP, FDI, and some new jobs growth. However, those rays of light have not been enough to move large numbers of unemployed persons to formal sector jobs. What seems to be lacking in the employment arena is a reliable and competent institution that can assist employers

² Report on the Labor Market in Macedonia, Center for Economic Analyses (CEA)

and job seekers get what they need. Unfortunately, the national employment agency with its 8 regional and 30 offices has focused on benefit registration at the expense of proactive measures for increasing employment opportunities for job seekers. Of late, however, it seems poised to shift to active labor market measures but not likely in a significant way based on the limited capacity and financial resources of this agency. To bridge this gap and build a strong path to matching job ready job seekers with today's and tomorrow's jobs, a proactive career mediation apparatus is needed in Macedonia, one with vision, technical competence, and resources to ensure the workforce development results that this economy needs.

THE PROJECT is an activity that will provide *one-stop career centers* in certain key areas of Macedonia to improve job skills, job matching, and job career prospects. These centers will provide job skills development services, including, but limited to, job search strategies, resume writing, interviewing techniques, career exploration, and help with job searches.

Decentralized regional career centers will ensure that the responsibility for the labor force and career service providers rest with the local governments that feed into a regional center. Thus, one of the priorities of each center will be to build *an efficient and effective network of educational and other service providers* for the economic growth and development of each region and the successful decentralization in education³. However, the development of a region does not depend only on the growth of its institutional capacities. These centers will also promote the advancement and efficient use of research, technology, and innovation to improve the quality of the human resource capacity building outcomes.

The Government of Macedonia has established the following work-ready objectives:

1. Establishment of an Adult Education Council (AEC),
2. Establishment of municipal centers for human resource development through life-long learning,
3. Development of a system for recognition of prior learning (somewhat corresponding to equivalency exams),
4. Preparation and adoption of a Law on Adult Education,
5. Increase in the number of adult education specialists, and
6. Public campaign on life-long learning.

The One-Stop Regional Career Centers will work closely with national and local governments, educators, businesses, and others to advance the GOM's objectives as set out above. In doing so, the Regional Career Centers will have as their main focus the mediation between the labor market, students, job seekers, and the providers of educational, career, and employment services. This coordination will occur at two levels: the first level of local interactive linkages and the second level of national interactive linkages through a *State Council for Human Resource Development (SCHR)* as an intermediary.⁴

³ The GOM has begun to shift the educational responsibility from the national level to local government authorities.

⁴ The SCHR is an inter-ministerial council whose members are representatives (best option would be State Secretaries) from the Ministries of Education and Science, Labor and Social Policy, Self-Government, Economy, Finance, the Association of the Self-government Units, employer associations, and trade unions. The aim of this

The first level is crucial to the operation of these centers. It includes:

- Communicating and cooperating with the local labor market to keep a pulse on available jobs and upcoming jobs for the job seekers in order to fill those jobs promptly; and
- Communicating and cooperating with the educational institutions and trainers operating in the region to ensure that job seekers have the necessary skills to get a job, keep a job, and advance their careers.

The activities of the centers will include:

- Establishing and maintaining communication with all stakeholders,
- Collecting and analyzing data on the regional labor market, on providers of education and training services, and employment-related initiatives of community-based organizations,
- Contributing to the updating of the formal education curricula and non-formal adult learning programs,
- Monitoring groups at risk of becoming long-term unemployed, and
- Providing career guidance and counseling, especially by facilitating cooperation with the NGO sector and others for outreach and mobility.

Sustainability and Scalability

To ensure the success and longevity of One-Stop Regional Career Centers in Macedonia, this activity should be piloted and done in two phases. In the first phase, two centers should be established in locations that meet the following criteria:

- Existence of industrial capacities;
- Geographical accessibility and suitability for communication with all municipalities in the region;
- Equitable ethnic distribution, i.e. ensuring representation of the main ethnic groups in the country;
- Regional administrative capacity;
- Developed educational network of secondary schools, universities and trainers; and
- Strong motivation and support from the local governments in the region.

In the second phase, depending on the results from the pilot phase, similar centers can be established in other regions in the country, perhaps two at a time for measured results and timing. Centers should be allowed to have a specific regional focus, such as business start-ups, agriculture, tourism, or industrial area. They should also be allowed to be located in new or existing institutions in order to get the best results possible.⁵

The sustainability of the centers should be reasonably certain since they will be established based on the direct response to the needs of the municipalities, on one side, and as an integral part of

Council will be to create strategic policies for human resource development and to coordinate the cooperation between the local and the state authorities and other stakeholders.

⁵ In some cases, the local employment agency office or branch may be a good option, and in others, the employment agency may not be the best option.

the government's priority, on the other. Thus, *the establishment of viable Regional Career Centers is the mechanism to bring together the key players in the process of increasing the competences and employability of Macedonia's current and future workforce.*

RECOMMENDATION #3: Entrepreneurship Training

Jovan Madjovski, CEED

Job Creation through entrepreneurship and enterprise development

Objective

Support job creation through a significant initiative of entrepreneurship education and training, business start-ups, and small enterprise expansion in key economic activity sectors. More specifically, we propose creating new jobs through the following measures:

Starting a business platform

Incubators for start-ups

Small equity investments for supporting enterprise expansion

Business Angels (BA) both for start-ups and enterprise expansion

“Quick-fix” for hiring new people who lack specific skills

Even though this is a somewhat crowded field, the assessment team is convinced that there is both a need and several opportunities for USAID to contribute and make a difference.

Background

Our finding described at 3.6 elaborated that although the unemployment in 2008 Q3 has decreased for 1.9% in comparison to 2007 Q3, it will take around 15 years continues high GDP growth alone to significantly reduce the unemployment rate. Thus, even if the current demand and supply equation were perfectly aligned, there are not enough employment or livelihood opportunities in Macedonia. Therefore we are proposing job creation measures that will lead to starting and expanding businesses (SEB). Macedonia desperately needs new job openings that can absorb the currently unemployed and future workers.

Job creation measures support individuals or groups of individuals to start and grow a business. Self-employment or start-up programs offer assistance to unemployed workers to start their own enterprises. This can involve providing financial and advisory support for start-up, “incubator” services, or supporting operating costs of small businesses. These programs have been offered either on a universal basis or to particular groups, such as the newly unemployed or the long-term unemployed. In some cases, financial contributions are made through an initial lump-sum payment and, in other cases, they involve periodic allowances. In most cases, the self-employment grants are given in a form of equipment of necessary materials for initiating the businesses, as stated in the business plan prepared for that start-up. Often there is “screening” whereby potential beneficiaries undergo an assessment which evaluates their likelihood of success. Public programs to support small business loans can contribute to the removal of distortions arising from credit rationing.

Incubators offer full scope support to start-up businesses such as space, infrastructure, joint offices, on-going support through trainings and advise, etc.

Private equity funds invest capital in operating companies poised to grow and take share in the ownership structure of the company. They act as co-owners and support the growth of the

company. After certain time period they exit the company and return the capital to its institutional investors.

Business Angels are investing in a wide range of commercial ventures, are seasoned or retired successful business people that invest their business skills as well as their capital into new and developing enterprises.

“Quick fix” - Employment Revolving Model (ERM) is a new idea generated by a local private employment placement and staff leasing agency focused on quickly retraining unemployed people for the professions that are in demand.

THE PROJECT is a set of interrelated activities (measures) meant in combination to stimulate job creation and enterprise growth.

Measure 1. Starting a business platform

We propose several modalities for supporting entrepreneurship and starting a business:
 Offering “Starting a business” training in partnership with CISCO Entrepreneurship Institute, the Business Start-up Center or other local/internationally developed curricula;
 Offering “Starting a business” training plus providing cash/non-cash grants for registration and initial funding of the business idea;
 Offering “Starting a business” training plus loans with low interested rate (including subsidizing regular interest rates) from or through a local micro-lending institution or a bank;
 Offering “Starting a business” training plus providing cash/non-cash grants for registration and initial funding of the business idea plus providing a loan from or through a local micro-lending institution or a bank;
 Offering “Starting a business” training plus providing cash grants for registration and initial funding of the business idea plus providing a loan from or through a local micro-lending institution or a bank plus continues training and business advise in the first two years, including as mentoring and coaching.

Options	Starting a business training	Grants	Loans	Business Support
1	<input checked="" type="checkbox"/>			
2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
3	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

How will it work?

As an outline, we propose that this project be implemented in four stages comprised of fourteen steps. The exact number of stages and steps will depend from the number of implementing partners and institutions.

The four stages are:

promotion and receipt of applications;

training and selection of best business ideas, plans and registering the companies, and

Providing the grants or loans or grants and loans (delivering the necessary equipment/materials) and covering benefits for each self-employed person for three months and final evaluation of the project.

continuous business advisory support in the first year/two years

The fourteen steps could be:

Preparation of a “Measure guide”

Public Announcement

Registration of the applications

Prepare individual employment plans (IEP) and inform candidates about the measure

Training: from idea to business

Preparation of business plans

Selection of x number of best business plans that will receive self-employment grants or loans or both

Registration of the business and registration of the employment

Signing agreements for grants or loans or both

Cash/equipment/materials are delivered to the newly started business

Loans are provided (optional)

TNA is conducted

Deliver continues business support and training

Evaluation of the program

This measure can be included in the Operational Plan for ALMMs that the Ministry of labor and social policy and Social Policy is preparing on yearly bases.

Measure 2. Incubators for start-ups

Based on our meetings with the two fully operational Business incubators in Macedonia (YES in Skopje and SPARK in Bitola) we propose supporting existing incubators to expand to new areas/parts in Macedonia or to expand the capacity within the existing locations. These incubators are already working in Macedonia and have accumulated knowledge and experience that takes time to build.

How will it work?

USAID WfD Project can leverage resources through a PPP with a municipality and an incubator and other local players. The Project could open a call for ideas/proposals that will explain who is in the local job creation partnerships, what outcomes they will achieve, 50% cost-sharing in space, know-how and expenses, public-private partnership, sustainability and all other relevant information that can lead to selecting two or three proposals.

We propose that the following steps are taken:

Identify potential partners

Decide whether to support expanding the existing incubators or ask them to open new incubators in other regions in Macedonia

Prepare and announce focused call for applications for the potential partners

Request PPP, cost-sharing (higher the cost-sharing higher chances for award) and sustainability indicators (higher sustainability indicators, higher chances for award)

Review applications

- Select the best applications
- Prepare agreements with the awardees
- Execute funding and technical assistance
- Monitoring and evaluation
- Ensure sustainability and partnerships with other donors such as EU

Measure 3. Small equity investments for supporting enterprise expansion

In a period of a world financial crises and recession, lending and financing SME growth will be severely contracted thus companies will either halt expansion (which might mean no new job openings or even lay-offs) or will need alternative sources of funding to finance growth and survival.

USAID Macedonia has supported equity financing in the past. Job Creation Facility is an ongoing partnership between SEAF and USAID focused on creation of new jobs. Both Small Investment Fund (SIF) and South Balkan Fund (SBF) are created with reflows from a previously supported SEAF Macedonia Investment Fund. SIF invests \$50.000-\$200.000 and SBF from \$300.000-\$1.500.000.

Private equity funds invest capital in operating companies poised to grow and take share in the ownership structure of the company. They act as co-owners and support the growth of the company. After certain time period they exit the company and return the capital to its institutional investors. Some of the good examples fro such investments in Macedonia are TINEX which grew from 40 to 400 employees, On.Net from 2 to 120 employees.

How will it work?

USAID WfD Project can leverage the existing know-how and infrastructure that can be quickly expanded and utilized for injecting capital in rising companies who can look beyond the recession and use the recession as an opportunity to grow.

We propose that the following steps are taken:

- Identify existing private equity funds
- Prepare and announce focused call for applications for the potential partners
- Request PPP, cost-sharing (higher the cost-sharing higher chances for award) and sustainability indicators (higher sustainability indicators, higher chances for award)
- Review applications
- Select the best applications
- Prepare agreements with the awardees
- Execute funding and technical assistance
- Monitoring and evaluation
- Ensure sustainability and partnerships with other donors such as EU

Measure 4. Business Angels (BA) both for start-ups and enterprise expansion

Again, in recession times alternative sources of funding are needed. Business angles are one of the ways how to help start-up companies with financing and ongoing advise. Since Business Angels do not exist in Macedonia, USAID should initiate and support the first Business Angel

group. One of USAID's legacy programs⁶ at its regional conference in 2008 in Bulgaria hosted Mr. John May, Chairmen of the US Angel Capital Association and one of the best US experts and practitioners in this field. Based on his analyses of the region, Business Angels with right initial support could prosper in this region. Bulgaria already has two rising groups, Slovenia has 3 thus Macedonia should follow their path.

BA support will leverage funds from both private sector and EU funds: (1) Private sector - Business Angels are typically successful business people that would like to invest funds in start-ups or micro and small companies that can grow fast. USAID WfD Project can leverage funds on 1:1 bases with the private sector Business Angels. (2) Having in mind that EU also has its European Business Angel Network (EBAN) and invests funds for building Business Angels, USAID WfD Project might be able to leverage additional funding and support.

How will it work?

USAID WfD Project can work with existing chambers, USAID legacy organizations (such as CEED which includes some of the Macedonian successful business people as Mentors) and incubators in order to initiate a BA network in Macedonia.

We propose that the following steps are taken:

Identify existing local partners that have capacity, network and willingness to initiate business angel network in Macedonia

Prepare and announce focused call for applications for the potential partners and consortia's Request PPP, cost-sharing (higher the cost-sharing higher chances for award) and sustainability indicators (higher sustainability indicators, higher chances for award)

Request commitment from potential business angels (private investors)

Review applications

Select the best applications

Prepare agreements with the awardees

Execute funding and technical assistance

Monitoring and evaluation

Ensure sustainability and partnerships with other donors such as EU

Measure 5. "Quick-fix" for hiring new people who lack specific skills but can be easily (in 1-6 months) re-trained to match demand requirements

One of the local private employment agencies we met (Vrabotuvanje.com) based on their placement and recruitment experience has developed a project for an Demand Driven Employment Revolving Model (ERM) that could serve as bases for a sustainable quick fix solution.

Employment Revolving Model (ERM) is focused on quickly retraining unemployed people for the professions that are in the demand. The Model looks for a specific position in demand that one or several companies have (for example 50 job openings for java and C++), announces the job positions in media, receives the applications, selects more than 50 people (for example 75-100 people) to go through a training program (50-75% on the job training and 25-50% classroom

⁶ Center for Entrepreneurship and Executive Development - CEED

training) that matches the job requirements and skills for the announced positions (this training may last from 2 days to 3 or even 6 months). After the training, 50 best trainees are selected by the employers and the other that are not selected are going to be used as a reserve (in case there is a higher need or there is a staff fluctuation) or supply for other companies.

ERM is sustainable and a revolving one because although the training is heavily subsidized for the unemployed (they only provide 5-10% participation guarantee) they repay back the cost for the training once they get the job and start to receive a salary. The trainees will participate with 5-10% of the costs upfront; the company/ies with 20-25% of the costs upfront; the rest 65-75% are initially financed by the ERM. The trainees receive a “training loan” from the fund and return the loan after they are employed in 6 or 12 installments. The returned funds are used for another cycle of demand driven employment.

This private employment agency proposed this project to the USAID Competitiveness Project. USAID WfD Project should review the status of this proposal and consider either scaling up the model if it is supported by the Competitiveness project or piloting it in the opposite case.

How will it work?

The project offers a mechanism that will sustainably address the issue of retraining, professional training and apprenticeship for the youth unemployed seeking for job. The revolving based model that will:

Identify the needed professions

Liaise and network with the expanding and growing SMEs

Secure exact number of demanded job posts

Prepare agreements with the SMEs

Secure funding for the practical training, retraining and apprenticeship

Inform the unemployed about the opportunities to find already secured jobs through attending the training model

Pre-select the unemployed interested to participate

Prepare agreements with the unemployed

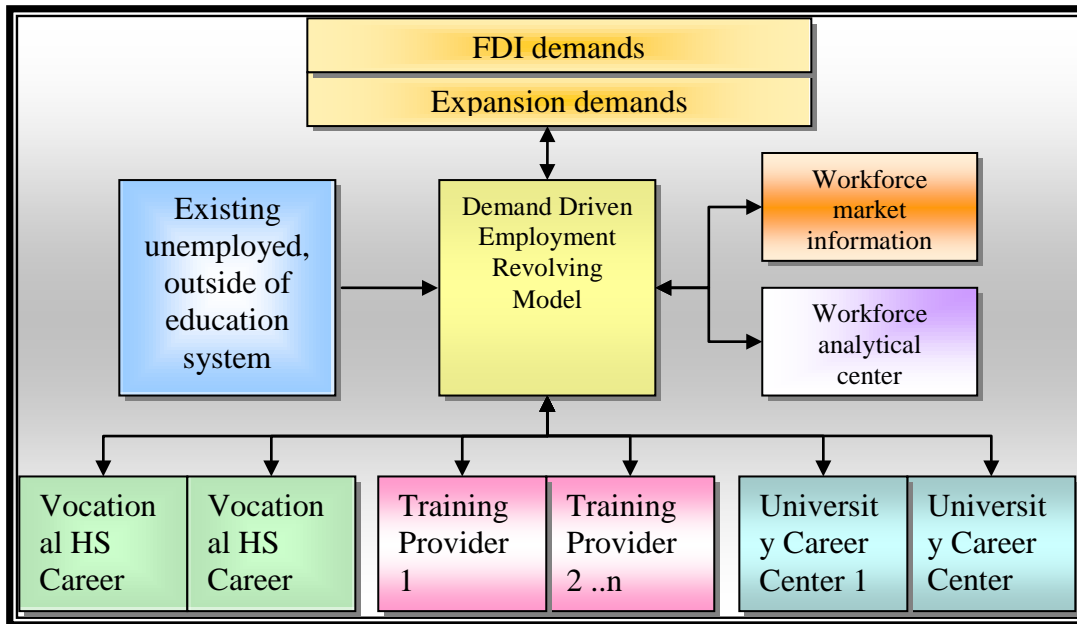
Organize the practical training, retraining and apprenticeship

Select together with the SMEs the best candidates and secure their jobs

Mediate for the ones that were not selected to work for the pre-selected SMEs

Organize the repayment of the investment into the training of new, employed participants

Initiate new cycle for new SMEs and professions



Actors

1. Starting a business platform

Having in mind that similar measures are already on-going and supported by the Government, we propose two options:

Leverage government funding within the Self-employment ALMM and complement what they are doing in order jointly to achieve higher employment numbers. In this case USAID may cover the training and the business support part of the ALMM while the Government will be providing the grants or the loans.

Do a separate ALMM as a pilot (for example for option 5) and later transfer it to ESA. USAID will need to work with a local consortium (private placement agencies, private business support agencies, incubators, financial institutions, etc.) as well as ESA and The Agency for Promotion of Entrepreneurship (APE).

2. Incubators for start-ups

Incubator support should be initiated with the existing incubators: YES, Spark and Start-up business center.

Small equity investments for supporting enterprise expansion

Equity investments could be initiated in partnership with Small Investment Fund (SIF) and South Balkan Fund (SBF) and other local equity funds.

Business Angels (BA) both for start-ups and enterprise expansion

BA could be initiated in partnership with existing chambers, USAID legacy organizations (such as CEED which includes some of the Macedonian successful business people as Mentors and SIF) and incubators. Previous experience in company screening and investment is crucial for quick jump start and building trust among the future business angels.

Quick-fix for hiring new people who lack specific skills

The Revolving Employment Model should be conducted with the generator of the project idea – local private placement and staff leasing agency.

Workforce Development Indicators

1. Starting a business platform

This activity will directly lead to creating new jobs with an estimate of \$3-6.000 per created job, depending on the complexity of the measure. Unemployed will need first to register their business and register as employed in order to become eligible for receiving grants and/or loans and continuous business support. Because ESA will be a partner in this measure, their employment registration data will be used as a source for the number of the newly employed through this measure.

2. Incubators for start-ups

Based on the available funding and on the existing experiences in Macedonia, 20-30 new start-up companies can be supported per year.

3. Small equity investments for supporting enterprise expansion

Based on the available funding, with this activity a 5-10 small companies can be supported to receive equity funding in order to grow their businesses and employ new people.

4. Business Angels (BA) both for start-ups and enterprise expansion

Based on the available funding, Macedonian BA can financially support 10-15 start-up companies or 3-5 rising companies per year and this will lead to specific number of jobs creation.

5. Quick-fix for hiring new people who lack specific skills

Based on the available funding and the impact of the world recession, this measure can re-train and employ between 500 and 2500 people per year.

Sustainability and scaling up

1. Starting a business platform

Building strong partnership and capacity within ESA and APE is crucial because after the activity is carried out for two years, it should be documented and transferred to ESA for continuation and future funding. ESA and APE staff should be part of the implementing team because this will leverage the network of ESA with 30 offices around the country. Training-of-trainers (ToT) approach should be used for ESA and APE staff to prepare them for taking over the measure.

PPP approach with the CISCO Entrepreneurship Institute network could leverage private funding and can strengthen the sustainably. The grants should be funded by the Government in the future. The loans are sustainable because companies will be returning them, with some default rate (between 1-5%). The business support service in the first year or two can be leveraged with the existing voucher system of the APE and can be partly supported by SMEs cost-share for up to 50% of real costs. For the private BSA this will be building of future clients so we expect that they will develop an “investment” approach with the clients that are in the first year of operations and then will start to charge some fees.

2. Incubators for start-ups

Existing incubators are on the path to sustainability and USAID's partnership may help them cross the line. More in-depth sustainability analysis should be done for this measure.

3. Small equity investments for supporting enterprise expansion

Both SIF and SBF have embedded sustainability as they invest the funds in the private sector companies and based on the growth of company after the exists are executed, these funds can be used for other investments. The investment cycle is between 3-5 years.

4. Business Angels (BA) both for start-ups and enterprise expansion

Although initiation costs for building screening business and investment plans are high, sustainability can be reached by embedding this BA networks to existing and sustainable organizations such chambers (although this BA will need to work with all chambers), USAID legacy projects, incubators. Previous experience and knowledge in company screening and investment is crucial for sustainability of the network.

5. Quick-fix for hiring new people who lack specific skills

ERM is sustainable and a revolving one because the trainees will participate with 5-10% of the costs; the company/ies with 20-25% and the rest 65-75% are initially financed by the ERM. The trainees receive a "training loan" from the fund and return the loan once they get the job and start to receive a salary. Once trainees get the paycheck they will pay back the "training loan" in 6 or 12 installments. Received finds are planned to be used for a new generation of demand driven trainees and future employees

Building private-public partnership(s) PPPs

1. Starting a business platform

Through the team collaboration between the implementing consortia and ESA and APE this measure will build institutional capacity, trust and will leverage public-private partnership resources.

2. Incubators for start-ups

Since the existing incubators are donor supported and have local both public and private partners, we will leverage these partnerships.

3. Small equity investments for supporting enterprise expansion

Equity capital is an excellent example for PPP and leverages previous growth of the private entity in 0.2-0.4:1 ratio (1 being the private sector).

4. Business Angels (BA) both for start-ups and enterprise expansion

Business Angels are individuals who are willing to invest in the private sector. Leveraging funds on 1:1 bases with them is a great PPP model.

5. Quick-fix for hiring new people who lack specific skills

The quick fix model leverages private sector funding - approximately 20% of the costs are covered from the private sector employers and after the training again all the funds are returned

from the employees from the private sector employers. This is another excellent model for a PPP.