

**MINISTRY OF ECONOMY
OF THE REPUBLIC OF MACEDONIA**



**AGENCY
FOR PROMOTION OF ENTREPRENEURSHIP
OF THE REPUBLIC OF MACEDONIA**

**REPORT ON THE IMPLEMENTATION OF
THE PROGRAMME
FOR PROMOTION OF ENTREPRENEURSHIP AND CREATION
OF COMPETITIVENESS IN
THE SMALL BUSINESSES SECTOR OF
THE REPUBLIC OF MACEDONIA
FOR THE PERIOD
JANUARY - JUNE 2006**

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ID card

Name: Agency for Promotion of Entrepreneurship of the Republic of Macedonia - APERM

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APERM partners: Ministry of Economy
Ministry of Labour and Social Policy
Ministry of Education and Science
Ministry of Finance
Economic Chamber of Macedonia
State Statistical Office
Central Register of the Republic of Macedonia
Employment Agency
National Competitiveness and Entrepreneurship Council

Regional foundations for SMEs development in Skopje, Kumanovo, Veles, Strumica and Bitola
ESA Agencies in Tetovo, Gostivar and Ohrid
SME Incubators (Gica-Ohrid, Deni-Veles and Strumica)
Other entrepreneurship centres (FOROP Sveti Nikole and the Roma Business Information Centre from Skopje, Vrabotuvanjanj.com, Basme, Craftsmen Chamber of Macedonia, Economic Chamber of Macedonia)
SEED- PEPSEE- IFC WORLD BANK-Project for development of the private sector in Southeast Europe
GTZ – TT and REDEM
ATA - the Netherlands
SINTEF - Norway
JICA - Japan
EAR – European Agency for Reconstruction
Human Resources Development Fund, Small and Medium Enterprises Development Program- I and II EU & EAR,
IRC – Consortium – European Commission

Mission

Development of entrepreneurship and small business in the Republic of Macedonia through the implementation of the priority projects that reflect:

- Real demand driven areas of intervention in SMEs
- Governmental Programme of measures and activities for entrepreneurship support and creation of competitiveness at the small sized enterprises

Programme Activities

- Business networking in the country and abroad,
- Collecting, processing and delivering information relevant for the SME sector,
- Establishing and maintaining a database and electronic connection between the Regional Centres for promotion of entrepreneurship,
- Implementation of programmes from the areas of education, training, courses and counselling services for SMEs
- Organizing panel discussions, conferences and business forums,
- Conducting programmes for cooperation with the countries from the region and the wider area,
- Implementing other national development projects,
- Co-financing development projects in cooperation with home and foreign investors and donors,
- Co-financing postgraduate studies in the field of Entrepreneurship.

TABLE OF CONTENTS

A. Summary of the report	5
B. Report	8
1. <u>Financing of the institutional infrastructure</u>	
1.1. Financing of the activity of the Agency	9
1.2. SME Observatory	9
1.3. Co-financing of the Euro Info Correspondence Centre	9
1.4. Co-financing of the Human Resources Fund	9
2. <u>Non-financial forms of development support</u>	
2.1. Financing of the Voucher system of counselling services	10
2.2. Co-financing of ABC and HOME clusters	10
2.3. Small business incubators	11
2.4. Financing trainings and improving the skills of the entrepreneurs	11
2.5. Co-financing of other donor projects	11
2.6. Promotional activities of the SME sector	12
2.7. Financing of postgraduate studies in entrepreneurship	12
2.8. Implementation of Info Point project in cooperation with the regional centers for business support	12
C. Detailed report according to the program matrix	13
3. <u>Financial report</u>	25
D. Programme for measures and activities for stimulation of entrepreneurship activity and increasing competitiveness for the year 2006	27

A. SUMMARY OF THE REPORT

Through the realization of the programme activities for 2006 and the completion of additional activities for the advancement of the regional cooperation through participation in domestic and foreign project, the Agency for promotion of Entrepreneurship of the Republic of Macedonia could conclude that it has fulfilled its projected goals.

In addition to the basic programme for activity in 2006, the Agency for Promotion of Entrepreneurship actively participated in the implementation of other governmental programme documents; in particular in the National Strategy for Development of Small and Medium Enterprises, the Programme of measures and activities for promotion of entrepreneurship and creating competitiveness in the small business and the European Charter for small size enterprises, in which for most activities the . Agency for Promotion of Entrepreneurship has a pivotal role.

In order to implement the programme activities, the Agency continued to create, maintain and extend its infrastructure network of small businesses support centers, business associations and other organizations. In the reporting period, through the long and complicated procedure for public procurement of consultant services, 12 support centers were selected for the Info Point project and 6 business support centers for conducting the voucher system for subsidiary counseling for unemployed persons and those in the first years of setting up their own business. According to the adoption of the methodology of the European Observatory for the Small Businesses, the Agency for Promotion of Entrepreneurship in cooperation with the Ministry of Economy and the Projects for development of the SME sector financed by the European Union and managed by the European Agency for Reconstruction, continued to participate in the preparation of the Small and Medium Enterprises Observatory Report for the year 2005, containing processed data on over 50.000 enterprises, received from the database of the Central Register, the State Statistics Bureau and the Agency's own relevant researches and analyses that had been completed.

Within the framework of the Agency's activities in the field of strengthening of the institutional infrastructure for promotion of entrepreneurship defined in the Governmental Programme, an initial cooperation and support has been realized with the Euro Info Correspondence Centre and the Innovative Center in the conducting of its programme activities.

The pioneer process of creating the Voucher System for Grant-maintained Counselling was entirely completed through the implementation of the pilot-phase in the regions of Skopje and Strumica. An independent expert analysis was conducted on the system and the results and since May this system has been actively conducted in six selected organizations for business support throughout the country.

The Agency for Promotion of Entrepreneurship provided logistical and financial support to all of the fairs relevant to the small businesses in the country, among which the EXPO Tetovo, and in cooperation with ATA - Amsterdam - The Netherlands, the City of Skopje, the Macedonian Enterprise Development Foundation and EBA – the European Business Association, the Agency was the main organizer of the celebration of the first European Day of the Entrepreneur – 9th of May by organizing a regional fair for entrepreneurs. The Agency presented its own independent presentations for the projects implemented in 2005 and 2006.

The Agency accomplished excellent results in the field of cooperation with numerous foreign projects, including: the Government of the Federal Republic of Germany – GTZ – Technology transfer project by implementing the project for transfer of technology, know-how and innovations, IFC-PEPSEE – Project for development of the private sector in Southeast Europe - with the assistance received for this project 10 regional seminars were organized on the relevance of the ISO standards (14000, 14001, 18001 и 22000) and HACCP – the healthy food production system; the first European “Dictionary on terminology and phrases related to food quality and food safety”; we implemented two projects with Junior Achievement and the Foundation Open Society Institute for training of teachers in the primary and secondary education in the field of entrepreneurship and other smaller but not less significant projects.

Two years after the active work of the Human Resources Development Fund, following the Agency’s proposal accepted by the Ministry of Economy and the European Agency for Reconstruction the Human Resources Development Fund will become a programme within the framework of the Agency. After conditions for incorporation of the Fund in the future legislation of this important institution for training and education of managers have been created, above all for the part of human resources, the Fund will be fully institutionalized and it will become an independent organization.

Within the framework of the Project for development of the SME sector financed by the European Union and managed by the European Agency for Reconstruction, two seminars with foreign lecturers have been organized for training of the 40 service providers in the voucher system for grant-maintained counseling.

With our partner from the Kingdom of The Netherlands - ATA (Academic Training Association) we are intensively conducting the three-year project for development of the private sector through: one regional research project “Identification of the existing databases in institutions whose scope of activity is focused on the SME sector”, 2 five-day trainings in Skopje and Podgorica for students, entrepreneurs and managers on topics from the regional cooperation and the possibility of financing through European funds, a student exchange programme in the region, a competition for developing a business plan with a €10.000 reward, and the abovementioned event – European Day of the Entrepreneur and a regional fair for the small businesses.

The Agency has an important role as an implementer of the planned activities in the projects of the European Union managed by the Agency for Reconstruction in 2006 in the field of implementation of the Voucher System for Grant-maintained Counselling, creation of small clusters for eco-agro production and for construction equipment and materials, a project for increasing the capacity and transformation of the small business support centers, a project for transfer of technology, innovations and know-how and a project for development of business networking and working through an electronic network, project for direct counselling services for 70 to 100 enterprises, all of which have already been presented before the donors and for which initial funds have been provided.

The Agency is in the process of application for the CARDS programme for 2006 with the project for “Strengthening the capacity of the institutional network for implementation of SME support programs” by using the Twinning instrument. The

main objective if the Twinning project is strengthening the capacities of the institutional network for promotion of entrepreneurship.

Fully understanding the complex role of the Agency, as a governmental institution for promotion of entrepreneurship, and based on the measurable working results and the general impression made on domestic and foreign organisations that support and observe the small business, the Agency is deemed to have met the expectations.

B. REPORT

For the purpose of realization of the objectives and support policies for the development of small businesses and entrepreneurship, in 2002, the Government of the Republic of Macedonia adopted the National Strategy for Development of Small and Medium Enterprises, after which, in 2003, the 4 year "Program of measures and activities for support of entrepreneurship and creation of competitiveness of small businesses" was adopted (hereinafter the Program), by undertaking the obligations that arise from the European Charter for small enterprises.

In order to realize the measures and policies determined in the stated documents, the Government of the Republic of Macedonia, in September 2003, adopted a Law on establishment of an Agency for support of entrepreneurship in the Republic of Macedonia, as a high professional organization for implementation of the adopted strategy and activities for support of the small businesses.

The Agency shall also be responsible for realization of the 4 year Program of measures and activities for support of entrepreneurship and creation of competitiveness of the small businesses, as well as the development of an institutional network for support of the small businesses and entrepreneurship.

According to Article 19 of the Law on establishment of an Agency for support of the entrepreneurship in the Republic of Macedonia (Official Gazette, No. 60 from 22.09.2003), the Agency shall be obligated, within the scope of its work and use of the means, to report to the Ministry of Economy at least twice a year and to submit an Annual Report to the Government of the Republic Macedonia until 31st of March for the previous year.

According to the Report that covers the period from January to June 2006, the Agency for support of the entrepreneurship shall realize the following basic operative activities, which arise from the Program for support of the entrepreneurship and creation of competitiveness in the small businesses in 2006 (adopted by the Government of the Republic of Macedonia, and published in the Official Gazette of RM, No. 23 from 24.02.2006):

1. Financing of Institutional infrastructure

1.1 Financing of the Agency's activity:

The activities in the field of the development of SMEs are being conducted regularly, on a daily basis, according to the planned program activities and maintenance of a high level communication with the competent Ministry of Economy, the institutional network of organizations in the country, business associations and chambers, as well as active work with the rest of the domestic and foreign projects in the field of development of small businesses.

1.2 Small businesses observatory

The regular work on preparation of the report "SME Observatory" for 2006 continues with collection and processing information and data from the State institutions (the Central Register, the State Statistical Bureau, the Customs Administration, the line ministries, business associations, associations and other institutions).

The process of preparation of the Report is conducted through cooperation with domestic and foreign projects, mainly with the Project for development of small and medium enterprises (Component I – "Increasing institutional capacities"), financed by the European Union, and managed by the European Agency for Reconstruction, conducted within the Ministry of Economy and the Agency for support of the entrepreneurship.

1.3 Euro-Info Corresponding Centre

We have realized regular cooperation with this important institution established with the assistance of the European Commission, which is situated in the Chamber of Commerce of the Republic of Macedonia, and it is part of the program of the Agency for support of the entrepreneurship.

A representative of the Agency, together with representatives from the Ministry of economy, the Chamber of Commerce of the Republic of Macedonia, the Chamber of Northwest Macedonia, the Association of economic chambers and the Agency for foreign investments is part of the Program Council, which contributes to strengthening of the role of this institution, in order realization of greater results in the field of information related to the European processes, public calls, funds and general business cooperation.

1.4 Human Resources Development Fund

This part of the program has been successfully realized since June 2006, as a result of the cooperation with the HRDF 1 and 2 (Human Resources Development Fund) Project of the European Union and the European Agency for Reconstruction, and this new and important organization for education and training, whose establishment was assisted by the European Union, shall operate within the Agency, as a special program.

Several types of workshops and training in workgroups from the sectors have been held so far: information technologies, food production and processing, tourism and catering, which covered over 60 enterprises, and at the same time showed interest to be founders of this significant institute for development and human resources education.

2. Funding different forms of non-financial support

2.1 Voucher system for grant-maintained counselling

A completely new project managed and financed by the Agency, followed by regular and additional activities (preparation of documents and system implementation, announcing possible cooperation with potential general and specialized consultants and their selection, training in the field of business support for representatives of the organizations in the country, training organized for executives by foreign experts, preparation of software for monitoring the program and participation in the analysis of the effects from the pilot phase).

The pilot phase was realized at the beginning of the reporting period and covered 70 clients from the rank of unemployed persons and small enterprises, which used over a hundred vouchers in both pilot municipalities Strumica and Skopje.

During the reporting period, the Agency conducted a public procedure for selection of 6 regional centers, which are organizations for business support in: Skopje, Strumica, Tetovo, Bitola, Kumanovo and Ohrid, which, since the beginning of may 2006 have been actively conducting the project on the territory of the whole country.

The great interest for the program for grant-maintained counselling was confirmed in just about more than one month, and so far, new 20 clients who use around 30 vouchers, have been served.

Until the end of this year, we shall conduct this new system for counselling on the territory of the whole country, and we shall try to increase the limited financial resources by introducing foreign funds, projects, European funds, as well as additional means, which could be provided from the Ministry of Labour and Social Policy, and the Ministry of Agriculture, Forestry and Water Supply.

2.2. Agro cluster and HOME cluster (equipment and construction materials)

There initiatives, as a part of the newly proposed and long term activities from the previous project for development of small and medium enterprises, funded by the European Union, shall be implemented by the Agency, in cooperation with the current project of EU for development of small and medium enterprises.

We made initial analyses with the foreign and domestic experts, within the frames of the Project for development of small businesses, and we hope that through the operation we shall succeed in establishing small, not so ambitious as the existent clusters established with the assistance of USAID, but in a short period possible effective clusters.

The initial analyses and reports regarding the possibility for establishment of Agro- cluster have been already made, however, for the definitive establishment and operation more optimistic is the establishment of the cluster for equipment and construction materials.

Within the frames of Component II – Direct counselling services for 70 to 100 small and medium enterprises from the project for development of SME, we shall try to involve part of the companies in the agro business in the sector where the Agency for entrepreneurship is completely involved, so they may receive direct counselling service, in case the small agro business cluster is not established.

2.3 Incubators for the small businesses

The responsible persons in the Agency for support of entrepreneurship, through the projects in the past (1996 until 2002) are creators and investors of all of the 8 previously established incubators in the country.

As a result of that cumulated knowledge and experience, the Agency for support of entrepreneurship has been involved in the new initiatives for establishment of special centres for support of the initial and developmental small businesses.

Namely, we regularly cooperate, and according to concrete agreements, we conduct part of our program activities through the incubator Gica from Ohrid, Deni from Veles, and especially with the incubator Strumica, where within its frames there are also initial activities from the Euro region: Strumica-Petric-Kukus.

Furthermore, we are completely involved in the establishment, support and development of the new start up centre on the Faculty of Mechanics (assisted by the Austrian Agency for development and the Academy Training Association from Amsterdam, Holland, which is our devoted partner in many active regional projects) and the in initiative for establishment of incubator in the former factory "Zletovo" batteries from Probishtip. With signing of the Protocol with the owner of the business premises in Zetovo, the Slovenian company Veritas, we shall contribute to the establishment of another significant business centre for small start up businesses.

2.4. Financing of trainings and improvement of the entrepreneurship skills

All activities of the Agency are mainly directed towards this significant segment in the development of the general entrepreneurship awareness. Individual projects in the Program for 2006 are mainly in the field of education and training, i.e. in certain cases, they indirectly contribute to increase of the entrepreneurs' skills.

Above all, this applies to the voucher system of grant-maintained counselling services, a project that is being realized, organization of trainings and seminars, independently or with the assistance of foreign donor and development projects (the already mentioned ATA from Holland), through regular seminars on carefully selected topics (we focus on the European integration processes, the regional approach and the European accession funds, i.e. application for projects), training and education in the field of standardization, conducted with the assistance of the Government of the Federal Republic of Germany, i.e. GTZ-TT (Transfer of technology and innovation – direct counselling in the field of technological transfer and innovation, realized in 10 enterprises with technical and financial assistance provided by GTZ-TT) and IFC-PEPSEE – Project for development of the private sector in the countries of Southeast Europe, training of 300 enterprises, over 10 regional seminars for the significance of the ISO standards (14000, 14001, 18001 and 22000), and NASSR system for production of healthy food, whereas we issued the first European "Dictionary of terms and expressions- food quality and safety, training of teachers in primary and secondary schools in the field of entrepreneurship skills – Junior Achievement – we have realized two agreements in the reporting period and other training activities, which are shown as realized projects in this report.

2.5 Co-financing of donor projects

Due to the limited financial means approved through the Program for 2006, the Agency is oriented towards finding out foreign partners that would co-finance their basic and additional activities.

The data from the Report show that we have succeeded in our efforts so far, mainly in the broad field of cooperation with the Government of the Federal Republic of Germany and its technical assistance GTZ, IFC-PEPSEE, ATA from Holland, SMDP 1 and 2 (Project for development of small businesses 1 and 2), the Institute Open Society Foundation, and other smaller projects.

This is the only way to sustain in this increased scope of operation, and to justify our existence, which means that in future, we must increase the activities in the field of detection quality co-investors, financing from the pre-accession fund IPA, for which we have concrete projects, as well as possible donors that would support our work in realization of the Government program and broader.

2.6 Promotion activities

Unfortunately, due to the limited means and the number of unemployed, the Agency has been promoting itself so far mainly by presentation of the results from the projects, realized independently or with the assistance of the partners.

Within the frames of these program activities, we managed to find manner and time to be a partner and co-investor together with the City of Skopje, ATA from Holland, the Macedonian Development Foundation for enterprises and EVA - the European Business Association, in the organization of the European Day of Entrepreneurship, on 9th of May.

Apart from provision of logistics and means, the Agency for Entrepreneurship had special significant promotions for realized activities in the field of transfer of technology (we held a special event with 10 presentations of enterprises, where we introduced a new technology, we improved the existent technology, and there was also implementation of a certain innovation), we issued the first European "Dictionary of terms and expressions – food quality and safety", and also presentation of the pilot phase of the voucher counselling.

Together with the Ministry of Economy, we organized and hosted a one day conference, whereas domestic and OECD representatives held a round table in front of 25 participants on the topic "The influence of behaviour and knowledge on the development of entrepreneurship".

Furthermore, we found time, manner and means to be a partner to the Chamber of Craftsmen in organization of their meetings with the Craftsmen chamber from Slovenia, and many Slovenian entrepreneurs, as well as co-investors of EXPO-Tetovo, the Small businesses Fair.

2.7. Financing postgraduate studies in the field of entrepreneurship

It is impossible to repeat the success in this part of the program as in 2004-2005, due to the fact that only small budget was approved for this purpose this year. Namely, in 2004-2005, we had budget for over 20 scholarships, and this year we have only budget for 2-3 scholarships.

Due to this, we did not undertake serious activities during the reporting period, however, if we succeed in attracting a foreign project, we could hope for increase of the number of persons that would receive our scholarship in the field of studying entrepreneurship.

2.8. Implementation of "Info-point" project, in cooperation with the Regional centres for support of entrepreneurship"

During the reporting period we published an invitation for cooperation according to the procedures for limited public tender for counselling services for

selection of organization, which would assist the realization of part of the program activities of the Agency.

Upon conduction of the complex procedure for public procurement in two phases, the Commission conducted selection of 12 regional centres for realization of part of the program under item 2.8 "Info-point" in Skopje:

- The regional centre for support of entrepreneurships;
- The Roma business information centre;
- The Chamber of Economy of Macedonia;
- The Craftsmen Chamber;
- Employment.com and
- Basme;
- in Kumanovo, the Regional Centre for support of entrepreneurship;
- in Bitola, the Regional Centre for support of entrepreneurship and Multi impex;
- in Kavadarci, design centre engineering;
- in Ohrid, ECA Ohrid, Agency for support of enterprises;
- in Tetovo, ECA Tetovo, Agency for support of enterprises;
- in Gostivar, ECA Gostivar, Agency for support of enterprises;
- in Strumica, the Regional Centre for support of entrepreneurship and
- in Sv. Nikole, Forop-Foundation for development and renovation of the region.

Spending the means during the reporting period from January until June 2006 in the amount of 11.065.000.00 MKD from the total budget (the transferred assets from 2005 in the amount of 9.645.000.00 MKD and the transferred assets from the Ministry of Economy, in the amount of 9.250.000.00 MKD – from the approved budget for realization of the Program for 2006, in the amount of 20.000.000.00 MKD) is for the most part of the items, according to the determined scope and dynamics.

Due to receiving for use of part of the building situated on "Nikola Vapcarov St., No. 7, upon termination of the Agency for Privatization, there were additional operative liabilities and expenses, which were not predicted in the budget of the Agency for 2006.

The following detailed report of the activities that were realized in the period from January until June 2006, and the indicators for estimation of the operational success with financial indicators, which confirm the fact that the Agency realizes the Program for 2006 according to the prescribed dynamics and increased its engagements, and in certain activities without increasing the approved budget, surpassed the program objectives, establishing the fundamentals and principles for its further operation.

V. DETAILED REPORT ACCORDING TO THE PROGRAM MATRIX

LOGICAL MATRIX OF THE REPORT FOR REALIZATION OF THE PROGRAM ACTIVITIES OF THE AGENCY FOR SUPPORT OF ENTREPRENEURSHIP OF THE REPUBLIC OF MACEDONIA FOR 2006	APPROVED BUDGET (000)mkd	REALIZED ACTIVITIES
I FINANCES FOR SUPPORT OF ENTERPRENEURSHIP	20.000	
1. INSTITUTIONAL INFRASTRUCTURE	8.000	
1.1 FINANCING THE OPERATION OF THE AGENCY	8.000	
<i>Realization of regular tasks of the Agency and operative expenses</i>		During the reporting period January-June 2006, the Agency realized the basic program and additional activities with 8 employed persons from the initially planned 15 in the period of establishment. In certain periods there were an additional 4 employees, due to the increased scope of operation, mainly due to additional projects and operative and administrative technical works. We decided on this new additional engagement of personnel because even after 4 written requests and interventions, we did not receive approval from the Ministry of Finance for new real employments, although we had provided budget for this purpose. In November 2005, the Agency, with a Decision of the Government of RM received for use the first floor of the liquidated Agency for Privatization, but due to the unresolved issues regarding use, maintenance, and payment of costs between the users, the Ministry of Justice, the Agency for Direct Investments, the Ministry of Economy and our Agency still use only part of the available premises, and we pay all expenses that arise from this. We have addressed the stated users and the Government of the Republic of Macedonia several times, but we have not received any response, nor interest in resolving the problems arising from using the building.
SUCCESS INDICATORS		
<i>Complete realization of obligations, tasks and projects, which arise from the Activities Program of the Agency</i>		The Program for operation for this period of 2006 is being completely realized by: Efficient operation and completion of the planned and additional objectives, gathering and data processing for preparation of the Report for SME Observatory for 2006, establishment and program maintenance of the institutional network of the centres for support of entrepreneurship, creation of web page, active cooperation with domestic and foreign projects and institutions that support entrepreneurship.
OBJECTIVES		
<i>Support of SME, according to the 4 year Government Program of measures and activities for promotion of entrepreneurship and creation of competitiveness of SME.</i>		Within the frames of the planned measures for support of SME in 2006, the Agency completely offers the expected support in realization of the measures. The Program for 2006, even in the first six months, according to the planned indicators and objectives, has been manifold superseded, which is obvious from the following individual items
1.2 SMALL AND MEDIUM SIZE ENTERPRISES OBSERVATORY	200	
<i>Activities in the operation of the small and medium size enterprises in the Republic of Macedonia and elaboration of the Annual SME Report</i>		In spite of the limited financial and human resources, the Agency, in cooperation with the Ministry of Economy and the EU Project for SME development, participates in the elaboration of the Annual Report of the European SME Observatory for 2006, being one of the most important governmental reports – instruments for analysis of the situation within the SME sector. This year as well, the Report – SME Observatory will process data concerning around 50.000 business entities contained in the database of the Central registry, State Statistical Office and the Agency's own databases and researches.
SUCCESS INDICATORS:		
<i>Periodic reports of the condition of the SME Observatory in the Republic of Macedonia</i> <i>Periodic reports of the condition of the SME Observatory in the Republic of</i>		The Final report of the SME Observatory is in the process of preparation and will be presented to the relevant institutions (Ministry of Economy and the EU project for SME development) in the beginning of the second report period, i.e. by September 2006.

Macedonia for 2005		
OBJECTIVES:		
<i>With the activity of the SME Observatory and its connection in the network of European Observatories, the Government of the Republic of Macedonia will have relevant and comparative indicators with the European Union and analyses regarding the condition of the small businesses.</i>		The "SME Observatory" Report is the most significant official state document presenting the conditions in the small businesses sector, and at the same time a starting point for the elaboration of analyses, additional reports and recommendations for improvement of measures and activities for support of this sector in all the document of state importance (SME Strategy and annual governmental programmes and European initiatives) which are defined as obligations emerging from the European Charter on small size enterprises.
1.3 CO-FINANCING OF THE EURO INFO CORRESPONDENCE CENTER	1.500	
<i>Co-financing of the implementation of the regular EICC activities in accordance with its annual programme.</i>		In cooperation with the Ministry of Economy and the Economic Chamber of the Republic of Macedonia, the Agency continues its cooperation with the Euro Info Correspondence Center (EICC) in a contractual and programmed manner. At the beginning of 2006 the Agency became part of the Euro Info Correspondence Center, which reinforced its role, but also improved the quality of mutual cooperation. In the SME development project, especially within its Component II – Direct counselling services for 70 – 100 enterprises financed by the European Union, we act jointly in part of the activities, and the latter also takes place through cooperation with the Human Resources Fund which was formed in June 2006 as a special programme within the Agency.
SUCCESS INDICATORS:		
<i>Maintaining a data base for business cooperation and networking Two regional workshops and issuing publications Electronic publication and distribution of selected business offers and requests for offers or services</i>		The database concerning the offer and demand of business entities according to the reports submitted by the EICC to the Programme council is regularly updated, with a note that talks are underway for merging this database with the "data exchange market" of the Agency. Within the cooperation with the Agency, a certain number of publications and subscriptions was also funded, whilst the Agency, upon the approval of the Programme Council, is ready to fund a part of the operational costs of the EICC, within the limits of its financial means. The Agency participated in the workshops for presentation of the Human Resources Fund and the Second component of the SME development project, concerning direct counselling services for around 70-100 enterprises.
OBJECTIVES:		
<i>Improved access to foreign markets, information, and support to business entities in areas and issues related to the EU (access to EU markets, EU funds, EU tenders, and information on business partners).</i>		With the realization of the joint activities of EICC within the Economic chamber of the Republic of Macedonia as a host institution, the Ministry of Economy and the Agency for Promotion of Entrepreneurship, conditions were created for a continuous and quality operation of the EICC. Clients have been regularly provided with information in the area of European legislation, European tenders and other specific issues concerning access to the European market, along with the organisation of seminars and issuing various publications and other information materials.
1.4. CO-FINANCING OF THE HUMAN RESOURCES DEVELOPMENT FUND	500	
<i>Co-financing of activities related to the process for establishment of a Human Resources Development Fund.</i>		This part of the programme is being successfully realized and starting from June 2006, as a result of the cooperation with the project financed by the European Union, and implemented by the European Agency for Reconstruction, named HRDF 1 and 2 (Human Resources Development Fund), this significant institution will operate within the Agency as a separate programme project. A total of 20 workshops related to the following sectors has been organized: IT, processing and production of food, tourism and hotel management and other, which covered around 60 enterprises that expressed interest to be founders of this significant fund intended for the development and education of human resources.
SUCCESS INDICATORS:		
CO-FINANCING OF THE HUMAN RESOURCES FUND		On the basis of the elaborated and harmonized statute of the Fund, adopted by the general assembly

		composed of consultants, entrepreneurs, Ministry of Economy, Agency for Promotion of Entrepreneurship, Chambers and business organisations, the Human resources development fund was basically founded as a separate programme within the Agency for entrepreneurship. An Administrative board was also elected, having as members representatives of the Agency and the Ministry of Economy. A special sub-account was opened within the account of the Agency, to which symbolic financial means intended as a founding investment.
OBJECTIVES:		
<i>Increasing the competitiveness of Macedonian SMEs through support of the development of their most important value : people, and through support of constant change as an integral part of growing organisations.</i>		The initial aims have been realised with the extraordinarily high participation of enterprises in the process of permanent training, individually and in study groups. It is to be emphasized that the activities of the fund will continue to be accompanied by the work of the Human resources development project II, until the end of November 2006. These activities are expected to result in a significant improvement of the capacities of the enterprises, above all as a result of the newly acquired knowledge, trainings and techniques in terms of human resources. A brochure was designed concerning good practices containing case studies of 10 enterprises, and according to the assessment, this fund has the possibility and capacity within the Agency, but also as an independent entity, to play an important national role in the transfer of knowledge, training and learning in general, all in order to improve the quality of work, and thus increase the competitiveness of enterprises.
2. FINANCING OF FORMS OF NON-FINANCIAL SUPPORT	<u>9.800</u>	
2.1 FINANCING OF THE VOUCHER COUNSELLING SYSTEM <i>Implementation of the voucher counselling system with the inclusion of institutions throughout the country</i>	3.000	A new project emerging from the obligations of the National Strategy for 2002, the 4 year government programme, the cooperation and the obligations assumed under the foreign projects (Stability pact "Project for development of the private sector) and the EU project for SME development 1 and 2) that the Agency fully manages and finances through regular and additional activities (elaboration of documents for implementation of the voucher counselling system, announcing a possible cooperation with potential general and specialized consultants and their selection, training of persons from business support organizations throughout the country, training organized for operative personnel by foreign experts, design of software for programme monitoring and participation in the analysis of the effects in the pilot phase). At the beginning of the report period, the pilot phase was finished with 75 clients that used over 100 vouchers in the two pilot municipalities Strumica and Skopje, both from the category of unemployed persons and small size enterprises. Also, during the report period an independent foreign analysis of the initial effects of this project was made. During the report period, the Agency performed a public selection procedure whereby it selected 6 regional centers – business support organizations in: Skopje, Strumica, Tetovo, Bitola, Kumanovo and Ohrid. In the report period, around 30 vouchers have been granted to over 20 clients. Until the end of this year, we will continue to implement this new system of subsidized counselling throughout the country, while trying to increase the limited financial resources by involving foreign funds and projects, the IPA pre-accession funds, as well as through the ministries of labour and agriculture. Intensive activities are being undertaken in the area of improvement of the monitoring and evaluation system using foreign technical assistance provided within the SME development project financed by the European Union, and managed by the European Agency for Reconstruction.
SUCCESS INDICATORS:		
<i>Organization of 4 one-day seminars for approximation of the specifics of the programme (system) subject to the SMEs and partner institutions. Informative services provided to 150 enterprises. Hosting a web-site on entrepreneurship (with a particular focus on voucher counselling system)</i>		In cooperation with the SME development project financed by the European Union, we organized 2 three-day seminars for training of 20 persons, future service providers in the organisations for business support to the implementation of the voucher subsidized counselling services. In addition, the Agency's project team conducts permanent field trainings within the selected organisations for business support and has conducted six daily trainings of this sort so far. Upon the announced public call for cooperation in May 2006, six organisations for business support were selected through which in only 2 months of the report period, 25 new clients were services and 30 vouchers were delivered.

		<p>Until the end of this year we can confirm that counselling services will be provided to at least the foreseen 150 clients.</p> <p>The web-site of the Agency contains a presentation of the voucher counselling programme and regularly presents the condition of the selected specialised and general consultants who provide services within the "Voucher counselling" programme.</p>
OBJECTIVES:		
<p><i>Support to the strengthening of competitiveness of existing SMEs in accordance with the revised Strategy for development of SMEs</i></p> <p><i>Further introduction of the Voucher counselling system as an instrument for improving the overall activity of the SME sector</i></p> <p><i>Improved access and quality of the counselling services in the Republic of Macedonia.</i></p>		<p>The Voucher system for subsidized counselling services is surely only one among the instruments for improvement of work, knowledge and competitiveness of the SME sector. In future, this instrument should be even more targeted along with the other available measures and instruments such as the Human Resources development fund, direct counselling services, services in the area of introduction of standards and quality systems, towards the real specific needs of clients, both from the category of unemployed persons who have minimal conditions for starting their own business, and from the category of enterprises. These initiative and activities must involve the Ministry of Labour and Social Policy directly and through the Agency for Employment, as well as the Ministry of Agriculture, Forestry and Water Management, in order to help the most vulnerable groups of individual farmers and cattle breeders.</p>
2.2 CO-FINANCING OF ABC AND HOME CLUSTERS	1.500	
		<p>These initiatives, as part of the suggested new and long-term activities of the previous SME development project financed by the EU, are being implemented by the Agency, in cooperation with the current EU project for development of SMEs. The initial analyses in cooperation with national and foreign experts have been finished and we hope that through operational activities we will succeed in creating small, not as ambitious as the existing clusters created with the assistance of the USAID, but still effective clusters in the short term. The forecasts are particularly optimistic concerning the construction material and equipment cluster.</p>
SUCCESS INDICATORS:		
<p><i>Established Agro-business cluster</i></p> <p><i>Established cluster for construction materials and equipment.</i></p>		<p>In spite of the great interest of enterprises in the area of agricultural production and processing, expressed during the announcement for participation in the project for direct counselling services (out of about 400 interested parties in cooperation, over 100 concerned the area of agriculture), foreign consultants were reluctant to accept the challenge of creating a small eco-agro cluster, a cluster for organic production for which both the Ministry of Economy and the Agency for Promotion of Entrepreneurship had understanding, support and already envisaged projects, approved by the previous EU projects for support to the SME sector. As a conclusion, it may be said that the Agro Business cluster has not been established yet, and as for the second cluster, realistic prognoses state that its creation is probable in the second half of 2006.</p>
OBJECTIVES:		
<p><i>Facing the most pressing problems for SMEs in the agro business sector, increasing competitiveness of the sector and improving the competence of companies as well as know-how and best practices transfer.</i></p> <p><i>Enabling close cooperation among the agricultural associations in Macedonia and Greece, as well as establishing long-term relations of SMEs in the sector.</i></p> <p><i>Improving cooperation of SMEs in order to facilitate the entire service for construction, i.e. improving construction services, materials and equipment.</i></p> <p><i>Support to the increase in competitiveness of the areas of residential facilities construction, equipment and materials.</i></p> <p><i>Raising the level of knowledge and establishment of long-term close cooperation among the SMEs from these sectors, as well as transfer of experiences and best practices</i></p>		<p>We hope that the envisaged aims within this programme activity, above all in the area of agriculture will be partially realized through the inclusion of over 20 enterprises from the agricultural sector in the Second component of the EU and EAR project for small business development by means of direct counselling services. Concerning the second cluster in the area of construction materials and equipment, we hope that after the finalization of the analyses within the European project we will be able to create it by the end of 2006. If the creation of this "construction" cluster is realized, it is expected for the small enterprises of this sector to significantly increase their competitiveness on the national and regional market.</p>

2.3 SMALL BUSINESS INCUBATORS	600	
<i>Co-financing of the activity of the YES – incubator (incubator for support of youth entrepreneurship)</i>		The Agency, being the creator of all small business incubators in the country so far, is also involved in new initiatives concerning the creation of specific support centers for start-ups and small developing businesses. We maintain regular cooperation and we implement part of our programme activities through the Gica Incubator in Ohrid, and especially with the Strumica Incubator, where the Euro region also marks its initial activities. We are also included in the creation, support and development of the new start up center in the Faculty of Mechanical engineering (supported by the Austrian Agency for development and ATA – Holland, our constant partner). We are also involved in the initiative for establishment of an incubator in the facilities of the former factory "Zletovo Baterii" in Probishtip. By signing the protocol with the owner of the Zletovo business facility, the Slovenian company Veritas, we will contribute to the establishment of another important business center for small start up businesses.
SUCCESS INDICATORS:		
<i>Provided services for 100 entrepreneurs / enterprises in the YES Incubator – One contest for best business plan in a semester Fifteen different courses and trainings in entrepreneurship</i>		The Agency is actively involved in the establishment of all new incubator initiatives in the country (YES Sintef, Teteks – Tetovo Sintef, ATA Faculty of Mechanical engineering). We maintain regular cooperation with the Faculties of Economics in Skopje and Prilep, and with the Institute of Economics, particularly in the area of entrepreneurship and support to incubator concepts. There have been 5 presentations related to the experiences and results from the first established incubators in the country in the period between 1996 and 2001, whereas the contest for best business plan was held in cooperation with our business partner ATA Amsterdam, Holland, and the Faculty of Economics in Prilep. The courses, trainings and workshops are held in cooperation with our Dutch partner and during the report period, two 3 day workshops were organised for 50 entrepreneurs, managers and students.
OBJECTIVES:		
<i>Stimulation of entrepreneurship through courses, business competition and various incubator services (facilitating access to other SMEs, identification of good business ideas and providing access to newly-established enterprises to sources of financing and/or potential partners in the local economy).</i>		The aims are regularly realized through the above-mentioned forms, but also through a direct contractual cooperation with the existing incubators, above all those in Ohrid – Gica, in Veles – Deni and in Strumica within the municipality. An entire spectrum of contractual activities provided through the "info point" project, such as conducting trainings, logistics for domestic and European projects, voucher system and other are implemented through these specific incubation centers for support of small businesses.
2.4. FINANCING OF TRAINING AND IMPROVING THE SKILLS OF ENTREPRENEURS	600	
<i>Co-financing of the implementation of the activities in the framework of the Entrepreneurship learning program.</i>		On 14.03.2006 we signed an agreement for realization of a training concerning the introduction of entrepreneurial skills as a subject in the educational curriculum, targeted at 100 teachers in primary education, with the Junior Achievement organization, and with technical and financial assistance from the Open Society Institute Foundation and the Ministry of Education and Science, which was successfully realized in April 2006. On 27.02.2006, together with the Ministry of Economy, we organized and hosted a one day conference at which domestic representatives and representatives of the OECD held a round table in the presence of 25 participants from the region, entitled as "The impact of behaviour and knowledge on the development of entrepreneurship". In the period between 10 and 14.04.2006, employees from the Agency took participation in the seminar held in Podgorica, treating various topics in the area of local development, agro counselling and project management, as well as elaboration of projects for applying to the European funds. In the period 25-27.04.2006 we organized a seminar on the implementation of the voucher subsidized counselling services. The 3 day seminar was attended by 20 representatives of the existing business support organisations, being potential service providers in this sphere. The seminar was realised in

		cooperation (technical and financial) with the GFA – SME development project, and it should be underlined that the prominent lecturer Professor Jaka Vadnjak Ph. D , came from Slovenia, which would represent a sort of re-establishment of relations with the persons and institutions that were our initial partners in the creation of the voucher system in the country.
SUCCESS INDICATORS:		
<i>Established partner approach to entrepreneurship learning</i>		Direct and strong contractual relations have been established with ATA from Holland, the Faculties of Economics in Skopje and Prilep, the Institute of Economics in Skopje, Junior Achievement, the Open Society Institute Foundation and the European Training Foundation for continuous training of youth in the area of entrepreneurship.
OBJECTIVES:		
<i>Achieving consensus and dedication of different participants as a necessary basis for providing a full access to life learning. Support to the strengthening of competitiveness of existing SMEs in accordance with the National Strategy for development of SMEs</i>		We outlined the future operations of the Agency in this field by concrete contractual projects, and the same goes for the cooperation with domestic and foreign projects related to entrepreneurial skills. What remains is to increase and promote in a quality manner our cooperation with the other relevant ministries and offices, above all in the area of education and science.
2.5 CO-FINANCING OF OTHER DONOR PROJECTS	1.000	
<i>Co-financing and participation in the implementation of projects for support of SMEs financed by foreign donors.</i>		The largest part of all activities of the Agency are directed towards this important segment in the development of entrepreneurial spirit in general. The particular projects within the 2006 Programme are mainly from the area of education and training, i.e. in certain cases, they directly contribute to the improvement of the skills of entrepreneurs. This concerns above all the voucher counselling system being a project realised through the organisation of trainings and seminars independently or by foreign donor and development projects (ATA Holland, regular seminars on carefully selected topics), we focus on the European integration processes, regional approach and European pre-accession funds, that is, application for projects, trainings and education in the area of standardization that we conduct with the assistance of GTZ-Redem and IFC-PEPSEE, training of teachers for primary and secondary school in the field of entrepreneurial skills – Junior Achievement, direct counselling in the field of technology transfer and introduction of innovations that we realised in around 10 enterprises with the technical and financial assistance of the GTZ TT and other training activities which are presented in this project as separate realised activities in the past several months.

SUCCESS INDICATORS		
<i>Implementation of at least three different projects for support of SME sector financed by foreign donors.</i>		<p>During the reporting period, the Agency actively participated as implementing agency in the following projects:</p> <p>Project for development of small and medium enterprises 1 - Technical support to the Ministry of Economy and infrastructure as per development of SME sector (04MAC 01/02/001 EAR initiates in the beginning of 2005 and completed by the end of January 2006)</p> <p>Project for development of small and medium enterprises 2 - Technical support to the Ministry of Economy and infrastructure as per development of SME sector (04MAC 01/10/001 EAR initiates in December 2005 and to be completed by the end of July 2007)</p> <p>Project for human resources development 1, 03MAC01/02/001, initiated in February 2005, to be completed in June 2006.</p> <p>Project for human resources development 2, 02MAC01/03/102, initiated in November 2005, and to be completed in November 2006.</p> <p>All 4 projects are financed by the European Union, and managed by the European Agency for Reconstruction, where the Agency actively participates in the preparation of the project documentation, suggests directions and dynamics in the implementation of the projects, works on daily basis with foreign and domestic experts and through membership in the Managing Boards of the</p>

	<p>projects. participates in the management and decision-taking processes.</p> <p>Apart from the cooperation on the aforementioned projects, the Agency signed a memorandum and agreements for cooperation and realization of actual projects with a number of significant domestic and foreign partners:</p> <p>Veritas-SAP - Slovenia. The memorandum for cooperation with Veritas - Slovenia, as regards the establishment of a center for support - small economy incubator in Probishtip (within the complex Zletovo batteries, which has at disposal 20,000 m² unused business and production premises), was signed on 28.12.2005, and the Agency, due to its experience with similar projects is a major partner and collaborator. The project is supported by the Ministry of Economy, Foreign Investments Agency, Economic Chamber, Local Self-Government from Probishtip and Euro Info Center. In the course of the reporting period we conducted two working meetings in Skopje, where we agreed upon the establishment of the center-incubator and the future mutual cooperation.</p> <p>ATA - Netherlands. Within the framework of the cooperation with ATA - Academic Training Association from Amsterdam - the Netherlands, on 19.01.2006, we signed an agreement on regional research project for identification of the existing data bases within the institutions that work with small and medium enterprises, whereas the Agency is carrier of this project that also covers Serbia and Monte Negro.</p> <p>JICA - Technical support by the Japanese government for the project for support to the establishment of new industrial enterprises. The Memorandum for Cooperation between JICA, the Ministry of Economy and the Agency for Entrepreneurship was signed on 03.02.2006, almost after one year as of the negotiations.</p> <p>The Agency is a host institution and is the major carrier of the drafting of the project documentation, terms of reference and cooperation with the Japanese experts in the realization of this one-year project, the realization of which is to be initiated in August/September 2006.</p> <p>TEMPUS - The Memorandum for Cooperation on the Tempus project as regards the establishment of a network for long-term learning in the field of entrepreneurship skills was signed on 10.02.2006, between the following partners: the Agency, the Ministry of Economy and the Institute of Economy from Skopje.</p> <p>EOMMEX - Organization of small and medium enterprises and artisans from Greece.</p> <p>On 20.02.2006, EOMMEX - Greece send an offer to the Agency for participation in the Programme for Bilateral Developmental Cooperation of Greece, for the benefit of the foreign small and medium enterprises. Upon the signing of the Memorandum for Cooperation, on 28.02.2006, the Agency received the project in the capacity of major carrier for defined specific training in Greece for a large number of representatives of the small economy, the ministries and the Agency, which shall be initiated in September 2006.</p> <p>USAID - Project "Activities for Development of the Macedonian Business Environment". On 03.04.2006, we signed a Memorandum for Cooperation, in which the Agency appears as a partner to the project which should be commenced in the second semester of 2006.</p> <p>Inova pro - Czech Republic We signed a Memorandum for Expression of Interest on 13.04.2006, with Inova pro from the Czech Republic, as regards the partnership in the Project funded by the European Commission, which shall pertain to the development of e-procurement and establishment of cooperation among the Western Balkans countries in this field - „Western Balkan e-procurement cooperation project".</p> <p>„Start Up" Center at the Faculty of Mechanical Engineering, as a joint project of the Austrian Developmental Agency, ATA - the Netherlands and the Faculty of Mechanical Engineering.</p> <p>The Agreement was signed on 14.04.2006, where the Agency (the Letter of Partnership was signed on 26.07.2005) is a partner organization and part of the Managing Board of the newly established center for support to the new entrepreneurs.</p> <p>IRC - Norway. The Agency has a capacity of a partner in the consortium for establishment of this new center for innovation and technology transfer (the Agreement for establishment of consortium was signed on 04.05.2006), together with the Ministry of Education and Science, University "Ss Cyril and Methodius", the Economic Chamber of Macedonia, the Union of Economic Chambers, the</p>
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		<p>Faculty of Technical Sciences from Bitola and the Foundation for Management and Industrial Research. Establishment of Innovation Relay Center, upon the drafting, the proposal for the project shall be submitted for approval to Brussels, where the European Commission will financially support the innovation center.</p> <p>OECD - Conference in Istanbul. In the period 7-8.02.2006, we actively participated in this two-day regional conference organized by OECD, on topic "Development of Enterprises".</p> <p>OECD - Conference in Skopje. On 27.02.2006, together with the Ministry of Economy, we organized and hosted one-day conference, where domestic and OECD representatives in front of 25 participants from the region, held a round table on topic "The impact of the behaviour and knowledge to the development of entrepreneurship".</p> <p>ATA - Seminar Podgorica. During the period 10-14.04.2006, two employees from the Agency participated at the seminar in Podgorica, covering a number of actual topics from the area of local development, agro-counselling and project management, as well as drafting of projects for application to the European Funds.</p> <p>Artisans' Chamber - Skopje. Together with the Artisans' Chamber from Skopje, we were co-organizers of a meeting of approximately 10 Slovenian and 30 Macedonian entrepreneurs of the business meetings held on 10-11.04.2006.</p> <p>GTZ - TT Technology Transfer. During the period from 31.03 to 05.05.2006, a control was pursued on the implementation of the project for technology transfer, which in the period October 2005 - April 2006 was realized with financial support by GTZ - Technology Transfer. 10 out of 28 enterprises were selected as regards the implementation of the project:</p> <p>IFC-PEPSEE - Проект за развој на приватниот сектор во земјите на југоисточна Европа, обуки на 300 претпријатија преку 10 регионални семинари за значењето на ISO стандардите (14000, 14001, 18001 и 22000) и HACCP системот за производство на здрава храна, го издадовме првиот европски „Речник на поими и изрази – квалитет и безбедност на храна)</p>
OBJECTIVES		
<i>Seizing the opportunity for financing from different sources and further support of the growth of SME sector with financial contribution to the total project expenses.</i>		<p>Due to the limited financial resources approved through the programme for 2006, the Agency is focused on finding foreign partners that would co-fund its basic and additional activities. The data from the report show that we have managed to attain certain results in this area, first of all, through cooperation with GTZ, IFC, ATA, SMDP 1 and 2 and other projects. This is the only way to survive and justify our existence, which means that in future we should increase the number of activities in this field.</p>
2.6 PROMOTIONAL ACTIVITIES OF SME SECTOR	1.500	
<i>Support to different promotional activities for SMEs inside and outside the framework of the celebration of European Day of Entrepreneurship 9 May.</i>		<p>Unfortunately, due to the limited resources and staff, the Agency was being promoted through presentation of the projects it realizes, individually or in cooperation with the partners. However, within the framework of these programme activities, we have managed to find manner and time to be partner in the organization of 9th May European Day of Entrepreneurship together with the City of Skopje, Macedonian Enterprise Development Foundation, EBA – European Business Association, ATA Amsterdam, the Netherlands and the Ministry of Economy. Within the framework of the Entrepreneurship Day we organized 10 workshops, with participation of averagely 25 representatives of the entrepreneurs, business associations and organizations and students from the region. Simultaneously with the event, we also organized regional fair of entrepreneurs with presentation of 40 enterprises and organizations. As a separate activity we can mention the individual presentation of the Agency through three separate promotions for activities realized in the field of technology transfer (we have organized separate event with 10 presentations of enterprises in which we introduced innovations, enhanced new or existing technology, issued the first European "Glossary of terms and expressions – quality and safety of food", which presents the first project of that kind in Europe, and separate presentation had the analysis of the pilot phase of voucher counseling. We also managed to be a partner to the Artisans' Chamber in the organization of their event, i.e.</p>

		meetings with several entrepreneurs (15 Slovenian entrepreneurs-artisans had "matching" meetings with 30 domestic representatives), as well as co-financiers of EXPO-Tetovo, the small economy fair.
SUCCESS INDICATORS		
<i>Implementation of activities as regards the celebration of the Entrepreneurship European Day 9th May Entrepreneurship Fair as part of the Entrepreneurship European Day 9th May</i>		We have completely organized the Entrepreneurship European Day 9 th May, and at the same time organized a successful regional fair of small entrepreneurs and organizations for promotion of the entrepreneurship.
2.7 FINANCING OF POSTGRADUATE STUDIES	100	This year, we cannot repeat the success in this part of the programme as in 2004-2005, mainly due to the fact that we have received minimum funds for this purpose. Namely, during the said years we had funds for over 20 scholarships, and currently we have funds for only 2-3 scholarships. This is why, during the reporting period we did not undertake more serious activities, however if manage to animate a foreign project we can count on increase in the number of persons that would be scholarship holders in the field of entrepreneurship.
SUCCESS INDICATORS		
<i>Two scholarships for postgraduate studies in the field of Entrepreneurship</i>		According to the planned activities as per this item, we shall try to animate an existing foreign aid aimed at increasing the amount for the postgraduate studies in the field of entrepreneurship, and in case we fail to do that, we shall co-finance 2-3 postgraduate studies in October 2006.
OBJECTIVES		
<i>Promotion and creation of highly skilled human resources in the field of entrepreneurship</i>		Apart from the limited resources for implementation of more serious campaign on entrepreneurship learning, the Agency maximally utilizes the minimum potentials and related sub-projects and with due respect treats all projects that comprise training, education or specific training of the entrepreneurs. We would like to mention our activities that are related to the training and education through participation in the Human Resources Fund, 2nd component of the project for development of SME sector, Project for development of the private sector in the Western Balkans - in the part of the seminars - realized together with ATA Amsterdam - the Netherlands, Junior Achievement - two projects on economic education of the youth in the primary and secondary education, realized with support by the Open Society Institute and other smaller projects and initiatives.
2.8 IMPLEMENTATION OF "INFO POINT" PROJECT IN COOPERATION WITH THE REGIONAL CENTERS FOR PROMOTION OF THE ENTREPRENEURSHIP	1.500	
<i>Support to regional foundations for promotion of entrepreneurship, ESA agencies and other entrepreneurship centers in the activities related to further functioning of the physical network of centers, and implementation of assistance, informing and counseling programs for SMEs.</i>		During the reporting period, a public call for cooperation was published through the procedures for closed public call for consultation services as regards the selection of organizations to realize part of the programme activities of the Agency. Upon the implementation of the complex procedure in two phases, the Commission made a selection of 12 regional centers for implementation of a part of the programme under item 2.8 "Info Point", whereas in Skopje are the following: Regional Center for Promotion of Entrepreneurship, Roma Business Informative Center, Economic Chamber of Macedonia, Artisans' Chamber, Employment.com and Basme), in Kumanovo, Regional Center for Promotion of Entrepreneurship, in Bitola Regional Center for Promotion of Entrepreneurship and Multi impeks, in Ohrid, ESA Ohrid, Agency for Promotion of Enterprises, IN Tetovo - ESA Tetovo, Agency for Promotion of Enterprises, in Gostivar - ESA Gostivae, Agency for Promotion of Enterprises, in Strumica - Regional Center for Promotion of Entrepreneurship and in Sveti Nikole - Forop - Foundation for Development and Renovation of the Region Ovce Pole. The Agency pursued designing, introduction and maintenance of the network connection of these centers for promotion of entrepreneurship, which for only two months during the reporting period provided informative and consultation services for 220 clients, and 30 of them have been entered in our database.

<i>SUCCESS INDICATORS</i>		
<p><i>Informative services provided to 2.400 enterprises/clients.</i> <i>Continuation of the functioning of the network of centers and upgrading of the database with at least 1.200 new clients from SME sector.</i> <i>Support to APERM in the distribution of information and activities for increasing the acceptance of the services by the target groups.</i></p>		<p>The activities that are being realized with assistance of the selected centers within the framework of the programme "Info Point" are a guarantee that by the end of the year we shall completely meet the required indicators in respect to the number of clients and the required quality of the informative and consultation service. At the same time, the planned number of clients that are to be entered in the database of the Agency will be completely achieved.</p>
<i>OBJECTIVES</i>		
<p><i>Informative, promotional, counselling and logistic support to SMEs at a regional level</i> <i>Upgrading of the existing data base in order to provide accurate and detailed registration of the information for SMEs</i> <i>Distribution of relevant and useful information to SMEs.</i></p>		<p>The objective to which we are focusing with this programme activity is to achieve not only local accessibility to information, but also, through the foreign projects in which we participate, as well as through the data exchange established during our cooperation with the Stability Pact and the Slovenian Agency for Small Economy Development, to make it available on a broader regional level.</p>

**3. FINANCIAL REPORT ON THE REALIZATION OF THE
PROGRAMME ACTIVITIES FOR THE PERIOD
JANUARY -- JUNE 2006**

SUMMARIZED FINANCIAL REPORT ON THE OPERATION OF THE AGENCY FOR THE PERIOD JANUARY-JUNE 2006

	Funds Programme 2006	Actual position of the received funds	I-III	IV-VI	VII-IX	X-XII	Total spent	Balance on 30.06.2006	% 8/3*100
1	2	3	4	5	6	7	8	9	10
Funds for promotion of entrepreneurship	20.000	18.895					11.065	7.830	58.6
Opening balance 01.01.2006 (transferred from 2005=9.645)	(9.645)								
Payment by MoE 31.03.2006	3.250								
Payment by MoE 06.06.06	6.000								
Remaining amount to be paid by MoE	10.750								
1. Institutional Infrastructure	10.200		2.481	3.655			6.136	3.364	60.2
1.1 Financing of the Agency's activity	8.000		2.481	3.312			5.793	2.207	72.4
1.2 Observatory	200								
1.3 Co-financing Euro Info Correspondence Center	1.500			343			343	1.157	22.9
1.4 Co-financing the Human Resources Fund	500								
2. Co-financing the forms of non-financial support	9.800		322	2.113			2.564	7.236	26.2
2.1 Financing the voucher system	3.000			312			312	2.680	10.4
2.2 Financing the clusters ABC and HOME	1.500								
2.3 Incubators for SME	600								
2.4 Training and skills for the entrepreneurs	600		215				215	385	35.8
2.5 Co-financing of donors' projects	1.000		4	506			510	490	51.0
2.6 Promotion of SME	1.500		103	1.295			1.398	102	93.2
2.7 Postgraduate studies in the field of entrepreneurship	100								
2.8 Info Point with Regional Centers	1.500			129			129	1.371	8.6
1.3 Co-financing of R. Centers for Support - Info Point	500		400	50			450	50	90.0
1.3.1 Observatory for 2006	600								
2.1 Trainings for entrepreneurs	1.000		390				390	610	39.0
2.1.1 HACC Standards	500		4	27			31	469	6.2
2.1.2 GTZ-TT	500								
2.2 Voucher under 2005 agreements	1.400		1.319	99			1.418	-18	101.3
2.2.2 Voucher for 2006	5.000								
2.5 Postgraduate studies in the field of entrepreneurship	145		76				76	69	52.4

ANNUAL PROGRAMME

for

**PROMOTION OF ENTREPRENEURSHIP AND
CREATION OF COMPETITIVENESS IN THE
SMALL BUSINESSES IN
THE REPUBLIC OF MACEDONIA**

for the year 2006

Skopje, January 9, 2006

On the basis of Article 36 paragraph 3 from the Law on the Government of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 59/2000) the Government of the Republic of Macedonia, on the session held on _____, has adopted the following:

**PROGRAMME
for
PROMOTION OF ENTREPRENEURSHIP AND
CREATION OF COMPETITIVENESS IN THE SMALL BUSINESSES
IN THE REPUBLIC OF MACEDONIA
FOR THE YEAR 2006**

Article 1

This Program regulates the use of funds for promotion of entrepreneurship amounting 20.000.000,00 MKD, provided for by the Budget of the Republic of Macedonia.

Article 2

The funds mentioned under Article 1 shall be used for the following purposes:

in 000 denars

Funds for PROMOTION OF ENTREPRENEURSHIP	20.000
1. Financing of Institutional infrastructure	<u>10.200</u>
1.1 Financing of the Agency's activity	8.000
Implementation of the regular tasks of the Agency (operational expenses)	
Success indicators:	
1. Full implementation of the duties, tasks and projects included in the Program for activities of the Agency and this Program	
Objective:	
Support of SMEs in accordance with the 4-year Government Program for measures and activities for promotion of entrepreneurship and creation of competitiveness in the SME sector	
1.2 SME observatory	200
Activities of the SME Observatory in the Republic of Macedonia	
Success indicators:	
1. Periodic reports of the condition of the SME Observatory in the Republic of Macedonia	
2. Annual report of the SME Observatory in the Republic of Macedonia for 2005	

Objective:

With the activity of the SME Observatory and its connection in the network of European Observatories, the Government will have relevant and comparative indicators with the European Union and analyses regarding the condition of the small businesses.

1.3 Co-financing of the Euro Info Correspondence Center

1.500

Co-financing of the implementation of the regular EICC activities in accordance with its annual programme.

Success indicators:

1. Maintaining a data base for business cooperation and networking
2. Two regional workshops, publications
3. Electronic publication and distribution of selected business offers and requests for offers or services
4. Answers to the questions from clients and responding to requests from clients.

Objective:

Improved access to foreign markets, information, and support to business entities in areas and issues related to the EU (access to EU markets, EU funds, EU tenders, business partners).

1.4 Co-financing the establishment of a Fund for development of Human resources

500

Co-financing of activities related to the process for establishment of a Fund for development of Human resources.

Monitoring indicator:

1. Established Fund for development of human resources

Objective:

Increasing the competitiveness of Macedonian SMEs through support of the development of their most important value: people, and through support of the will for change as the integral part of growing organizations.

2. Financing of forms of non-financial support

9.800

2.1 Financing of the Voucher Counseling System

3.000

Implementation of the Voucher System by its incorporation in the institutions throughout the country.

Success indicators:

1. Organization of 4 one-day seminars for approximation of the specifics of the subject to the SMEs and partner institutions.
2. Support to counselling services in 150 enterprises.
3. Maintaining an entrepreneurship web site.

Objectives:

- Support to the strengthening of competitiveness of existing SMEs in accordance with the revised Strategy for development of SMEs
- Further introduction of the Voucher counselling system as an instrument for improving the overall activity of the SME sector

- Improved access and quality of the counselling services in the Republic of Macedonia.

2.2 Co-financing of the implementation of the ABC and HoME clusters

1.500

Success indicators:

1. Established Agro-business cluster
2. Established cluster for construction materials and equipment.

Objectives:

- Facing the most pressing problems for SMEs in the agro business sector, increasing competitiveness of the sector and improving the competence of companies as well as know-how and best practices transfer.
- Enabling close cooperation among the agricultural associations in Macedonia and Greece, as well as establishing long-term relations of SMEs in the sector.
- Improving cooperation of SMEs in order to facilitate the entire service for construction, i.e. improving construction services: materials and equipment.
- Support to increasing competitiveness in the sectors of construction, materials and equipment, increasing the knowledge, establishing long-term relations of cooperation of SMEs in these sectors as well as know-how and best practices transfer.

2.3 Incubators

600

Co-financing of the activity of the YES – incubator (incubator for support of youth entrepreneurship)

Success indicators:

1. Provided services to 100 entrepreneurs/enterprises in the Yes-incubator
2. one competition for the best business plan per semester
3. 15 different course and trainings in entrepreneurship

Objective:

Stimulation of entrepreneurship through courses, business competition and various incubator services (facilitating access to other SMEs, identification of good business ideas and providing access to newly-established enterprises to sources of financing and/or potential partners in the local economy).

2.4 Financing training and improving the skills of entrepreneurs

600

Co-financing of the implementation of the activities in the framework of the Entrepreneurship learning program.

Success indicators:

1. Established partner approach to entrepreneurship learning

Objective:

- Achieving consensus and dedication of different participants as a necessary basis for providing a full access to life learning.
- Support to the strengthening of competitiveness of existing SMEs in accordance with the National Strategy for development of SMEs

2.5 Co-financing of other donor projects

1.000

Co-financing and participation in the implementation of projects for support of SMEs financed by foreign donors.

Success indicators:

1. Implementation of at least 3 different projects for support of SMEs financed by foreign donors.

Objective:

Seizing the opportunity for financing from different sources and further support of the growth of SMEs with financial contribution of the project expenses.

2.6 Promotional activities of SMEs

1.500

Support to different promotional activities for SMEs inside and outside the framework of the celebration of Europe Day.

Success indicators:

1. Implementation of Europe Day activities
2. Entrepreneurship Fair as part of the Europe Day activities

2.7 Financing of postgraduate studies in the field of Entrepreneurship

100

Success indicators:

Two scholarships for postgraduate studies in the field of Entrepreneurship

Objective:

Promotion and creation of highly skilled human resources in the entrepreneurship

2.8 Implementation of the Info Point project in cooperation with the regional centers for business support

1.500

Support to regional foundations for promotion of enterprises, ESA agencies and other entrepreneurship centers in the activities related to further functioning of the physical network of centers, and implementation of assistance informing and counselling programs for SMEs.

Success indicators:

1. Informative services provided to 2400 enterprises.
2. Continuation of the functioning of the network of centers and upgrading of the database with at least 1.200 new clients.
3. Support to APERM in the distribution of information and activities for increasing the acceptance of the services by the target groups.

Objectives:

- Informative, promotional, counselling and logistic support to SMEs at a regional level
- Upgrading of the existing data base in order to provide accurate and detailed registration of the information for SMEs
- Distribution of relevant and useful information to SMEs.

Article 3

The payment of funds of this Program shall be done by the Ministry of Economy.

If there is performing of activities projected by this Program of a larger scope, and other activities are not fully implemented, then the Minister of Economy, in the frames of the total amount of available means for this Program, shall decide on the adequate re-allocation regarding the given priorities.

Article 4

The co-financing of forms of non-financial support mentioned under Article 2 item 2 indent 2.7 from this Program shall be done in cooperation with the Ministry of Education and Science.

Article 5

The implementation of this Program shall be performed through the Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APERM).

Article 6

This Program shall enter into force on the day of its publication in the Official Gazette of the Republic of Macedonia.