

Sector fiche – IPA National programmes / Component I

1. IDENTIFICATION

Title	Private sector development
MIPD Sector Code	3. Private Sector Development
Sequence no.	7
ELARG Statistical code	Measure 1: 02-17 Measure 2: 03-17 Measure 3: 02-32
DAC Sector code	15110
Total cost	2012: EUR 5,423,801 2013: EUR 2,153,500 ¹ TOTAL: EUR 7,577,301 ²
EU contribution	2012: EUR 4,687,500 2013: EUR 1,762,500 TOTAL: EUR 6,450,000
Management mode	Decentralised
<i>Decentralised mngmt:</i> Responsible Unit or National Authority/Implementing Agency(ies)	The Central Financing and Contracting Department (CFCD) will be the implementing agency and will be responsible for all procedural aspects of the tendering process, contracting matters and financial management including payment of project activities. The Head of CFCD will act as the Programme Authorising Officer (PAO) of the project. Contact: Mrs. Radica Koceva (PAO) Central Finance and Contracts Department Ministry of Finance Tel: +389 2 3231 219 Fax: +389 2 3106 612 e-mail: radica.koceva@finance.gov.mk
Implementation management	Lead and Coordination Institution is the Cabinet of the Deputy Prime Minister in charge for economic affairs and coordination of economic sectors, i.e. the General secretariat of the Government of the former Yugoslav Republic of Macedonia - Sector for economic policy, structural reforms and investments. Direct beneficiaries: <ol style="list-style-type: none"> 1. Cabinet of the Vice prime minister in charge of economic affaires (SPO General Secretariat of the Government of the former Yugoslav Republic of Macedonia) 2. Ministry of Economy 3. Supervision Insurance Agency 4. Ministry of Finance 5. State Statistical Office 6. Bureau of Metrology 7. Institute for Standardisation 8. Public Revenue Office

¹ Including 112,500 EUR private contribution

² Including 112,500 EUR private contribution

	Other beneficiaries: <ol style="list-style-type: none"> 1. Ministry of labour and social policy 2. Ministry of education and science 3. Entrepreneurship Supporting Agency 4. <i>Macedonian Bank for Development Promotion</i> 5. Eligible grant recipients³
Implementing modality	Projects
Zone benefiting from the action(s)	Nationwide

2 RATIONALE

2.1 LINKS WITH NATIONAL SECTOR OBJECTIVE(S) AND MIPD SECTOR OBJECTIVE(S)

The area of private sector development is a complex category and specified priority field of intervention that requires well-coordinated national measures and actions in several areas focused on achieving the objectives of the national strategic priorities. As a main starting relevant point for creating links with MIPD Sector objective(s) is the economic part of the Government programme which stress out important and relevant measures, activities and project aimed to improve private sector development. The strategies, programmes and action plans that make correlations between Economic agenda of the Government and MIPD sector objectives can be summarized as the follows:

- MIPD sector objective in increasing the standard of living of the citizens and to secure the physical and human capital necessary for the development of the country is accordingly addressed through the national objective to support the private sector of the country to increase the economic growth and competitiveness on a permanent basis, achieving higher rate of employment, higher living standard and quality of life. Moreover, the adoption of the Action plan for combating unemployment and the Government commitment for attracting foreign investments are linked mainly with the increasing the standard of living of the citizens.
- Ensuring the country's readiness to cope with competitive pressures and internal market forces within the EU is yet another national objective. In reaching its aspirations for EU membership, the country is dedicated to direct its economy on principles of macroeconomic stability, human and physical capital endowment, enterprise restructuring, increase in investment rates of domestic and foreign companies, boosting the national competitiveness and economic integration to EU.
- As MIPD indicates the overall economic and business environment in the country remains rather challenging, the Government also recognize this as a necessary need of taking comprehensive joint action from government institutions and all stakeholders. Therefore the government adopted Action plan for competitiveness that includes measures for improving the competitiveness of the national market and business environment. The main goal is to give strategic guidance for joint action of state, private and public sector in creating and establishing sustainable innovation and high technology related society.
- Productivity and investment rates of domestic and foreign companies should increase the development of SMEs and an economy based on knowledge and innovation. For

³ Cf. IPA Programming Guide for Component I & II, Volume I, p. 46.

- this, the Government set as national objective to achieve an efficient system for providing access to finance to SMEs, providing active policies in boosting the R&D and innovation in companies, as well as implementation of best practices and policies.
- Enabling good business environment requires continuous monitoring and improvement of existing national tax legislation. Thus, the realization of the reforms in the tax area will continue in the forthcoming period. Also, the EU Directives related to taxation are the documents that necessitate appropriate changes in domestic legislation. This is in line with the EU aim with its support to get improvements in the field of taxation, both at central and local level identified in the MIPD.
 - Reinforcement of capacities displayed by the institutions involved in the implementation of all horizontal framework legislation (standardisation, accreditation, metrology, market surveillance, etc.), is reflected through numerous activities undertaken in the areas of quality infrastructure institutions capacity building to implement MSTQ legislation inclusive of the 'Old Approach' product legislation and product legislation under the 'New and Global Approach', as well as building the capacity of the market surveillance authorities in order to overcome their limited human and financial capacities to conduct comprehensive checks on technical compliance of products. Strengthening of the Internal market integration, the Metrology, Standardization, Testing and Quality (MSTQ) including Market surveillance authorities plays a key role in establishing adequate support to the business community.
 - Providing relevant and internationally comparable statistical data is in function of realising the Government's priorities to build strong, sustainable and competitive private sector, and on the other hand, it is in function of ensuring continuity in the quality of the work of SSO and supporting the Office in the production of higher-quality services in the future. Taking into consideration that the official statistics has significant role in the Stabilisation and Association Process, the harmonisation with EU standards and rules have to be implemented in the pre-accession period.
 - MIPD recognizes that further harmonisation with EU legislation in the field of financial services is one of the objectives of EU assistance in the process of alignment of the regulatory systems (legislation and related enforcement) with the *acquis* in order to be able to fully participate in the internal market at the time of accession. This corresponds to the Government's efforts to improve the existing regulation governing the establishment, operations and obligations of all insurance sector participants in the country aimed at increasing competition in the insurance market by entering new companies and expanding the supply of insurance products and services.
 - The Accession Partnership in Chapter 16 – Taxation identifies the need for increased administrative capacity of the Public Revenue Office (PRO) to implement tax legislation and to fight fiscal evasion. Moreover, the NPAA stipulates the implementation of the Programme for Development of a Contact Centre, as a priority. The Article 89 of SAA stipulates that “The Parties will establish cooperation in the field of taxation including measures aiming at the further reform of the fiscal system, the modernisation of the tax services with a view to ensuring effectiveness of tax collection and the fight against fiscal fraud”.

2.2 SECTOR ASSESSMENT – POLICIES AND CHALLENGES

(1) National sector policy, strategy and context

The number of active business entities in the country in 2013 was 71,290. The sectors with the highest share in the structure of business entities were: wholesale and retail trade; repair of motor vehicles and motorcycles with 25,429 entities or 35.7% and manufacturing with 7,918

entities or 11.1%. The least represented are the Mining and quarrying with 164 entities or 0.2% and Electricity, gas, steam and air conditioning supply with 132 entities or 0.2%..

In 2013, the SMEs account for about 99.71% of companies. The highest share of 85% belongs to business entities with 1-9 persons employed, followed by entities with 10-49 persons employed with 6.7% and business entities with no persons employed (or the entities did not provide information about persons employed) with 6.19%, The share of entities with 50-249 persons employed was 1.81%, while entities with 250 or more persons employed had a share of only 0.29%. Micro and small enterprises (less than 50 employees) dominate the processing and agriculture sectors.

Active business entities in the country in 2013, according to the number of employees						
The former Yugoslav Republic of Macedonia	2013					
	Total	0 employees or without data	1-9	10-49	50-249	250+
Amount	71,290	4,415	60,599	4,776	1,291	209
%	100.00%	6.19%	85.00%	6.70%	1.81%	0.29%

State Statistical Office

In the area of private sector development, the following national sector policies and strategies have been adopted:

- **Action Plan for improvement of the Competitiveness of the former Yugoslav Republic of Macedonia**, which stressed out the action for improving the efficient goods' markets and labour markets, financial markets, the knowledge acquired in the higher education and specialized trainings, as well as the access to the state-of-the-art technologies and promote of innovation, research and development and transfer of know-how.
- **Industrial Policy of the former Yugoslav Republic of Macedonia 2009-2020** with which all process of conducting the industrial policy in order to accomplish appropriate level of economic growth is set on systematic and organizational scale;
- **National Strategy for the implementation of Extensible business reporting language** with in which a unified standard and appropriate network of authorities is set up in order to promote and use of single worldwide recognized standard for financial and business electronic reporting;
- **Innovation Scoreboard** for the former Yugoslav Republic of Macedonia with which regular comparison of national innovation capacity is measures vis-à-vis EU members and candidate members.
- **Innovation Strategy 2012-2020** with which full set of actions, measures and activities is put in line with primal objective of development of innovation as crucial pillar of national competitiveness;
- **Programme for Stimulating Investments** with which country's policies measures and instruments are planned in order to achieve higher level of FDI in domestic economy;
- **SSO Strategy** with which the full capacity development of SSO in line with EU acquis is programmed.
- **The National Economic Reform Program 2015-2017 (NERP)** reflects the Government's strategic commitment to integration in the EU, and outlined the major structural reform areas to acceleration of the economic growth, reducing

unemployment continuous improvement of the business environment, support to entrepreneurship and SMEs etc.⁴

- **Strategic priorities of the Public Revenue Office 2013-2015** to continue the policy of providing improved services to the taxpayers, to strengthen the taxpayer's confidence towards PRO which is ready to assist professionally in resolving tax issues and to facilitate better voluntarily compliance of their obligations

The above listed strategic documents are inter-related and address the private sector development from different aspects. Taken jointly, they encompass the economic policy of the country targeted toward more jobs and growth.

Apart of the number of measures for establishment and support of the SMEs, the growth of this sector is not satisfactory. There are a number of impediments for SME development. Most of the SMEs show poor management capacity and little delegation of responsibilities to lower structures. Many SMEs have no strategic plans and make no/little investment for human resource development. The main source of capital for SMEs is loans from commercial banks. However, because of lack of liquidity and proper collateral, their access to bank loans is rather limited. Especially the start-up companies face difficulties in securing the necessary seed capital. On the other hand, the other forms of financing, such as: leasing, grantee schemes, venture capital funds, business angels networks, stock and shares, forwarding, and similar have not been sufficiently developed or available on the market. With some exception, most of the SMEs have no capacity to follow frequent legal changes and newly imposed neither obligations nor the technological developments. There are limited support programmes for application of technological developments and innovations in companies.

(2) Sector and donor coordination

Taking in consideration the needs of the national business sector for more competitive market opportunities, more efficient economy structure and better access to finance, the Government decided to include the priority of business environment, competitiveness and innovation as one of the several areas of crucial importance for the country's development. A working group was formed under the guidance of the Cabinet of Deputy Prime Minister for economic affairs, which undertook comprehensive and detailed analyses of the Global Competitiveness Reports of the World Economic Forum. The analyses pointed out the most critical areas in which the need of undertaking an action is more than obvious, such as labour market efficiency, technological readiness and innovation, business sophistication and access to finance.

In accordance with the finding of the analysis the package of over 70 measures was created. The main aim during the process of designing of the measures was to involve the private sector and all relevant institution and bodies. Thus came out as a need from the results of the analysis which very clearly showed that not only governmental and state institution but, as well the private institution should take actions for improving the competitiveness of national markets and economy. Therefore, chambers, clusters, relevant non-governmental organization, educational and scientific institution, and other relevant stakeholders were consulted in giving their suggestion and opinion. Finally, the Government adopted an Action Plan for improvement of the Competitiveness of the former Yugoslav Republic of Macedonia and

⁴ The PEP was adopted by the Government on the 23rd of January, 2012.
<http://www.finance.gov.mk/node/2247>

formed National Council of Entrepreneurship and Competitiveness which will ensure the implementation of the action plan.

(3) Sector budget and medium term perspective

Sector D from the Budget of the former Yugoslav Republic of Macedonia define the budget allocation for Economic development and the main strategic priorities, such as creation of new job places, improvement of the business environment and development of the private sector. For 2014 there are 37.3m Euros foreseen for the activities of this programme in relation to investments in development of SMEs, support of investment in R&D, economic promotion and developing of business activities, support to technological industrial development zones, development of railway infrastructure. The development part of the 2014 budget as well as the NERP⁵ outlines funding estimates for 2014-2015 for these areas.

The Government prepared and adopts a National economic reform programme and a Fiscal Strategy annually which outlines the overall fiscal parameters for the medium term.

<http://www.finance.gov.mk/mk/node/401>

(4) Sector monitoring system

The overall framework for monitoring implementation of sector policies and strategies is a responsibility at the level of ministry and of different coordinative bodies and working groups with ensured representation from relevant stakeholders. The key actor in the economic field is the Economic council which is main coordinator and responsible body for implementing the Economy agenda of the Government.

During the past years different EU coordinative mechanisms were developed. The level of alignment of the national legislation with the European legislation is regularly monitored through the 35 working groups (WG) per chapter, among which the WG's on "Economic criteria", and other chapters which involve the financial and economic parameters.

In addition, the Progress Reports and the Information's assessing the achievements and the progress made against certain issues with regard to the accession criteria and/or SAA implementation measures can be perceived and used as monitoring instruments thereto. Moreover, the implementation of obligations under the SAA is being followed in the framework of the Stabilization and Association Committee and the respective Sub-Committee on Economy and Financial and Sub-Committee on trade industry customs and taxation presided on the country's side by the Ministry of Finance and with active participation of all responsible institutions.

Aside from the afore noted monitoring elements and mechanisms, the sectorial monitoring system is ensured through the monitoring of the fulfilment of the Action Plan for improvement of the Competitiveness, Action plan for combating unemployment, Strategy for industrial policy, Strategy for innovation, Strategy for SMEs and other relevant strategic documents.

In addition, the sectorial activities which have been supported through IPA assistance are being monitored both at project level (line institutions, CFCD, NIPAC), but also on a programme level in the framework of the IPA Component 1, 3 and 4, within the framework of the IPA Sector Monitoring Committees and IPA Joint Monitoring Committee.

⁵ Annex 3 of the PEP

(5) Institutional setting

The institutional setting envisages the Cabinet of the Deputy Prime Minister for Economic Affairs, i.e. the General Secretariat of the Government of the former Yugoslav Republic of Macedonia - Sector for economic policy, structural reforms and investments.

The Institutions which are going to be beneficiaries are considerably strengthened in their human resources capacity in recent years, building the capacity to acknowledge the challenges in the specific sectors, to learn and track the new policies and measures on a EU level in the specific domains, undergone trainings, working under different technical assistance programs and increase their awareness for the key drivers of the economy. However, the systematic approach in creation of organizational behaviour within the institutions in time of innovation and more competitive environment, insufficient experience to analyse, evaluate, create and implement adequate measures to improve the overall competitiveness in the particular economic sector, lacking of continuous and sustainable cooperation with private sector in addressing the weaknesses, bottlenecks and need to support the private sector development and transfer of know-how, require high level of assistance to fill in the gap and enable on midterm a better structure, organization and performance of the state administration within the institutions and increase the cooperation and common collaboration in solving the barriers for competitive business economy.

(6) Macro-economic context and Public Financial Management

Out of the 5 core strategic objectives of the Programme of the Government of the former Yugoslav Republic of Macedonia for the period 2014-2018 year are the following:

- Increase economic growth and employment, rising the living standard of the citizens and better quality of life;
- Investment in education, innovation and information technology as key elements for creating a knowledge based society

The global economic crisis caused the biggest contraction of the world economy in the last 80 years, led to declining the economic activity in the country as well, 2012 closed with a GDP decline of 0.5%. 2013 showed that the national economy was still characterised by vulnerable surroundings and low levels of investment confidence. Nevertheless, in 2013 there were some signs of recovery resulting in GDP growth of 2.7% 2013 and average 3.9% in the first three quarters of 2014.

<http://www.finance.gov.mk/mk/node/401>

The macroeconomic stability is maintained by controlled budget deficit at a moderate level of around 3.3% of GDP in 2014, which is in function of the realization of significant capital investment projects, mainly in transport, energy, utility, and health and social infrastructure. This level of budget deficit will enable maintaining a moderate level of country's debt.

Increasing economic growth is a top priority of economic policy of the Government of the former Yugoslav Republic of Macedonia. For 2015 the National Bank of the former Yugoslav Republic of Macedonia forecasts a GDP growth of 4.1%. According to the concept of sustainable economic growth and development, the Government provides:

- Maintain macroeconomic stability as a prerequisite for economic development
- Responsible fiscal policy, maintaining a moderate level of budget deficits and sustainable levels of public debt;
- Low taxes, social contributions and other taxes to the state, and fiscal policy aimed at supporting economic growth and preservation of price stability
- Investments for better infrastructure and further improving the business climate

- Growth of domestic and foreign investment;
- Improve the quality of labour force;

(7) Sector assessment

In the past several years the Government has successfully stabilized the macroeconomic and financial environment, enacted extensive structural reforms that improved the business environment; achieved EU candidacy status, joined the WTO and entered into a number of free trade agreements.

Institutional capacities and competitive business environment

The efficiency and effectiveness of the public institutions have paramount importance for giving an impetus to the private initiatives and for encouragement of the entrepreneurial spirit.

1. The business statistic is an important element for the development of the national economic policy. In this regard, the statistical data are the most relevant measurable indicators when it comes to comparing economy variables from different countries. Today, the country faces a challenge to establish and develop sustainable methods to exploit more of administrative statistics to reduce reliance on new sample surveys and also enhance the scope and coverage of the existing surveys. For this purpose, the SSO needs to improve the quality and availability of administrative data for statistical purposes, as it is laid down in the Eurostat Code of Practice and improve statistical methods in the area of social, agriculture, business and price statistics.

2. The poor interest of the foreign investors despite extensive promotional campaigns conducted in the past years and the analysis of the impact of business regulations on the FDI suggests that supplementary policy in this area is needed. In order to reduce time and costs of the investors and ease the administrative procedures, the Government decided to establish One stop shop system for investors as a single point where investor can acquire all necessary licenses and permits for running of a business. The system should encompass different ministries, state bodies and other relevant institutions which issue permits/ licenses under one single point. The “umbrella OSS” shall operate as a network that will inter-link all existing OSS currently functioning in the country.

3. The new legal framework for concessions and public-private partnerships (PPPs) imposed sectoral alignment of 16 indicative laws (energy, transport, health, utilities, environment etc.) with the respective law of 2012. The alignment process will be accompanied by a training delivered by the Ministry of Economy to the line ministries and staff responsible therein. However, given the complexity of concessions and PPPs and the lack of resources within the Ministry of Economy it is expected that institutional capacities of both public and private sector to implement the new legal framework will be developed over a longer period of time.

4. The Ministry of Finance, would need to improve the current legal framework for introduction and development of additional financial services on the market in order to enable companies to have better access to capital and to increase their export activities. This would also require further harmonization with the EU supervision standards by implementation of the Solvency II Directive which will contribute to modernized insurance sector and improved consumer protection.

5. Providing services to taxpayers in order to help the taxpayers to fulfil their obligations and to continuously support the improvement of the voluntary compliance is one of the main functions of the PRO. This function is carried out by the Taxpayer Services Department,

which is situated in the premises of the General Directorate of the PRO. Support of the extension and improvement of the Contact Centre capacities, as well as the improvement of the functioning of the Service Counters throughout the country is needed. The strengthening of the administrative capacity of the PRO is a strategic objective. In this regards, development of an efficient methodologies through the Contact Centre, which will help to fight against fiscal evasion are required. Moreover, upgrade of the Contact Centre capacities, along with the modernization of the Service Counters, are recognized as priority for the PRO in the past years. The scope of the work includes: processing of tax returns, providing assistance, education and information to taxpayers. The facility also includes the PRO 198 call number where taxpayers can report tax evasion, corruption and comment on PRO service levels.

Market sophistication, innovation and access to finance, and increasing the market and production efficiency

1. The innovation and R&D in both public and private sectors are constrained by significant lack of funding. The gross expenditure dedicated to R&D represented only 0.18% of the GDP in 2007, out of which the business expenditure on R&D accounted only 23%.⁶ While some innovations take place in firms, few resources are dedicated to innovation and the innovation output of the country is weak. The country files fewer patents and trademarks and has lower share of high tech exports compared to its peers in South East Europe. The domestic companies can be characterized as companies using obsolete methods and technologies in their operations. The introduction of new technologies in the companies is at a very low level, and with the global economic crisis the potential of the companies to invest in new technologies has been reduced even more. For this purpose, the Government adopted the Innovation Strategy 2012-2020. Support shall be necessary to implemented the measures and actions of to address the weak capacities of research institutions, to develop infrastructure for innovation support to SME's, poor propensity to innovate in the business sector, undeveloped framework for knowledge transfer and lack of co-ordination of the policy-making

2. Access to finance in the country is limited by several factors. First, the long-term combination of exchange rate regime (euro peg), trade deficit and anti-inflationary monetary policy do not allow for significant lowering of the key interest rate. The status quo also supports a strong inflow of current transfers, which needs to be sterilized by the central bank. Second, commercial banks are facing serious problems related to imperfect information on the market. The vast majority of MSMEs lack adequate management skills, experience to produce good business plans and have low quality of accounting. The worsening liquidity situation in the economy since the onset of the crisis has deteriorated the predictability and reliability of cash flows. The business environment is also weakened by widespread shadow economy, corruption and weak rule of law. Therefore, commercial banks only receive a limited amount of financing opportunities with acceptable risk profiles.

On the other hand, the banks offer a very limited range of financing instruments, which is insufficient to cover the variety of financing needs in different business sectors and are very passive in relationship with corporate clients. In addition, in the current situation, banks prefer to simply place excess liquidity into low-risk central bank bills, treasury bills and bonds, rather than venture into stronger competition in lending, which would require expensive upgrades of their entire risk management and their corporate banking infrastructure and human resources.

⁶ Innovation Strategy 2012-2020 (developed in cooperation with OECD).

Leasing and factoring services are underdeveloped while credit guarantee schemes have very limited operations. Given the current near total lack of equity supply, it is important that the government supports the efforts to launch business angels network and contribute to creating conditions favourable for external equity financing. Assuring access to additional financing will be of crucial importance to enable companies to use the opportunities to technologically improve and grow. Therefore, activities for introduction of new banking services and instruments, as well as alternative form of capital should be introduced and/or further developed.

3. Significant improvement should be made to improve capacity and services of the Bureau of Metrology and the Institute of Standardization. The services of the BoM are limited to few measurement areas, the laboratories still have critical amount of necessary equipment and its staff need continuous training. Also, the BoM has objective to become the notified body for conformity assessment to certain types of measuring instruments following the Measuring instruments Directive (This Directive is transposed in the Rulebook for measuring instruments (water meters), AWI (Automatic weighing instruments) and taximeters, as well as for the NAWI Non-automatic weighing instruments)). Another priority in the area of metrology is to secure the traceability for the verification equipment available at BoM that is being used for inspection activities within the metrological infrastructure (such as: verification of the measuring instruments, metrological and expert supervision) and the certificating activities (conformity of the type of the measuring instruments and certificating of referent materials). The national Institute of Standardisation needs further capacity development in order to meet the obligations deriving from the full membership in CEN/CENELEC. Furthermore, there is need to raise awareness about standards and to ensure active involvement of the business community in adopting European standards and their implementation.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE IPA SECTOR SUPPORT

The overall objective of sector plan on private sector development is to strengthen the capacities for development and implementation of measures targeted to maintain sustainable growth, increase competitiveness of the private sector and provide a healthy business environment for investment, competitiveness based on knowledge and innovation enhancement, to contribute to the improvement of the internal market in general.

3.2 SPECIFIC OBJECTIVE(S) OF THE IPA

The sector specific objectives are to:

1. Improve the business environment and the institutional capacities in the area of competitiveness and improving the competitiveness index of the country.
2. Increase the market competitiveness and production efficiency of the companies, as well as improving the market sophistication, innovation and access to finance.

3.3 RESULTS

Measure 1: Institutional capacities and competitive business environment

Operation 1.1: Capacity building for compilation of business and financial statistics

Results:

- Improved quality and availability of administrative data for statistical purposes, as it is laid down in the Eurostat Code of Practice;

- Statistical methods in the area of social, agriculture, business and price statistics further improved;
- ESA 2010 implemented;
- Corporate data warehouse (DWH) for economic statistics put into daily statistical production;
- Supply contract signed for procurement of IT equipment necessary for supporting DWH development and exploitation

Measurable indicators:

- Number of administrative and other data sets incorporated in the DWH;
- Share of statistical data produced based on improved or new methods
- Number of data sets produced according to the new definitions of ESA 2010;

Operation 1.2: Capacity building of institutions supporting business environment

Results:

- One-stop-shop system for business licences and permits further expanded;
- Support of follow up activities for the E-inspectorates project implemented;
- Capacities of the local and national authorities as well as the private sector for implementation of the legal framework for the Public Private Partnership strengthened

Measurable indicators:

- Number of additional services of the One-stop-shop system for business licences and permits and number of additional OSS included into the system.
- Number of actions undertaken for supporting the follow up activities of the e-inspectorates project that is already implemented;
- Number of staff trained in the local and national authorities for implementation of the legal framework for the Public Private Partnership and number of companies certified for PPP;

Operation 1.3: Supporting the improvement of business environment

Results:

- Functional office environment of the Contact Centre/Call Centre is established, handling inbound and outbound calls, supporting quality and efficient services to taxpayers.
- Access to the PRO knowledge database established for the PRO employees;
- Fully equipped Mobile Service Counters (specially equipped vehicles) in use.

Measurable indicators:

- Software application installed, handling increased number of inbound and outbound calls at Contact Centre/Call Centre;
- Hardware equipment installed, accessing increased number of databases used by the Contact Centre/Call Centre and Service Counters to improve the quality of services;
- Number of supplied fully equipped Mobile Service Counters (specially equipped vehicles);
- Increased number of served clients through Contact Centre/Call Centre and visits in the municipalities by the Mobile Service Counters.

Measure 2: Further Harmonization with EU in the field of insurance and increase of market operations

Results:

- Legal framework improved;
- Relevant stakeholders introduced and trained.

Measurable indicators:

- Report on assessment of the level of harmonization of the existing legislation prepared and approved by the beneficiary;
- Report on recommendations for better implementation of the new Law and by-laws approved by the beneficiary;
- New Insurance law and bylaws approximated with Directive 2009/138/EC;
- Number of training events for the representatives of relevant ministries and associate institutions delivered;
- Number of promotion events and products delivered;
- Number of representatives of relevant ministries and associate institutions trained;

Measure 3: Market sophistication, innovation and access to finance

Operation 3.1: Innovation and access to finance

Results:

- Implementation of the Innovation Strategy of the Government of the former Yugoslav Republic of Macedonia supported. In particular, established/further developed sustainable infrastructure for innovation. It includes, inter-alia, established/developed capacities of business and technology incubators, business and technology accelerators (especially for woman and young population and services for supporting of business start ups and SMEs in early phase of development in creative industries), science and technology parks, entities for stimulation of innovation activities in the priority field of science and technology and centre for transfer of technologies
- Performance and capacities of SMEs strengthened to compete local and international
- Capacities of SMEs to access finance and undertake investments in innovation, research and development strengthened;
- Implemented measures for improving competitiveness of Competitiveness strategy, export promotion, trade facilitation and increased linkages between foreign investors and domestic suppliers
- Developed and implemented grant scheme for enhancing socio economic development⁷;

Measurable indicators:

- Number and capacity of newly established/further developed bodies to support innovations in companies.
- Turnover, new employments and export performance of SME in general and of assisted enterprises in particular.
- Number of enterprises utilising financial instruments from national, EU or regional facilities for innovation and development;
- Number of supported business start ups and SMEs in early phase of development in creative industries.

⁷ Grant recipients may be: NGOs, think tanks, social partners (trade unions and employers federations); organisations representing social and economic players at large (consumer organisations for instance); regional authorities, town and local communities; organisations at grassroots level through which citizens participate in local and municipal life (e.g. youth or family associations); universities; religious communities and media. IPA Programming Guide Component I, II, version as of 31/03/08 Volume I page 46.

- Number of measures implemented for improving competitiveness, export promotion, trade facilitation and increased linkages between foreign investors in the country and domestic suppliers
- Number of cooperation contracts concluded between foreign investors in the country and domestic suppliers.
- Number of grants for socio economic development awarded ;

Operation 3.2: Strengthening of the internal market integration

Results:

- Equipment for upgrading BoM's services installed and related trainings completed.
- Work procedures for operation with the new equipment established and related manuals prepared.
- Companies and general public have better understanding of the requirements related to traceability and liabilities derived from the Law on Metrology.
- Improved capacity of the ISRM in general and of the Certification unit of ISRM regarding developing national and harmonization with EU standards;
- New tools added to the existing Data management system of the ISRM, and equipment supplied.
- Training sessions regarding importance of establishing standardization in production and services to the relevant stakeholders delivered

Measurable indicators:

- Increased number of services of BoM.
- Improved operation efficiency and quality of service of BoM.
- Number of training sessions related to verification and calibration delivered to BoM expert staff.
- Number of training sessions in the area of metrology delivered to the accredited bodies.
- Number of national standards developed
- Number of certifications issued by ISRM;
- Number of reports of the ISRM developed;
- Increasing awareness of the SMEs regarding importance for using EU standards and protection of intellectual property through standards.

3.4 MEASURES/OPERATIONS TO ACHIEVE RESULTS

Measure 1: Institutional capacities and competitive business environment

Operation 1.1: Capacity building for compilation of business and financial statistics

Activities:

- Assisting SSO to further upgrade methodologies for collection and processing of economic and social statistics, harmonize administrative and statistical processes in terms of definitions, concepts, coverage etc. and improve other relevant processes and methodologies;
- Training of SSO staff in new methodologies on economic/social statistics and in the implementation of ESA 2010, and improving SSO staff knowledge for monitoring of the public fiscal data;
- Supporting SSO in the process of preparation of manuals for data processing, data analysing and data balancing, including production of new publications in order to improve relevant data collection and data processing.
- Assisting SSO in preparation of tender procedure for supply of IT equipment and outsourcing data warehouse software development;

- Assisting SSO in outsourcing tailor-made software development and data warehouse for economic statistics contracted;

Operation 1.2: Capacity building of institutions supporting business environment

Activities:

- Further development of the One Stop Shop system for business licences and permits;
- Capacity building of local and national authorities to implement the legal framework for the Public Private Partnership and improved implementation and application of the legal framework for the Public Private Partnership;

Operation 1.3: Supporting the improvement of business environment

Activities:

- Supply and installation of integrated software application for the Contact Centre/Call Centre);
- Supply and installation of hardware and office equipment for the Call Centre/Contact;
- Supply and put in use of Mobile Service Counters (specially equipped vehicles) with appropriate hardware, software and office equipment

Measure 2: Further Harmonization with EU in the field of insurance and increase of market operations

Activities:

- Assessment of the level of harmonization of the existing legislation, recommendation for better implementation, and capacity building of the relevant ministry and associate institutions.
- Designing and organisation of promotion/information activities;
- Drafting legislation (law and by-laws) compliant with Directive 2009/138/EC.

Measure 3: Market sophistication, innovation and access to finance

Operation 3.1: Innovation and access to finance

Activities:

- Supporting the implementation of the Innovation Strategy of the Government of the former Yugoslav Republic of Macedonia
- Supporting the establishment/ further development of a sustainable infrastructure for introduction of innovation and research in companies. Support shall be provided to foundation or development of facilities such as: business and technology incubators, business and technology accelerators, science and technology park, entities for stimulation of innovation activities and technology and centre for transfer of technologies. that will support innovation and research in SMEs through
- Strengthening the performance and capacities of the SME's through provision of advice to enhance competitiveness, support innovation and growth
- Strengthening the capacities of SMEs to access financial instruments through provision of assistance to enhance business planning, investment and financial management
- Make evaluation on the SME access to finance and develop a comprehensive programme to repair the identified deficiencies
- Developing the quality of supply and encourage demand for business advisory services and expertise to support innovation and technology development in companies.
- Developing and promotion of services for supporting of business start ups and SMEs in early phase of development in creative industries thought establishing specialised accelerators focused on promotion of entrepreneurship development among women and young population

- Supporting the implementation of measures of Competitiveness strategy, export promotion, trade facilitation and increased linkages between foreign investors and domestic suppliers
- Establishing a grant scheme for socio-economic developments in the country, inter alia, for following priorities: building links between civil actions and the National strategy for Competitiveness, promoting policy-making in the area of innovation, research and development economic policy research, diversification of exports, trade in services and environment, improved capacity, expertise and strategic- thinking amongst relevant stakeholders to carry out advocacy on trade, FDI , corporate governance and poverty related policy issues.

Operation 3.2: Strengthening of the internal market integration

Activities:

- Procurement and installation of equipment for BoM's laboratory in order to upgrade BoM's services and onsite training for use of the equipment.
- Assist BoM to draft and prepare working procedures/manuals for operation with the new equipment and upgrade the existing methods;
- Support BoM for recalibration of the existing and new equipment.
- Organize and deliver training sessions in the area of traceability and Law on metrology to the accredited bodies and broader group of stakeholders;
- Support BoM in participation in selected General assemblies (WELMEC and EURAMET) and Technical committees;
- Capacity building of the ISRM in general and of the Certification unit of ISRM regarding developing national and harmonization with EU standards;
- Upgrade data management system of ISRM and supply of equipment;
- Assist ISRM to conduct training needs assessment regarding importance of establishing standardization in production and services, training curricula and deliver training sessions for relevant stakeholders;

3.5 OVERVIEW OF PAST OR ON-GOING ASSISTANCE, LESSONS LEARNED, MECHANISMS FOR DONOR COORDINATION/SECTOR WORKING GROUP AND/OR POLICY DIALOGUE

See ANNEX VI

3.6 SUSTAINABILITY

The key element that will contribute to ensure sustainability of results is the enhanced ability of the relevant institutions and stakeholders to continue on-going reforms and initiate next generation of reforms for improving the performance of the private sector and meet EU standards for functional and competitive economy. In that respect, the main pre-conditions take account of: building capacity of government institutions, agencies, business associations; improved ability and practice of monitoring the progress and managing the reforms; increased public dialogue and debate on demand for reforms (public-private dialogue); stakeholders have positive attitude towards reforms and EU membership; improved transparency of policies; enhanced accountability by the government towards key stakeholder;... The sustainable institutional framework established shall support the development of the business sector measures for competitiveness affecting directly enterprises. The main public institutions and organisations that are among the beneficiaries are having a specific role in the economic sector and improvement of the business. Also the support is envisaged in order to achieve the development and improving capacities in metrology, standardization, testing, quality assurance,

accreditation and certification (MSTQ) which lie at the core of developing country ability to export competitive goods and provide services.

Regarding official statistics, the project should lead to improved codes of practice, methods and will have impact on the cross-sectorial statistics improvements and a better co-ordination between national producers of statistics, in order to increase responsibility and capacity to provide for close monitoring of results with respect to the *Acquis Communautaire* in statistics. Also, this project will contribute towards modernised insurance sector, improved consumer protection and harmonisation with the EU supervision standards. The sustainability of project's results will continue by successful integration of the country insurance market in the European market, promoting the country's readiness to face the competitive pressures and internal market forces within the European Union. Also the sustainability of this project will be ensured by establishment and functioning of insurance companies and reinsurance based on solid economic principles, adequate protection of policy holders and beneficiaries and financial stability and fair and stable markets. The implementation of the newly established legal framework harmonised with the Solvency II Directive, the increased effectiveness and efficiency in the functioning of the insurance sector participants and better secured and protected rights of policy holders and beneficiaries will add to the sustainability of the project results.

Furthermore, the improved legislation in the field of taxation in line with the *acquis* and increased awareness of the tax payers about the changes in legislation will contribute not only to business environment development, but also to more effective tax collection which will add value to the sustainability.

Also, improving the Public Revenue Office taxpayers services will not only aid the administrative build-up of the PRO Contact Centre/Call Centre and Service Counters, but will likewise benefit the taxpayers as a result of the generated improved services.

Further improvement of the capacities of the Bureau of Metrology will help for development of the metrological system in the country providing the traceability of the SI measurement units and their dissemination to all users in the country. An improved system of metrology, will support in the protection of the environment, provide for general technical safety and enhance the competition rules in the country. The project has cross-border impact, as the country is part of regional free trade agreement, providing further access of the country's products to the markets of neighbouring countries through international recognition of the national standardisation, accreditation and metrology infrastructure.

3.7 ASSUMPTIONS AND PRECONDITIONS

The assumptions related with this sector fiche are related with the commitment, responsibility and accountability for its implementation at national and local level and effective coordination of undertaken measures by all stakeholders in order to multiply the effect to a larger scope of socially excluded groups, such as:

- Continued commitment to the EU Accession process;
- Commitment from national authorities in the process;
- Availability of appropriate staff for trainings;
- The stakeholders ready to cooperate;
- Appropriate expertise is available;
- Beneficiary institutions can make (qualified) staff available.

Preconditions:

- Appointment of counterpart personnel by the beneficiaries before contract signatory;

- Allocation of working space and facilities within the premises of the beneficiaries before contract signatory;
- Participation by the beneficiaries in the tender process as per EU regulations;
- Organisation, selection, appointment and participation of members of working groups, steering and coordination committees, seminars by the beneficiaries/stakeholders as per work plan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- Sufficient managerial, technical and human resources allocated to the relevant Departments;
- EU procedures to be followed in all tender procedure;
- The trainings under the individual activities will be carried out in the national training premises (for ex. EU/IPA Training and Support Facility);
- In areas where there is evident expertise with the final beneficiary, the trainings will be delivered by the civil servants, as part of their job description, without any compensation and/or with the assistance of key/short term experts;
- List of equipment to be procured for BoM's needs to be determined in line with the priorities set in the BoM Strategy;
- Government to allocate sufficient resources to compliment the technical assistance projects planned under 3.1. for example- founding capital, premises, equipment and staff for Investment Fund.

The risks that might occur during implementation of the sector support plan could be related to weak approach in implementation of defined activities; time consuming and weak institutional coordination in providing resources for the support of the implementation of the objectives; lack of gathering of on-time information, consultation and involvement of stakeholders, communities and groups; insufficient capacities for program and project management; insufficient capacities for monitoring and evaluation of implemented measures; delays in implementation of the activities within other linked and ongoing Twinning and Works Contracts of the beneficiary institutions of this project fiche: adequate environment for the PRO Contact Centre/Call Centre is in place at the latest by the end of 2015.

Pre-conditions are very important. In the area of R&D and for the parts related to boosting innovation and technology in SME, academia and eventually in the country, implementation of the programme should be linked to the achievement of the following requisites:

- Gradual increase of national budget dedicated to R&D to 1% over the medium term.⁸

4 IMPLEMENTATION ISSUES

Central Financing and Contracting Department – will be the Contracting Authority. The Head of the Contracting Authority is at the same time the Head of the Operating Structure (HOS) for Regional Development. Therefore, besides the responsibilities of CFCD in launching tenders, organizing evaluations, preparing/signing contracts, CFCD also supports HOS in performing its supervisory role over the Operating Structure for Regional Development. The Contractor will report to CFCD and the Contractor's Team Leader will have to perform regular communication with the Contracting Authority and coordinate the Contract activities in close consultation with HOS.

⁸ Page 8 of the draft innovation strategy

The Cabinet of the Deputy Prime Minister in charge for economic affairs and coordination of economic sectors (CDPMEA) is the leading and coordinating institution. The sector approach of the programming and implementing of the sector fiche demands coordination of its beneficiary institution by institution which is structured as umbrella over economic institutions- beneficiaries of this fiche. The CDPMEA responsibility is to ensure efficiency in implementing of the measures and put efforts to overcome eventually obstacles in implementing process. The beneficiaries SPOs that are responsible for implementation of the measures of this fiche will regularly report to the CDPMEA.

The **beneficiaries** of the Private sector development sector fiche are:

Direct beneficiaries:

1. Cabinet of the Vice prime minister in charge of economic affaires (SPO General Secretariat of the Government of the former Yugoslav Republic of Macedonia)
2. Ministry of Economy
3. Supervision Insurance Agency
4. Ministry of Finance
5. State Statistical Office
6. Bureau of Metrology
7. Institute for Standardisation
8. Public Revenue Office

Other beneficiaries:

6. Ministry of labour and social policy
7. Ministry of education and science
8. Entrepreneurship Supporting Agency
9. *Macedonian Bank for Development Promotion*
10. Eligible grant recipients⁹ Clusters and other legal and natural entities such as: trade companies, sole proprietors, research and development organizations, universities, chambers, innovation centres, technology transfer centres, technology parks, civic associations whose main activity is based on innovation and technical advancement development.

Sector Fiche Steering Committee (SFSC) at the highest level will be established. Sector Fiche Steering Committee (SFSC) will be set up before the projects start for the purpose of the overall management and coordination. With the SFSC will chair the CDPMEA. The SFSC will provide guidance for the sector fiche implementation and include all relevant stakeholders. Additionally, separate Project Steering Committee (PSC) will be formed for every single project. The PSC will be chaired by the implementing institution of the project including member of all relevant stakeholders. The PSC will be set before start of the project for monitoring, managing and coordination of the implementation of the project.

⁹ Cf. IPA Programming Guide for Component I & II, Volume I, p. 46.

4.1 INDICATIVE BUDGET

Budget 2012 - Indicative budget (amounts in EUR)

SECTOR TITLE			SOURCES OF FUNDING										
			TOTAL EXPENDITURE	TOTAL PUBLIC EXPENDITURE	IPA CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB -1	INV -1	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	-2%	Total EUR (d)=(x)+(y)+(z)	% -200%	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (e)	% -3
Operation 1.1	x		742,105	742,105	705,000	95%	37,105	5%	37,105				
Operation 1.2		x	356,667	356,667	267,500	75%	89,167	25%	89,167				
	x		694,444	694,444	625,000	90%	69,444	10%	69,444				
	x		444,444	444,444	400,000	90%	44,444	10%	44,444				
Operation 1.3		x	480,000	480,000	360,000	75%	120,000	25%	120,000				
Operation 2.1	x		700,000	700,000	665,000	95%	35,000	5%	35,000				
Operation 3.1	x		505,556	505,556	455,000	90%	50,556	10%	50,556				
Operation 3.2.		x	780,000	780,000	585,000	75%	195,000	25%	195,000				
		x	240,000	240,000	180,000	75%	60,000	25%	60,000				
	x		249,474	249,474	237,000	95%	12,474	5%	12,474				
	x		231,111	231,111	208,000	90%	23,111	10%	23,111				
TOTAL IB			3,567,134	3,567,134	3,295,000	92%	272,134	8%	272,134				
TOTAL INV			1,856,667	1,856,667	1,392,500	75%	464,167	25%	464,167				
TOTAL SECTOR SUPPORT			5,423,801	5,423,801	4,687,500	86%	736,301	14%	736,301				

Budget 2013 – Indicative budget (amounts in EUR)

SECTOR TITLE			SOURCES OF FUNDING										
			TOTAL EXPENDITURE	TOTAL PUBLIC EXPENDITURE	IPA CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
IB	INV		EUR	EUR	EUR		Total	%	Central	Regional/Local	IFIs	EUR	%
-1	-1		(a)=(b)+(e)	(b)=(c)+(d)	(c)	-2%	EUR	- 200%	EUR	EUR	EUR	(e)	- 300.00%
							(d)=(x)+(y)+(z)		(x)	(y)	(z)		
Operation 1.1 SSO Service	x		301,000	301,000	270,900	90%	30,100	10%	30,100				
Operation 1.1 SSO Supply		x	40,000	40,000	29,100	73%	10,900	27%	10,900				
Operation 3.1	x		1,812,500	1,700,000	1,462,500	86%	237,500	14%	237,500			112,500	
TOTAL IB			2,113,500	2,001,000	1,733,400	87%	267,600	13%	267,600				
TOTAL INV			40,000	40,000	29,100	73%	10,900	27%	10,900			112,500	
TOTAL SECTOR SUPPORT			2,153,500	2,041,000	1,762,500	86%	278,500	14%	278,500			112,500	

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN PER QUARTER)

Dates indicated in the schedule cannot go beyond the contracting and execution deadlines in the financing proposal

Operations	Start of Tendering/ Call(s) for proposals	Signature of contract(s)	Activity Completion
1. Operation 1.1. twinning	Q4 2015	Q2 2016	Q2 2017
2. Operation 1.1. service	Q1 2016	Q3 2016	Q4 2017
3. Operation 1.1. supply	Q3 2016	Q3 2016	Q1 2017
4. Operation 1.2. supply	Q1 2016	Q3 2016	Q2 2017
5. Operation 1.2. service	Q1 2016	Q3 2016	Q4 2018
6. Operation 1.2. service	Q1 2016	Q3 2016	Q4 2017
7. Operation 1.3. supply	Q2 2015	Q3 2016	Q3 2017
8. Operation 2.1. twinning	Q1 2015	Q3 2015	Q3 2017
9. Operation 3.1. grant scheme	Q3 2016	Q1 2017	Q4 2018
10. Operation 3.1. service	Q1 2016	Q3 2016	Q4 2017
11. Operation 3.2. Supply	Q1 2016	Q3 2016	Q2 2017
12. Operation 3.2. Twining	Q1 2016	Q3 2016	Q3 2017
13. Operation 3.2. Supply	Q1 2016	Q3 2016	Q2 2017
14. Operation 3.2. Service	Q1 2016	Q3 2016	Q4 2017

4.3 CROSS CUTTING ISSUES

4.3.1 *Equal Opportunities and non-discrimination*

Through the implementation of the project it will be possible to fully enable the equal opportunities and non-discrimination. The respect of equal gender opportunities will be priority in the composition of the Steering Committee and where necessary. Also the training activities could have in its content a component in order to train municipal and ministerial staff as part of the Government Gender Strategy, while reference will be made to the EC Programme of Action for the mainstreaming of gender equality in community development cooperation (2001-06). The result from this training component is going to be assistance to the beneficiary in order to enable an 'internal gender assessment' by which he will be able to determine which areas are lagging and their internal performance could be improved by vis-à-vis gender phase.

4.3.2 *Environment and climate change*

Responding to climate change requires the participation of all stakeholders, including governments and the private sector. Alleviating the negative impacts of climate change and maximizing the potential opportunities it creates through low carbon economic growth require broad institutional and fiscal reform and increased financial commitments through a joint governments - private sector

effort. Effective partnerships with the private sector have been increasingly recognized as a basis for overcoming present barriers that restrict capital flows into the sectors that support climate change mitigation and adaptation.

4.3.3 Minorities and vulnerable groups

Equal representation of minorities and vulnerable groups will be guaranteed through the Sector Plan preparation and implementation and the institutions involved will observe providing the equal opportunities for all the citizens regardless of their ethnic and religious background, as well any type of occurrence of social risk faced by the minorities and/or vulnerable groups.

4.3.4 Civil Society/Stakeholders involvement

Considering the important role of the social partners and the civil society sector, especially in the fields related to the policy creation, development, implementation etc., substantial efforts will be dedicated to the purpose of regular informing and involvement, whenever possible of the civil society organisations and social partners, as well as any other institution/organisation as parties concerned regarding the project implementation, outcomes and results achieved within the Sector Plan.

4.4 Sector monitoring, evaluation and audit

Each institution involved is responsible for daily management and monitoring of the relevant measures.

In addition, an overall management structure that will be established so as to oversee the overall implementation of the project and to ensure appropriate coordination between the different activities supported by the project, the Sector Steering Committee (SSC), will monitor the progress of the program, two times per year, every 6 months. The overall coordination of the activities within this sector falls under the Deputy Prime Minister for economic affairs.

The audit will be conducted by the Audit Authority for audit of the instrument for pre-accession assistance (IPA).

ANNEXES

1. Logframe
2. Institutional Framework
3. Political, legal and institutional framework.
4. EU funded operation
5. Possible visibility activities
6. Past and on-going activities

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number		
<i>Sector support plan on private sector development</i>		Contracting period expires		Execution period expires
		Total budget	EUR 7,484,189	
		IPA budget	EUR 6,450,000	
Overall objective	Objectively verifiable indicators (OVI)	Sources of Verification		
To strengthen the capacities for development and implementation of measures targeted to maintain sustainable growth, increase competitiveness of the private sector and provide a healthy business environment for investment, competitiveness based on knowledge and innovation enhancement, to contribute to the improvement of the internal market in general	<ul style="list-style-type: none"> • Country rating on Competitiveness Index (World economic Forum) • Annual volume public and private investment in R&D and innovation • Private sector share on GDP, employment and national exports 	<ul style="list-style-type: none"> • Project reports • Certified trainings accomplished • Implemented electronic software solutions • Draft legislation (laws/bylaws) • Grants awarded • Quality Data produced for statistical purposes 		
Specific objective	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions	
<p>1. Improve the business environment and the institutional capacities in the area of competitiveness and improving the competitiveness index of the country.</p> <p>2. Increase the market competitiveness and production efficiency of the companies, as well as improving the market sophistication, innovation and access to finance.</p>	<ul style="list-style-type: none"> • Annual volume of grants provided eligible beneficiaries • Number of private companies supported and increased revenues of supported companies • Number of employees in the public and private bodies trained • Number of costumers of the beneficiary institutions improved 	<ul style="list-style-type: none"> • Project reports • Certified trainings accomplished • Implemented electronic software solutions • Draft legislation (laws/bylaws) • Grants awarded • Quality Data produced for statistical purposes 	<ul style="list-style-type: none"> - Appointment of counterpart personnel by the beneficiaries before contract signatory; - Allocation of working space and facilities within the premises of the beneficiaries before contract signatory; - Participation by the beneficiaries in the tender process as per EU regulations; - Organisation, selection, appointment and participation of members of working groups, steering and coordination committees, seminars by the beneficiaries/stakeholders as per work plan 	

	<ul style="list-style-type: none"> • Number of costumers of installed electronic software solutions • Number of legislation acts comply with EU Directives 		<p>of the project;</p> <ul style="list-style-type: none"> - Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan; - Sufficient managerial, technical and human resources allocated to the relevant Departments; - EU procedures to be followed in all tender procedure; - The trainings under the individual activities will be carried out in the national training premises (for ex. EU/IPA Training and Support Facility); - In areas where there is evident expertise with the final beneficiary, the trainings will be delivered by the civil servants, as part of their job description, without any compensation and/or with the assistance of key/short term experts. - List of equipment to be procured for BoM's needs to be determined in line with the priorities set in the BoM Strategy. - Government to allocate sufficient resources to compliment the technical assistance projects planned under 3.1. for example- founding capital, premises, equipment and staff for Investment Fund.
Results	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
<ul style="list-style-type: none"> - Improved quality and availability of administrative data for statistical purposes, as it is laid down in the Eurostat Code of Practice; - Statistical methods in the area of social, agriculture, business and price statistics further improved; 	<ul style="list-style-type: none"> - Number of administrative and other data sets incorporated in the DWH; - Share of statistical data produced based on improved or new methods; - Number of data sets produced according to the new definitions of ESA 2010; - Number of additional services of the One-stop-shop system for business licences and permits 	<ul style="list-style-type: none"> • Project reports • Certified trainings accomplished • Implemented electronic software solutions • Draft legislation (laws/bylaws) • Grants awarded 	<ul style="list-style-type: none"> - Appointment of counterpart personnel by the beneficiaries before contract signatory; - Allocation of working space and facilities within the premises of the beneficiaries before contract signatory; - Participation by the beneficiaries in the tender process as per EU regulations;

<ul style="list-style-type: none"> - ESA 2010 implemented; - Corporate data warehouse (DWH) for economic statistics put into daily statistical production; - Supply contract signed for procurement of IT equipment necessary for supporting DWH development and exploitation - One-stop-shop system for business licences and permits further expanded; - Capacities of the local and national authorities as well as the private sector for implementation of the legal framework for the Public Private Partnership strengthened; - Functional office environment of the Contact Centre/Call Centre is established, handling inbound and outbound calls, supporting quality and efficient services to taxpayers. - Access to the PRO knowledge database established for the PRO employees; - Fully equipped Mobile Service Counters (specially equipped vehicles) in use. - Implementation of the Innovation Strategy supported; - Implementation of the Innovation Strategy of the Government of the former Yugoslav Republic of Macedonia supported; In particular, established/further developed sustainable infrastructure for innovation. It includes, inter-alia, established/developed capacities of business and technology incubators, business and technology accelerators (especially for woman and young population and services for supporting of business start ups and SMEs in early phase of development in creative industries), science and technology parks, entities for stimulation of innovation activities in the priority field of 	<p>and number of additional OSS included into the system.</p> <ul style="list-style-type: none"> - Number of staff trained in the local and national authorities for implementation of the legal framework for the Public Private Partnership and number of companies certified for PPP; - Software application installed, handling increased number of inbound and outbound calls at the Call centre; - Hardware equipment installed, accessing increased number of databases used by the Contact Centre/Call Centre and Service Counters to improve the quality of services; - Number of supplied fully equipped Mobile Service Counters (specially equipped vehicles); - Increased number of served clients through Contact Centre/Call Centre and visits in the municipalities by the Mobile Service Counters; - New Insurance law and bylaws approximated with Directive 2009/138/EC; - Number of training events for the representatives of relevant ministries and associate institutions delivered; - Number of promotion events and products delivered; - Number of representatives of relevant ministries and associate institutions trained; - Number and capacity of newly established/further developed bodies to support innovations in companies. - Turnover, new employments and export performance of SME in general and of assisted enterprises in particular. - Number of enterprises utilising financial instruments from national, EU or regional facilities for innovation and development; 	<ul style="list-style-type: none"> • Quality Data produced for statistical purposes 	<ul style="list-style-type: none"> - Organisation, selection, appointment and participation of members of working groups, steering and coordination committees, seminars by the beneficiaries/stakeholders as per work plan of the project; - Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan; - Sufficient managerial, technical and human resources allocated to the relevant Departments; - EU procedures to be followed in all tender procedure; - The trainings under the individual activities will be carried out in the national training premises (for ex. EU/IPA Training and Support Facility); - In areas where there is evident expertise with the final beneficiary, the trainings will be delivered by the civil servants, as part of their job description, without any compensation and/or with the assistance of key/short term experts. - List of equipment to be procured for BoM's needs to be determined in line with the priorities set in the BoM Strategy. - Government to allocate sufficient resources to compliment the technical assistance projects planned under 3.1. for example- founding capital, premises, equipment and staff for Investment Fund.
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<p>science and technology and centre for transfer of technologies</p> <ul style="list-style-type: none"> - Performance and capacities of SMEs strengthened to compete local and international - Capacities of SMEs to access finance and undertake investments in innovation, research and development strengthened; - Implemented measures for improving competitiveness of Competitiveness strategy, export promotion, trade facilitation and increased linkages between foreign investors and domestic suppliers - Developed and implemented grant scheme for enhancing socio economic development; - Equipment for upgrading BoM's services installed and related trainings completed. - Work procedures for operation with the new equipment established and related manuals prepared. - Companies and general public have better understanding of the requirements related to traceability and rigines and liabilities derived from the Law on metrology. - Improved capacity of the ISRM in general and of the Certification unit of ISRM regarding developing national and harmonization with EU standards; - New tools added to the existing Data management system of the ISRM, and equipment supplied. - Training sessions regarding importance of establishing standardization in production and services to the relevant stakeholders delivered 	<ul style="list-style-type: none"> - Number of supported business start ups and SMEs in early phase of development in creative industries. - Number of measures implemented for improving competitiveness, export promotion, trade facilitation and increased linkages between foreign investors in the country and domestic suppliers - Number of cooperation contracts concluded between foreign investors in the country and domestic suppliers. - Number of grants for socio economic development awarded; - Increased number of services of BoM. - Improved operation efficiency and quality of service of BoM. - Number of training sessions related to verification and calibration delivered to BoM expert staff. - Number of training sessions in the area of metrology delivered to the accredited bodies. - Number of national standards developed - Number of certifications issued by ISRM; - Number of reports of the ISRM developed. - Increasing awareness of the SMEs regarding importance for using EU standards and protection of intellectual property through standards 		
Activities to achieve results	Means / contracts	Costs	Assumptions

<p>Measure 1: Institutional capacities and competitive business environment</p> <p>Operation 1.1: Capacity building for compilation of business and financial statistics</p> <ul style="list-style-type: none"> - Assisting SSO to further upgrade methodologies for collection and processing of economic and social statistics, harmonize administrative and statistical processes in terms of definitions, concepts, coverage etc. and improve other relevant processes and methodologies; - Training of SSO staff in new methodologies on economic/social statistics and in the implementation of ESA 2010, and improving SSO staff knowledge for monitoring of the public fiscal data; - Supporting SSO in the process of preparation of manuals for data processing, data analysing and data balancing, including production of new publications in order to improve relevant data collection and data processing. - Assisting SSO in preparation of tender procedure for supply of IT equipment and outsourcing data warehouse software development; - Assisting SSO in outsourcing tailor-made software development and data warehouse for economic statistics contracted; <p>Operation 1.2: Capacity building of institutions supporting business environment</p> <ul style="list-style-type: none"> - Further development of the One Stop Shop system for business licences and permits; - Capacity building of local and national authorities to implement the legal framework for the Public Private Partnership and improved implementation and application of 	<p>Supply contracts, Service Contracts, Grant scheme, Twinning Contract.</p>	<p>Total: EUR 7,484,189</p> <p>IPA: EUR 6,450,000</p>	<ul style="list-style-type: none"> -Continued commitment to the EU Accession process; -Commitment from national authorities in the process; -Availability of appropriate staff for trainings; -The stakeholders ready to cooperate; -Appropriate expertise is available; -Beneficiary institutions can make (qualified) staff available
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<p>the legal framework for the Public Private Partnership;</p> <p>Operation 1.3: Supporting the improvement of business environment</p> <ul style="list-style-type: none"> - Supply and installation of integrated software application for the Contact Centre/Call Centre; - Supply and installation of hardware and office equipment for the Contact Centre/Call Centre; - Supply and put in use of Mobile Service Counters (specially equipped vehicles) with appropriate hardware, software and office equipment. <p>Measure 2: Further Harmonization with EU in the field of insurance and increase of market operations</p> <ul style="list-style-type: none"> - Assessment of the level of harmonization of the existing legislation, recommendation for better implementation, and capacity building of the relevant ministry and associate institutions. - Designing and organisation of promotion/information activities; - Drafting legislation (law and by-laws) compliant with Directive 2009/138/EC <p>Measure 3: Market sophistication, innovation and access to finance</p> <p>Operation 3.1: Innovation and access to finance</p> <ul style="list-style-type: none"> - Supporting the implementation of the Innovation Strategy of the Government of the former Yugoslav Republic of Macedonia - Supporting the establishment/ further development of a sustainable infrastructure for introduction of innovation and research in companies. Support shall be provided to 		
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<p>foundation or development of facilities such as: business and technology incubators, business and technology accelerators, science and technology park, entities for stimulation of innovation activities and technology and centre for transfer of technologies. that will support innovation and research in SMEs through</p> <ul style="list-style-type: none"> - Strengthening the performance and capacities of the SME's through provision of advice to enhance competitiveness, support innovation and growth - Strengthening the capacities of SMEs to access financial instruments through provision of assistance to enhance business planning, investment and financial management - Make evaluation on the SME access to finance and develop a comprehensive programme to repair the identified deficiencies - Developing the quality of supply and encourage demand for business advisory services and expertise to support innovation and technology development in companies. - Developing and promotion of services for supporting of business start ups and SMEs in early phase of development in creative industries through establishing specialised accelerators focused on promotion of entrepreneurship development among women and young population - Supporting the implementation of measures of Competitiveness strategy, export promotion, trade facilitation and increased linkages between foreign investors and domestic suppliers - Establishing a grant scheme for socio- 			
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<p>economic developments in the country, inter alia, for following priorities: building links between civil actions and the National strategy for Competitiveness, promoting policy-making in the area of innovation, research and development economic policy research, diversification of exports, trade in services and environment, improved capacity, expertise and strategic- thinking amongst relevant stakeholders to carry out advocacy on trade, FDI, corporate governance and poverty related policy issues.</p> <p>Operation 3.2: Strengthening of the internal market integration</p> <ul style="list-style-type: none"> - Procurement and installation of equipment for BoM's laboratory in order to upgrade BoM's services and onsite training for use of the equipment. - Assist BoM to draft and prepare working procedures/manuals for operation with the new equipment and upgrade the existing methods; - Support BoM for recalibration of the existing and new equipment. - Organize and deliver training sessions in the area of traceability and Law on metrology to the accredited bodies and broader group of stakeholders; - Support BoM in participation in selected General assemblies (WELMEC and EURAMET) and Technical committees; - Capacity building of the ISRM in general and of the Certification unit of ISRM regarding developing national and harmonization with EU standards; - Upgrade data management system of ISRM and supply of equipment; 		
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<p>- Assist ISRM to conduct training needs assessment regarding importance of establishing standardization in production and services, training curricula and deliver training sessions for relevant stakeholders;</p>			
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ANNEX 2: Institutional Framework

Lead and coordination Institution is the **Cabinet of the Deputy Prime Minister in charge for economic affairs** and coordination of economic sectors, i.e. the General secretariat of the Government of the former Yugoslav Republic of Macedonia - Sector for economic policy, structural reforms and investments.

The **beneficiaries** of the Private sector development sector fiche are:

Direct beneficiaries:

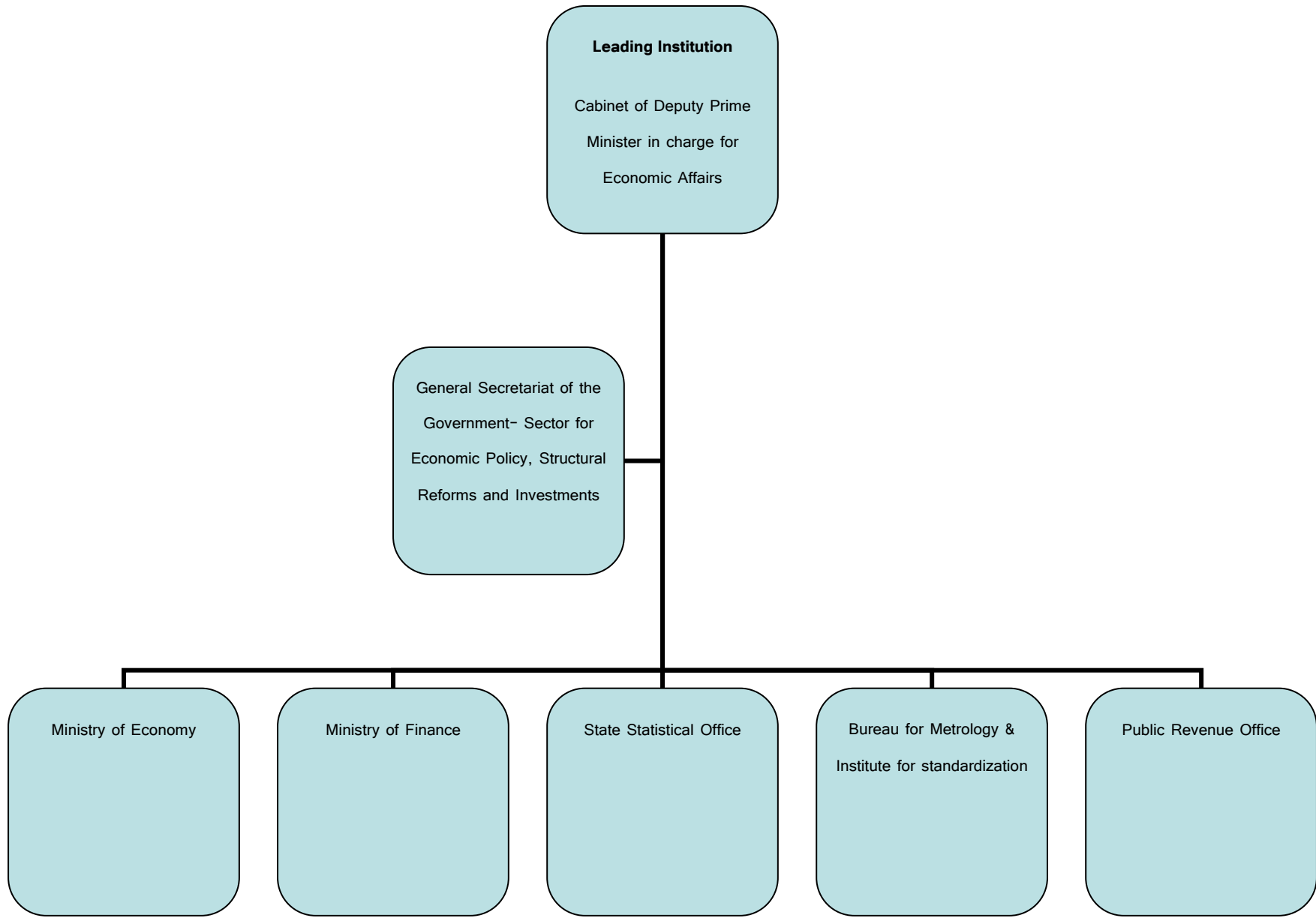
1. Cabinet of the Vice prime minister in charge of economic affaires (SPO General Secretariat of the Government of the former Yugoslav Republic of Macedonia)
2. Ministry of Economy
3. Supervision Insurance Agency
4. Ministry of Finance
5. State Statistical Office
6. Bureau of Metrology
7. Institute for Standardisation
8. Public Revenue Office

Other beneficiaries:

9. Ministry of labour and social policy
10. Ministry of education and science
11. Entrepreneurship Supporting Agency
12. *Macedonian Bank for Development Promotion*
13. Eligible grant recipients¹⁰

The Central Financing and Contracting Department (CFCD) will be the implementing agency and will be responsible for all procedural aspects of the tendering process, contracting matters and financial management including payment of project activities. The Head of CFCD will act as the Programme Authorising Officer (PAO) of the project.

¹⁰ Cf. IPA Programming Guide for Component I & II, Volume I, p. 46.



Annex 3- Political, legal and institutional framework

Relevant sector strategies:

- Innovation Strategy 2013-2020
- Entrepreneurial Learning Strategy 2014-2020 (on-going)
- Action Plan for improvement of the Competitiveness of the former Yugoslav Republic of Macedonia.
- Industrial Policy of the former Yugoslav Republic of Macedonia 2009-2020
- Innovation Scoreboard
- Programme for Stimulating Investments
- SSO Strategy
- National economic reform programme 2015-2017

Reference list of relevant laws and regulations:

- Constitution of the former Yugoslav Republic of Macedonia;
- Law of establishing the Agency for Promotion of Entrepreneurship of the former Yugoslav Republic of Macedonia
- Law on Insurance Supervision
- Law on State Statistics
- *Law on the Macedonian Bank for Development Promotion*
- Employment law and insurance against unemployment
- Law on Metrology
- Law on Standardization
- Law on Public Revenue Office;
- Law on Tax Procedures;
- Law on Corporate Income tax (Profit Tax);
- Law on contributions from the compulsory social insurance
- Law on audio and audiovisual media services
- Law on cash payments registration
- Law on Games of chance

ANNEX 4- EU funded operation

Measure/ action	Type of contract	Responsible Institution/s	Financial allocations (in EUR)	Implementation period (Starting of tendering-Activity competition)
Measure 1: Institutional capacities and competitive business environment				
Operation 1.1: Capacity building for compilation of business and financial statistics	This Operation will be implemented thought - One supply contract - One service contract - One Twinning contract	State Statistical Office	1. Supply contract- EUR 40,000 (IPA- EUR 29,100 & NC-10,900) 2. Service contract- EUR 301,000 (IPA- 275,900 & NC- 30,100) 3. Twinning contract-EUR 742,105 (IPA- 705,000 & NC- 37,105)	1. 3 rd Q 2015- 2 nd Q 2016 2. 2 nd Q 2015- 2 nd Q 2017 3. 1 st Q 2015- 2 nd Q 2017
Operation 1.2: Capacity building of institutions supporting business environment	This Operation will be implemented thought - Two service contracts - One supply contract	Cabinet of Deputy Prime Minister in charge of economic affair in cooperation with Ministry of Economy,	1. Service contract- EUR 694,444 (IPA- 625,000 & NC- 69,444) 2. Supply contract- EUR 356,667 (IPA- 267,500 & NC-89,167) 3. Service contract – EUR 444,444 (IPA-400,000 &NC-44,444)	1. 4 th Q 2014- 4 th Q 2015 2. 3 rd Q 2015- 2 nd Q 2017 3 rd Q 2015- 2 nd Q 2017
Operation 1.3: Supporting the improvement of business environment	This Operation will be implemented thought - One Supply contract	Ministry of Finance - Public Revenue Office	1. Supply contract- EUR 480,000 (IPA- 360,000 & NC- 120,000)	1. 1 st Q 2015- 4 th Q 2016
Measure 2: Further Harmonization with EU in the field of insurance and increase of market operations	This Operation will be implemented thought One service contract (Twinning)	Ministry of Finance	1. Twinning contract- EUR 700,000 (IPA- 665,00 & NC- 35,000)	1. 1 st Q 2015- 2 nd Q 2017
Measure 3: Markets sophistication, innovation and access to finance				
Operation 3.1: Innovation and access to finance	This Operation will be implemented thought	The Cabinet of Deputy Prime Minister in charge of economic	1. Grants scheme- EUR 1.700,000 (IPA- 1.462.500 & NC- 237,500)	1. 2 nd Q 2015- 2 nd Q 2017 2. 2 nd Q 2015- 2 nd Q 2017

	<ul style="list-style-type: none"> - One grant scheme - One service contract 	affair	2. Service contract- EUR 505,556 (IPA- 455,000 & NC- 50,556)	
Operation 3.2: Strengthening of the internal market integration	<p>This Operation will be implemented through</p> <ul style="list-style-type: none"> - One Twinning contract - Two supply contracts - One service contract 	The Bureau of Metrology and Institute for standardization	<p>1. Twinning service- EUR 249,474 (IPA- 237,000 & NC- 12,474)</p> <p>2. Supply contract- EUR 780,000 (IPA- 585,000 & NC- 195,000)</p> <p>3. Supply contract- EUR 240,000 (IPA- 180,000 & NC- 60,000)</p> <p>4. Service contract- EUR 231,111 (IPA- 208,000 & NC- 23,111)</p>	<p>1. 4th Q 2014- 4th Q2016</p> <p>2. 4th Q 2014- 4th Q 2016</p> <p>3. 4th Q 2014- 4th Q 2016</p> <p>4. 4th Q 2014- 4th Q 2016</p>

ANNEX IV - Details per EU funded operation

A. Supply contract – 356.750 € - Further expanding of the One-stop-shop system for business licences and permits

1. Indicative list of items and Cost estimate (updated market analyses will be prepared)

No.	Type of supply	Quantity	Unit price in €	Total in €
1	Data server	5	18,000	90,000
2	Application server	5	28,000	140,000
3	Web platform	5	4,500	22,500
4	Mail server	5	4,500	22,500
5	Web server	5	4,500	22,500
6	Data back-up server	5	4,500	22,500
7	Laptop or PC	25	750	18,750
8	Scanner	5	200	1,000
9	Copy machine A3 format	5	2,400	12,000
10	Data Management System (DMS)	5	1,000	5,000
11	Other costs			0
TOTAL :				356,750

2. **Intended beneficiary** - The extension of the One-stop-shop system will include all ministries, state bodies and relevant institution that are issuing permits/ licenses in one single point. The “umbrella OSS” will put on place a network that will connect all existing OSS and that one that need to be established. Thus by creating a One Stop Shop System will necessarily need connection of all OSS that operate at that time, as well as supporting the establishment of OSS where there is not.

The direct beneficiaries of this action will be the supported institutions (ministries, state bodies and relevant institution that are issuing permits/ licences). The leading coordination institution for implementing the OSS system will be the Cabinet of Deputy Prime Minister in charge of Economic Affairs. Widely viewed, as the main goal is to establish more friendly used and efficient system for the companies and citizens- they will benefit the most.

3. **Indication on how detailed technical specifications will be prepared** - The technical specification for the OSS will be developed under separate technical assistance agreement included in this Sector fiche, for the OSS which are currently operating, and it should permuted depending the IT development of the institution

that will introduce OSS system, after what the only obstacle left will be the purchase of the IT equipment. Thus, the support of the institution in implementing the OSS by financial support in purchasing the IT equipment will be appreciated.

4. **Provisions for maintenance + section to be filled in on assets' ownership current and after project completion** - Concerning the purchased IT equipment, after the guarantee period is expired, the maintenance will be provided by institution user of the equipment. The financing of the maintenance of the equipment will be allocated in the institutions budget, i.e. the state budget.

B. Supply contract

B.a. - Bureau of Metrology- EUR 780.000 (updated market analyses will be prepared)

- I. **Indicative list of items** - According to the new National Strategy 2013-2020 for the metrology infrastructure prepared by the KE experts of the IPA 2008 – (Technical assistance for capacity building of the Bureau of metrology) on the basis of the data collected by the Survey action and analysis on such data reported in the Needs Assessment Report, the following equipment was suggested for purchasing in the Bureau of metrology:
 1. Equipment for Electrical Quantities Laboratory (**Estimated costs: EUR 390,000**):
 - a. Measuring system for measuring of electrical power with Portable Three-Phase Standard and auxiliary equipment - portable Three-Phase Standard can be use also for calibration of the three phase electricity meter test equipment used in the private laboratories which are competent in verification of the electricity meters.
 - b. Additional equipment for realization and dissemination of AC/DC electrical measuring unites (voltage, current and resistance) on secondary level - By procurement of particular equipment capability of the Electrical laboratory will be completed for realization and dissemination of AC/DC electrical measuring unites on national level and range of services to customers will be increased.
 2. Equipment for Dimensional Laboratory (**Estimated costs EUR 40,000**):
 - a. Additional equipment for dissemination of lenght and angle measuring unites on secondary level and auxiliary equipment.
 - b. By procurement of particular equipment capability of the Dimensional laboratory will be completed for dissemination of dimensional measuring unites on national level and range of services to customers will be increased.
 3. Equipment for gas flow Laboratory (**Estimated costs EUR 350,000**):
 - a. Measuring system for gravimetric volume realisation and dissemination for liquids on national level - By procurement of particular equipment capability of the Volume and Flow laboratory will be completed for dissemination of liquid volume measuring unites on national level.
 - b. Measuring system for gas volume realisation and dissemination on national level - By procurement of particular equipment of new services for calibration of gas volume will be offered to customers.

The list of equipment mentioned in this document will cover the needs in industry and demands for metrological support of the companies through testing, control and calibration of the measuring instruments in the following sectors: food, textile, construction, electrical and mechanical industries.

This Survey action was organized by questionnaire with a number of questions covering both the fields in legal and scientific/industrial metrology. The questionnaire has been sent to the business entities users of services of our infrastructure.

Cost estimated for all equipment: EUR 780,000

Intended beneficiary: Bureau of Metrology

Indication on how detailed technical specifications will be prepared - The technical specification will be prepared by the experts of the National Metrology Institution which will be selected for the twinning model of implementation of the project.

Provisions for maintenance + section to be filled in on assets' ownership current and after project completion - After guarantee period maintenance of the equipment is under the regular public procurement plan or the yearly insurance contract if the malfunction is caused by other reasons.

B.b. Standardization Institute- EUR 240,000

1. Indicative list of items and Cost estimate (updated market analyses will be prepared)

No.	Type of supply	qty.	Unit price in €	Total in €
1	Servers for VSA	3	€ 10.000,00	€ 30.000,00
2	Storage for VSA	3	€ 14.000,00	€ 42.000,00
3	Server for AD	1	€ 7.000,00	€ 7.000,00
4	Server for Backup	1	€ 7.000,00	€ 7.000,00
5	Tape Library	1	€ 8.500,00	€ 8.500,00
6	Firewall	1	€ 15.000,00	€ 15.000,00
7	Switch	4	€ 6.000,00	€ 24.000,00
8	WiFi Access Point	4	€ 250,00	€ 1.000,00
9	RACK and accessories	2	€ 5.000,00	€ 10.000,00
10	UPS	1	€ 10.000,00	€ 10.000,00
11	Notebook (OS, Office and antivirus software included)	10	€ 850,00	€ 8.500,00
12	Desktop computer (OS, Office and antivirus software included)	10	€ 850,00	€ 8.500,00
13	Tablet PC	10	€ 500,00	€ 5.000,00
14	Copy Machine (print, scan, copy, fax)	3	€ 2.000,00	€ 6.000,00
15	Projector with projection screen	1	€ 1.500,00	€ 1.500,00
16	Interactive touch screen board	1	€ 4.000,00	€ 4.000,00
17	TV system	4	€ 1.000,00	€ 4.000,00
18	Conference system	1	€ 18.000,00	€ 18.000,00
19	Software (Virtualization software, operating systems, backup, central antivirus system)	1	€ 20.000,00	€ 20.000,00
20	Installation and configuration, migration from the existing systems to the new environment	1	€ 10.000,00	€ 10.000,00
Total:				240.000,00 €

2. Intended beneficiary – Institute for Standardization

3. **Indication on how detailed technical specifications will be prepared** - As the activity supported with the supply contract for the ISRM is foreseen as a supply of equipment necessary for upgrading the data management system, and taking in consideration that the ISRM already had tendered the DMS, the technical specification will be prepared by the staff.
4. **Provisions for maintenance + section to be filled in on assets' ownership current and after project completion** - After guarantee period maintenance of the equipment is under the regular public procurement plan or the yearly insurance contract if the malfunction is caused by other reasons.

C. Supply contract – EUR 40,000 - Purchase IT equipment for SSO

Indicative list of items - In order to fulfil the objectives set out in the SF, the State Statistical Office will purchase of 70 personal computers (or some more, depending on the market price by the time when the tender will be activated)

1. **Cost estimation (updated market analyses will be prepared)**

No.	Type of supply	Quantity	Unit price in €	Total in €
2	Personal computers necessary for proper utilization of the DWH system	70	571.23	40.000
TOTAL :				40,000

2. **Intended beneficiary** - The supply of the personal computer will allow the State Statistical Office to produce more relevant, timely and comparable economic statistics that will support the decision making process and policy creation in the area of private sector development.
3. **Indication on how detailed technical specifications will be prepared** - Detailed technical specification for personal computer purchase is considered as a relatively simple specification and could be prepared by SSO IT staffs that is competent for such kind of equipment.
4. **Provisions for maintenance + section to be filled in on assets' ownership current and after project completion** Concerning the purchased personal computers after the guarantee period is expired, the maintenance will be provided by SSO.

D. Supply contract – 480.000 €- Supply of vehicles (vans), office furniture, hardware & software & other equipment for strengthening the capacity of the Public Revenue Office - Contact Centre/Call Centre and Service Counters

1. **Indicative list of items and Cost estimate (updated market analyses will be prepared)**

No.	Type of supply	Quantity	Unit price in €	Total in €
1	Customized Vehicles (Mobile Service Counter)	3	31,667	95,000
2 ¹¹	Office Furniture	Different items are included	Total price of all items= 55,000	55,000
3	IT equipment and conference room audio equipment	Different items are included	Total price of all items= 65,000	65,000
4	Queuing system, Information Display and Multimedia Screen	Different items are included	Total price of all items= 30,000	30,000
5	Video surveillance system and storage	Different items are included	Total price of all items= 55,000	55,000
6	Integrated Call Centre System (hardware and software)	Different items are included	Total price of all items= 180,000	180,000
T O T A L :				480,000

2. **Intended beneficiary** – The beneficiary of the supply contract is Public Revenue Office. The aim of the supply is to improve the technical and functional office environment of the Contact Centre/Call Centre as well as the Service Counters. This will entail the introduction of improved communication, physical and operational facilities to ensure more efficient services in a modern taxpayer friendly environment.

The Supply Contract will cover the application of an up-to-date IT solution comprised of efficient hardware and software as well as modern office equipment for the Contact Centre/Call Centre, and supply of Mobile Service Counters (specially equipped vehicles) with appropriate hardware, software and office equipment. The supply will also provide better services to taxpayers, such front and back offices, IT Info Points and Information board that will allow the taxpayers fast and easy access to tax information Queuing system, Video surveillance and Knowledge base.

3. **Indication on how detailed technical specifications will be prepared** –The detailed technical specifications for this supply contract are already prepared and approved by the Delegation of the EU in Skopje under the PRO IPA 2010 Project Fiche “Improving of the Public Revenue Office (PRO) taxpayers services”. The detailed technical specifications and market study will be updated and the type of supply will be grouped in Lots accordingly before re-submission under this Project Fiche.
4. **Provisions for maintenance + section to be filled in on assets' ownership current and after project completion** - Concerning the purchased items, after the guarantee period is expired, the maintenance will be provided by the Public

¹¹ For no. 2 to no.6 the presented items are by category, therefore the unit price is counted as cumulative price of all items included in one of the categories: Office Furniture, IT equipment and conference room audio equipment, Queuing system, Information Display and Multimedia Screen, Video surveillance system and storage and Integrated Call Centre System (hardware and software)

Revenue Office. The financing of the maintenance of the items will be allocated in the institution budget, i.e. the state budget.

Annex 5- Project visibility activities

All requirements to ensure the visibility of EU financing will be fulfilled in accordance with the Commission Regulation (EC) No. 718/2007 of 12 June 2007 Implementing the Council Regulation (EC) No 1085/2006 Establishing an Instrument for Pre-accession Assistance (IPA IR).

During the implementation of the Project the necessary measures will be taken to ensure the visibility of the EU financing or co-financing. Such measures must be in accordance with the applicable rules on the visibility of external action laid down and published by the Commission. The Project must observe the latest Communication and Visibility Manual for EU External Actions concerning acknowledgement of EU financing of the project (see http://ec.europa.eu/europeaid/work/visibility/index_en.htm). Particular attention should be given to ensuring the sustainability and dissemination of project results. The visibility issues must be addressed in all types of communications, written correspondence and preparation of deliverables (brochures, posters, new letters pamphlets and other type of promotion material). All the deliverables to be published / issued will respect and comply with visibility guidelines.

ANNEX 6 – Past and on-going assistance

Private sector development has been mostly supported through EU assistance, including projects under CARDS programmes and regional projects. The European Commission currently provides funds through the IPA, especially through its 1st and 3rd Component, as well as through possibilities for regional projects and union programmes. The measures identified requiring assistance for institutional capacity building will complement the measures under the regional development component and jointly improve the overall sector performance. So far, IPA has funded several relevant programmes aiming at strengthening government administrative capacity for protection of competition, for modernising the Employment Service Agency and for coordination of social security systems and participation in EURES (European Employment Services Network) in the framework of the Freedom of movement of workers.

The following bilateral donors have been actively supporting business development and competitiveness: Austria, Germany, Japan, Netherlands, Norway, Sweden, Switzerland, UK and USA/USAID. Among the IFIs, the EBRD, EIB and World Bank Group have targeted activities for this area. USAID IDEAS Programme having a duration of 4 years from the beginning of 2011 and a budget of \$4.8 million will mainly support: a) Industrial Policy Implementation; b) Export promotion; c) Enhancement of the public – private dialogue.

USAID Competitiveness Project (budget about \$10 millions) contributes by providing technical assistance to support foreign investments and enhanced linkages into global supply chains for domestic firms. Project interventions are focused on alleviating constraints and building capacity related to:

- Workforce development;
- Productivity, supply chain effectiveness and technology;
- Access to markets and financing;
- Infrastructural services, including industrial and logistical parks.

GIZ Investment and export promotion project works directly with clusters and companies on increasing the capacities of the ICT cluster, Textile cluster and automotive industry cluster in the field of export promotion. The part of the project related to investment promotion is realized in cooperation with “*Invest Macedonia*”, the national Agency for Foreign Investment and Export Promotion of the former Yugoslav Republic of Macedonia.

Austrian Development Agency Project focuses on building capacities for creating an economy based on knowledge. The project will last for 3 years from 01.07.2009 until 30.06.2012. The aim of the project is promotion of entrepreneurship education, “innovation and knowledge” and creating an economy based on knowledge that will contribute towards increased competitiveness.

OECD will assist the MoE in the drafting of an “Innovation Strategy for the Republic 2012-2020”. This strategic paper is foreseen in the work programme 2011 of the MoE. This document is expected to be prepared in 2011 with the TA of OECD. It will contain insights about conditions and needs in the field of innovation as well as measures and recommendations for its promotion.

World Bank provided TA for the preparation of an National extensible business reporting language strategy (adopted in May 2011), the “Export Promotion Strategy” and National Tourism development strategy (both expected to be adopted by the government by the end of 2011) created First Innovation Scoreboard for the former Yugoslav Republic of Macedonia, One stop shop phase II (4 mil euro for Hardware and software for online registration of companies, leasing contracts, pledge contract, interoperability between Central register, Employment services agency, Health and Pension funds for registering new employments) and financed technical assistance leading to transposition of the EU acquis on Trans-European company law concepts (Societas Europea and European Economic Interest groupings) as well as acquis on exercise of shareholder’s rights.¹²

Finally, UNCTAD supported the preparation of the new “Programme for Stimulating Investments” that is also expected to be adopted by the government by the end of 2011.

Considering the need for greater aid efficiency and sustainable impact of available sources of assistance, the Government has made efforts to introduce the Programme Based Approach (PBA). A specific working group “Business Environment, Competitiveness, Innovation” was formed to ensure on operational level efficient donor coordination, to avoid possible overlapping and to align donor assistance with the national priorities which can be further enhanced and supported. The working group composed of both national and donor representatives undertook an assessment of the sector and selected the Industrial Policy as a key comprehensive document which will be most applicable and form basis for further implementation of the new concept.

The successful joint cooperation between the most relevant stakeholders in the sector provides solid foundation for upgrading the remaining necessary elements of the PBA, ensuring realization of the established priorities and envisaged measures.

In the process of harmonisation of the insurance legislation with the EU acquis, the Ministry of Finance and ISA, since 2002 have been utilising EU and other technical assistance through several technical assistance projects:

- GTZ technical assistance project for drafting Insurance Supervision Law – 2002;
- CARDS Technical assistance project (preparation of gap matrix for the level of harmonisation of the ISL with the EU directives) – 2004;
- CARDS Technical assistance project (institutional capacity building of the Ministry of Finance staff for effective supervision) – 2004;
- REPARIS TA project (preparation of by-laws in the area of financial reporting - 2009;
- IPA TAIB 2008 project - Support to the Agency for Supervision of Fully Funded Pension Insurance (MAPAS)

¹² Except the Law on EEIG implementation that is in government procedure of adoption and is expected to be adopted by the Parliament in October 2011, all other laws transposing EU business law acquis are in force (Law on SE, Law on amending the company law)

The above mentioned projects have been mainly directed towards harmonisation of the insurance related regulation (laws and by-laws) with the EU directives (Solvency I regime) as well as principles and standards for effective supervision of the IAIS. The result of the projects is solid and thorough legislation framework, highly compatible with the EU requirements in this area.

The Financial System Department has previous experience with implementation of EU financed project (CARDS project for technical assistance to the Ministry of Finance in the field of insurance related legislation; CARDS project for technical assistance for institutional capacity building of the Ministry of Finance, both in 2004). The Department will be beneficiary of the IPA TAIB 2010 project “Further Harmonisation with EU *Acquis* in field of Movement of Capital and Payments and Financial Services - Securities markets and Investment services”, but its realisation has not started yet.

Under IPA TAIB 2007, the ISA is beneficiary of the Project - “Support to the Energy Regulatory Commission and the Insurance Regulatory Agency“. The purpose of this project is to contribute to a professional management of the relevant bodies that will enable appropriate implementation of the national legislation, taking due account of EU regulations and best practices, and appropriate provision of high quality services to the business community, consumers and citizens in a transparent manner, and in which the public will have trust. With regard the insurance supervision, the project purpose is to continue strengthening the insurance supervision capacities and further development of the insurance supervision activities performed by the ISA.

Drawing on the experience of the Ministry of Finance with the implementation of the EU financed projects accumulated thus far, the main mistakes to be avoided and suggestions for improvements are related to: a) providing the appropriate working conditions for the consultants, especially placement of the consultants in the premises of the beneficiary, b) allocation of dedicated administrative staff employed on permanent basis to work on the project, which will improve staff capacity and provide a sustainability of the project activities; c) involvement of the beneficiary from the very beginning in the evaluation of the background and the experience of the experts to be engaged, so that they will be able to provide adequate expertise and ensure delivery of high quality results (in some cases the Contractors did not have sufficient background and lacked practical experiences to provide adequate expertise); d) involvement and commitment of high-level strategic decision making structures from the beginning of the project is important and essential for success and sustainability of the project results. In addition, clear co-operation and communication will have to be established with other related institutions (stakeholders), especially in the training activities.

3) WORLD BANK, BERIS - Business Environment Reform and Institutional Strengthening project (loan) 31.10.2005 – 31.03.2010, ca. 3.5 million. The second component of the BERIS Project aims at addressing the enterprise sector's difficulties in competing in domestic and foreign markets related to poor national MSTQ infrastructure and services. The overall objective of this component is to strengthen the capacity of the national system to deliver EU-compatible services. This will be done by:

- modernizing the national metrology infrastructure;

- strengthening the capacity of the MSTQ institutions to carry out their mandate in an EU-oriented environment;
- increasing business sector awareness of the challenges and opportunities of competing in the EU market;
- assisting in drafting a development strategy, including reviewing the institutional and legislative framework, to bring the country closer to EU requirements.

4) GERMANY-GTZ Transposition of Technical EU Directives into national Legislation and Establishment of quality infrastructure 01.01.2006 – 31.12.2008. The project provides technical assistance in the following areas:

- Establishing 5 bylaws to ensure the full application of the Product Safety Law
- Reform of the State Technical Inspectorate – new law on technical inspection
- Harmonizing legislation for motor vehicles with ECE and EC regulations.

5) EU-CARDS 2006, Technical Assistance to Market Surveillance, 14.05.2007 – 13.10.2008,

The main objectives of this project were:

- To simplify and liberalize the legislation regulating market surveillance
- To provide support to the MoE for proper enforcement of the product safety legislation
- To support the implementation of the Law on the State Market Inspectorate
- To improve SMI institutional and technical capacity
- To increase public awareness of the new rules.

Through the CARDS programme extensive support – that is now completed - has been provided to the sector, including:

CARDS 2001, SMAQVa, “Technical Assistance to the Institutes for Standardisation, Metrology, Accreditation and Quality Validation”,

CARDS 2003, SMAQVa II, “Technical Assistance to the Institutes for Standardisation, Metrology, Accreditation and Quality Validation”, 15.12.2004 – 15.11.2005,

With support from the EU CARDS - SMAQVa Projects, progress was made in procurement of metrology equipment for 9 metrology laboratories of the Bureau of metrology and base training for potential laboratory staff was provided. The equipment provided in all laboratories (mass, temperature, electricity, flow and volume, length and angle, pressure, time and frequency) is installed and functional but the laboratories are not fully completed. With the equipment provided, the laboratories started to offer calibration services to interested parties (industry, second level calibration laboratories, verification laboratories and etc.). However, the services provided cover only limited areas and do not cover all the mandated areas of the BoM. In this context, one of the main the priority is to further develop the national metrology infrastructure, including mechanical, electrical, temperature, acoustic, and chemical equipment, as well as reference measurement standards and also to acquire calibration practices for the existing equipment in BoM.

CARDS 2006, Technical Assistance to Market Surveillance, 14.05.2007 – 13.10.2008,

The main objectives of this project were:

- To simplify and liberalize the legislation regulating market surveillance
- To provide support to the MoE for proper enforcement of the product safety legislation

Support by other agencies included:

- UK/DFID As part of the Public Administration Reform, in the area of free movement of goods, significant efforts were directed towards developing an action plan for the following key issues:
- Horizontal and procedural measures concerning the management, intra-ministerial and international coordination, including transposition of legislation, etc.
- Restructuring of the infrastructure in the relevant fields: standardisation, accreditation and quality validation, metrology and market surveillance.
- for general development of the metrology infrastructure in the country and for the development of BoM;
- Improvement of cooperation of BoM with relevant metrology stakeholders.
- Preparation of a list of equipment with analytical specification for public procurement
- Component 2: Capacity building in Legal Metrology
- Further alignment with the EU acquis in the area of metrology;
- Development of the capacity of BoM, both human and institutional, to implement harmonised legislation in the field of pre-packages and measuring container bottles;
- Development of the capacity of BoM, both human and institutional, to become a CAB for measuring instruments in the scope of NAWI and MID following the needs of the local producers;
- Conformance of BoM's quality manual and general operating practices with ISO/IEC 17020 for a number of services in the area of legal metrology;
- Component 3: Capacity building in Scientific & Industrial Metrology
- Training of staff of BoM Laboratories for to deliver high quality calibration services by effective use of the available equipment;
- Implementation and peer-assessment of a quality management system following ISO/IEC 17025 for calibration services;
- Development of the capacity of BoM staff to present its quality management system and submit CMCs entries for review to EURAMET;
- Understanding of BoM staff on EURAMET guides and CIPM MRA requirements and procedures.. The purpose of this project is to strengthen the capacity of the Bureau of Metrology (BoM) to: transpose and implement harmonized legislation in the area of metrology and pre-packaging; provide high quality services to the business community, consumers and citizens, and conformity assessment bodies;
- In the field of Standardisation, through the national CARDS program, the SMAQVa project "Technical support for the institutions for standardization, metrology, accreditation and quality assessment" (2004-2005) was implemented and result was the establishment of the internal structure of ISRM in compliance with the needs and requirements of European standardization; preparation of basis for creation of database for national standards and ISRM technical committees inclusive of training workshops for ISRM employees. Other project in this area include: Regional Community assistance for reconstruction, development and

stabilisation - CARDS program 2002 for quality infrastructure, Regional Community assistance for reconstruction, development and stabilisation - CARDS 2006 a regional project for quality infrastructure, IPA 2008 Regional Programme on Quality Infrastructure in the Western Balkans and Turkey , IPA 2008 project “Support to free movement of goods - quality infrastructure”, component “Support to the Institute for Standardisation” (on going)

Statistics

The harmonization of statistics with EU requirements was subject of several projects financed by EU and other donors. The national IPA 2007 and IPA 2009 projects are focused on methodological improvements in different areas of statistics, development of a quality system, further harmonisation and improvement of national accounts, business and social statistics, as well as improvement of IT systems.. Further implementation of CoP principles that need further improvement of quality of statistical production is to be achieved through this project.

The purpose of the IPA 2009 Multi-beneficiary statistical cooperation programme, **is to** improve the quality of statistical information and reinforce confidence in methods and professionalism, thus providing policy makers and the international community with unquestioned statistical data. Continue the process of progressively integrating the State Statistical Office into the European Statistical System (ESS) and continue to support sustainable capacity building.

Standardisation

- CARDS program 2002 for quality infrastructure - Within the scope of this project, the employees of ISRM have participated in several training workshops such as: standards data base development, public relations of national bodies for standardization and technical terminology;
- CARDS 2006 a regional project for quality infrastructure - Within the scope of this project, several trainings (HOTs) were implemented for the ISRM employees: 1. Workshop for data management software applicable for standardization activities; 2. Trainings for technical secretaries and chairmen of TCs; 3. Training for standards in the field of construction; 4. Training for notification procedures etc.
- IPA 2008 Regional Programme on Quality Infrastructure in the Western Balkans and Turkey - The objective of this project was to facilitate intra-regional trade and the free movement of goods with a view to improving the competitiveness of the economy in the region and preparing the beneficiaries for future accession negotiations with the EU. Within the scope of this project one training for technical secretaries and chairmen of TCs was organised;
- IPA 2008 project “Support to free movement of goods - quality infrastructure”, component “Support to the Institute for Standardisation” (on going) - The purpose of this project is to strengthen the managerial, technical, financial and administrative capacities of the ISRM, in order to support fulfilling of the conditions for full membership in CEN and CENELEC. That is to be achieved through: (i) establishing of national standardisation infrastructure fully operational for participation in the work of European and international organisations for standardisation; (ii) development and implementation of internal rules for standards making process, copy rights, sale and distribution of

standards; and (iii) development of technical features of the necessary hardware and software applications, putting in function the hardware, and completion of the customisation of the software.

Support of tax administration capacities

The tax administration capacities were subject of several projects financed by EU and other donors. All past and on-going projects are complementing and not overlapping the tax administration activities for continuous modernisation according to the best practices of the EU member states tax administrations. In this regards:

- CAFAO MAK project provided a scoping study for identifying the needs as required in the EU Fiscal Blueprints. The project undertook reviews of the work of Internal Audit and Enforced Collection, along with activities covering the areas of Risk Assessment, Voluntary Compliance and Communications in the course of 2007.
- “IMF” International Monetary Fund introduced a comprehensive Technical Assistance program aimed at improving the tax administration and integrating social funds collections into the PRO. This project was implemented **in cooperation with the Netherlands Ministry of Finance and the Netherlands Ministry of Foreign Affairs** and covered reorganisation of the PRO, introduction of a performance management system, establishing a Large Taxpayer Office, a Small and Medium Taxpayer environment, strengthening of enforcement programs including audit, debt and returns management, new computer systems and harmonisation of the Personal Income Tax and Social Insurance Contributions in the course of 2006-2011.
- UNDP Project “Assistance in introducing of a new computer system for PRO” assisted in introduction of a new computer system which has been financed by the Italian government in the course of 2007-2011.
- USAID Project “Strengthening the administrative capacity” supported PRO in strengthening the administrative capacity, introducing structural measures and creating an IT strategy. Developed e-filing system in the PRO for the Large Taxpayer Office environment and assisted in introducing this concept into the Small and Medium Taxpayer environment.
- EU IPA 2007 project “Support to Tax Reform” assisted in further modernization and improvement of the PRO performance in regards to Revenues Collection, Taxpayers Services, Fight Against Corruption, as well as efficient management of the PRO and its operational activities in the course of 2010-2012.
- EU IPA 2009 PPF Project “Preparation of Study for the Public Revenue Office’s IT system” carried out an analysis and assessment of the current situation of the PRO IT system, and produced an in-depth Study with setting up standards, recommendations and measurable indicators in order to ensure functional PRO IT system in line with the IT systems of the EU Member States’ tax administrations in the course of 2014.

On-going/linked projects and sequencing

- IPA 2010 Twinning “Improving of the Public Revenue Office (PRO) taxpayers services” will assist in strengthening the quality of services towards the taxpayers by establishing effective information methods and communication tools towards better services to taxpayers and ensure strengthening of the partnership between the taxpayers and tax servants through Contact Centre/Call

centre and Service Counters in the course of 2014-2016. The implementation of the Twinning Contract started on December, 6th 2014.

- IPA 2010 Works Contract “Improving of the Public Revenue Office (PRO) taxpayers services” covers the improvement of the physical environment of the new and larger Contact Centre/Call Centre premises, which will provide expanding of the needed working space for providing better services to taxpayers in the course of 2015.

The PRO Supply Contract, envisaged in this Sector Project Fiche is closely related to the above presented Twinning and Works contracts and will provide the needed equipment for introduction of the improved communication and the more efficient services in a modern taxpayer friendly environment.

Although these three contracts are closely linked one to another, their execution is scheduled in specific periods within the overall duration of 2014 -2016.

The overall objective of the EU IPA 2010 Project Fiche “Improving of the Public Revenue Office (PRO) taxpayer’s services” cannot be achieved without the PRO Supply Contract within this Sector Project Fiche.