



PARTNERSHIPS FOR ECONOMIC GROWTH

Duration: January 2023 - January 2028

USAID funding: \$ 5.5 million

Implementing partner: Palladium International

BACKGROUND

Micro, small, and medium enterprises (MSMEs) in North Macedonia dominate the economy: 96 percent of all firms are MSMEs, accounting for 74 percent of all employment. However, MSME productivity is 80 percent below the European Union average and they struggle to innovate, modernize, and harness the productive talent that exists in the country.

Recognizing that MSMEs must play a major role in the country's rapid, sustainable, broad-based growth, USAID is investing in partnerships to boost MSME productivity and competitiveness, while better integrating businesses into regional markets.

PROGRAM DESCRIPTION

The activity works with resource partners to unlock the growth, productivity, and employment potential of MSMEs by:

- **co-investing** funds, expertise, and technology to modernize, improve management, and build workforce skills;
- **increasing financing** through available and alternative sources and improving investment readiness; and
- **advocating and lobbying** through the Public-Private Dialogue platform.

In partnership with a local organization, the activity will also address existing trade barriers and limitations to establish an environment conducive to regional economic trade and integration.

EXPECTED RESULTS AND IMPACT

- The productivity of MSMEs will increase.
- MSMEs will have better financial management, enabling them to access finance.
- Public-private dialogue will be targeted to address MSME challenges and obstacles for growth.
- The business environment will be more conducive to regional economic integration.

CONTACT INFORMATION

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OBJECTIVE 4: IMPROVED REGIONAL ECONOMIC INTEGRATION (REI)

OVERVIEW

In recent years, North Macedonia has been actively focused on boosting export-driven growth and promoting its companies as dependable partners for EU companies that adhere to market standards and trade requirements. Nonetheless, due to its inherently small and open economy, the country frequently encounters difficulties in identifying trading opportunities. Consequently, it must explore alternative strategies, such as forging strategic regional alliances with other Western Balkan nations to diversify its global trade prospects and work towards the shared goal of regional development. While integrating with CEFTA/WB6 can offer economic advantages, disparities in economic and political influence exist. Therefore, both the public and private sectors require assurance that any decision concerning regional economic integration will be based on solid evidence rather than short-term political considerations and influence.

Objective 4 is implemented by the Activity in partnership with the Center for Development Policies IDEAS DePo. The objective aims to provide technical assistance to support and enhance North Macedonia's efforts in regional economic integration. To achieve this, the Activity will assist legal, procedural and institutional reforms designed to further enhance the trade environment within the region and facilitate the movement of goods across borders. Support will comply with North Macedonia's commitments as a member of the World Trade Organization and contribute to the strategically vital process of harmonizing Macedonian economy with EU standards and regulations. Initiatives for assisting North Macedonia's economic integration efforts will be determined and formulated through a consultative approach involving relevant public and private stakeholders.

OBJECTIVE 4 ACTIVITIES

Initiatives for assisting North Macedonia's economic integration efforts will be determined and formulated through a consultative approach involving relevant public and private stakeholders. The following are some of the key stakeholders that the Activity will collaborate with under Objective 4:

- **Government authorities** driving regional economic integration reforms, to provide assistance through trainings and workshops aimed at enhancing their implementation capacity and facilitating information sharing with the private sector.
- **Business support organizations**, including chambers, associations and other similar entities, to coordinate and join efforts for supporting regional economic integration of the private sector.
- **Regional and bilateral donors** that support North Macedonia's regional integration efforts, to coordinate plans and activities, prevent duplication, explore opportunities for cooperation and partnership, and effectively leverage available resources.
- **Regional and international organizations** responsible for creating and promoting trade facilitation standards at regional and global level, to seek opportunities for collaboration.

TO EXPRESS AN INTEREST IN PARTNERSHIP OR TO REQUEST MORE INFORMATION, PLEASE CONTACT GORDANA TOSHEVA AT GORDANATOSEVA@IDEASDEPO.MK OR +38970388124