

ASSISTANCE PROGRAMS IN MACEDONIA

Background and Assistance Strategies

Originally a part of Yugoslavia, Macedonia declared independence in 1991. The country suffered a severe economic decline after independence, and in 1994 the International Monetary Fund restructured Macedonia's debt. Although reform of the Macedonian economy is showing signs of success, the country is still hampered by the misuse of resources as it struggles to transform the old communist planned economy into a free market system.

After Macedonia and the ROC entered into a diplomatic relationship, ICDF Secretary General Ping-cheung Loh led a delegation to Macedonia to evaluate the country's overall economic conditions. Subsequently the ICDF drafted a multifaceted aid package combining technical cooperation, investment, financing, and education and training.

The ICDF hopes that the substantial assistance which it is providing will, in conjunction with Macedonia's mid- and long-term development strategy, stimulate economic activities and accelerate the development of the private sector. The assistance is designed to help Macedonia promote exports by raising its administrative efficiency and improving the legal environment for foreign investments. A financing loan fund, investment in the local market and acquisition of high-tech agricultural and animal husbandry techniques are designed to help revitalize the Macedonian economy.

In addition, in order to raise the caliber of human resources needed for economic development, the ICDF will offer support to Macedonia in basic education and provide training in Taiwan in specific areas.

The Technical Mission

The technical mission which was established in Macedonia on 13 April 1999 comprises eight specialists with the skills required to help accelerate the pace of economic development. A summary of the services that the technical mission staff will perform follows.

Single Window Service for Foreign Investments

Assisting the government in simplifying procedures for foreign investment and improving investment review efficiency.

Investment Promotion

Seeking to identify feasible investment projects and helping Taiwanese firms to seize business opportunities.

Export Promotion

Training Macedonians in how to develop new markets by collecting overseas market information and performing market analyses, and generally promoting exports.

SME Development

Providing advice on how to raise the competitiveness of local SMEs and supplying them with short- and long-term technical assistance; helping to formulate relevant laws and measures; establishing guidance mechanisms; and assisting in strengthening management capability.

Animal Husbandry and Agricultural Projects

Implementing a hog raising project to improve the techniques and profitability of small hog raisers; and developing a vegetable project to promote diversified vegetable production, ease the problem of surpluses and raise farmers' profits.

Private Sector Financing Project

The ICDF is providing US\$12 million in financing loans to help Macedonia develop its private sector. These loans are being made available to SMEs, microenterprises and farmers.

SME Relending — The managing of a fund of US\$10 million intended to provide loans for capital investment or operations to SMEs with 250 employees or less.

Microcredit — Administration of a fund of US\$1 million to assist individuals, groups or enterprises in a variety of ways, including the financing of operating funds.

Agricultural Credit — Using a fund of US\$1 million to support farmers' activities, such as agricultural processing, shipment and sales.

Investment Projects

The ICDF will contribute US\$2 million to a Macedonian SME investment fund (SEAF/Macedonia), in order to promote ROC investment in the private sector. The investments will be targeted to SMEs and start-up ventures with total assets of up to US\$1 million.

Capacity Building Project

In many cases, Macedonian government departments lack the funding to implement reform measures. In order to help the government units collect and analyze data, the ICDF is providing Macedonia with appropriate computer hardware and software, supplemented by training classes. This equipment will enhance the administrative efficiency and professional capability of government departments and help them to deliver highly improved services.

Human Resources Development Project

Macedonia's educational resources are unevenly distributed, with insufficient importance being placed even on basic education. Because there was formerly no curriculum concerning free market economics, and also because of inadequate budgets for such training, there is a shortage of qualified management personnel. That factor is hampering the large-scale implementation of privatization.

In order to help solve part of this problem, the ICDF will institute a scholarship program and invite a number of Macedonians to attend training sessions in Taiwan. The current annual program includes five places for Macedonian trainees in regular short-term training classes, four places in agricultural training classes, approximately 20 places in special classes held in Macedonia, one scholarship in agriculture at the master's degree level in Taiwan, and 250 scholarships, worth US\$400 each, for needy elementary school students.

Investment in Financial Intermediary Investment Special Fund with the EBRD

The ICDF has joined the European Bank for Reconstruction and Development's regional direct investment fund, and will make loans to, and investments in, European private enterprises as a cofinancer with the Bank. The ICDF has recently completed negotiations with the EBRD on investment and financing for Macedonia.

Current Status

Immediately after their arrival in Macedonia, the specialists on the ICDF technical mission team met with their Macedonian counterparts to discuss the implementation of aid projects, as well as to evaluate the feasibility of proposed SME guidance and investment projects.

All proposed projects are under way. In May, two Macedonian officials came to the ROC for trade promotion training and in June several contracts were signed, including a loan contract for the private sector development project and an equity investment contract. A preliminary review of the applicant list for the master's degree program was made and an evaluation of Macedonian extension farmers was planned for July.

Some investment opportunities have already begun to be identified, among which one at a fire extinguishing equipment factory and another at a pharmaceutical factory. As the fiscal year ended, Taiwanese firms were preparing to send fact-finding teams to Macedonia to investigate these opportunities.