



## Newsletter

### January - April, 2020

## Increasing Market Employability Program (IME)

We are pleased to share the first issue of our newsletter, keeping you up to date with the latest news from IME, a program aimed at strengthening the business sector in the Republic of North Macedonia. IME's mission is to create an enabling environment for three identified high-growth sectors: Sustainable Agriculture, Adventure Travel and Information and Communication Technology (ICT). IME works with “anchor” companies that have the potential to drive employment and innovative approaches for growth, and with business service organizations (BSOs) to improve the quality and delivery of business support services. We offer several instruments for support: Opportunity Fund, BSO Fund and Pay-for-Performance.

### Adventure Tourism

We support adventure tourism businesses with tools to unlock North Macedonia's potential as a top destination for hiking, biking, winter sport, paragliding, rock climbing, food&wine and agro-tourism.

### Sustainable Agribusiness

We support organic and conventional fruits and vegetables producers and processors, and wine producers to supply high-quality products to new markets, while creating decent jobs in rural areas.

### ICT

We catalyse the emerging ICT sector toward furthering innovation in value-added product development and provide sustainable support for human resources capacity development.

#### Impact of Covid-19 on IME's work and the sectors

The Covid-19 pandemic that has spread across Europe and globally in the first quarter of 2020 is impacting our work, too – with some activities requiring modification or postponement, especially the tourism sector. We are working even more closely with our partners - both from the private and public sector - to plan and adapt activities as needed. We closely follow local, regional, and global strategies and scenarios for economic response, to adjust our interventions. The IME-supported sectors face both general and sector-specific challenges due to the covid-19 crisis, some of which are:

- **The (adventure) tourism sector** has suffered a heavy toll due to movement restriction measures, plummeting sales, income and jobs.
- With almost complete cancellation or deferral of bookings, record losses are expected in the 2nd and 3rd quarter of 2020.
- **The sustainable agribusiness sector** is dealing with a relatively steady market demand. Decreased sales (20% down from January 2019) are mainly due to HoReCA market sales drop.
- Higher costs in production have incurred due to mandatory health and safety equipment and disinfectants requirements.
- Delays and higher cost of transportation are driving costs and prices up.
- Potential lack of seasonal workers and pickers in the high-season.
- **The ICT sector** is showing resiliency, rapidly adapting to remote work with clients.
- There are risks for ICT companies working with transport, aviation, and tourism.
- Expansion of markets for ICT companies due to increased demand for digitalization in other sectors.

## "Fresh" markets for fresh producers

FRUIT LOGISTICA - Berlin is a leading international fresh produce fair, showcasing innovation in the sector and a deal-making opportunity for companies. North Macedonia's exhibition stand at this year's fair was supported by the Ministry of Agriculture, Forestry and Water Economy.

During the fair, IME provided additional support to the 13 participating Macedonian exporters by organizing B2B linkages to some of the largest suppliers of fruit and vegetables in Europe. This is opening the way for Macedonian grapes and plums to reach new markets across the continent.



IME facilitated B2B meeting at FRUIT LOGISTICA 2020

### NEW GUIDE FOR ORGANIC BEAN PRODUCTION

Free download from:  
[ime.org.mk/latest-news/](http://ime.org.mk/latest-news/)



Bean fields near Sveti Nikole

IME and the Research Institute of Organic Agriculture (FiBL) prepared and distributed a short guide for organic production for the Borlotty and Red Kidney beans aligned to the Swiss market standards and requirements by an agreed buyer. This comes as a timely support to 11 farmers from North Macedonia that planted the beans at the start of 2020. The production process of these farmers is organized through Lipa, an organic producer from Sveti Nikole. Lipa will buy the beans from the farmers and sell directly to Coop, one of the leading supermarkets in Europe.

Organic Borlotty and Red Kidney beans require different production processes from beans traditionally grown in dry-cold Mediterranean climates such as North Macedonia. The guide offers step-by-step tips for bean producers - from field preparation, seeding date and temperature, nutrients, irrigation, and diseases management adapted to local conditions and climate. To ensure compliance to strict Bio Suisse standards, IME will support Lipa improve their postharvest practices to properly clean, separate the beans, and select the appropriate packaging.

All 11 partner farms will be linked to a high-value European market, increasing their revenues and income and creating new jobs in the value chain. As demand for Macedonian organic beans increases in Switzerland, we expect the number of local bean producers also to grow.

## Enabling small-scale agribusiness to sell "from their doorway"

More than half of agribusinesses in North Macedonia are small-scale. These are often family owned, primarily produce for their own consumption, and rely on domestic labour. Many of them grow, collect and/or process products of non-animal origin - from fresh fruits and vegetables to processed products like jams and marmalade, home-made pasta and even beer, often applying traditional recipes.

Despite the difference in size and individual capacities from their large-scale counterparts, there is no separate regulation to allow for the sales of these products by small-scale farmers and food producers. This limits their potential to offer products locally, to earn additional incomes and to protect legacy of local authentic food and traditional recipes.

With IME support, Slow Food Macedonia - member of the global movement for authentic food products - is facilitating policy reform and promotion in favour of small-scale farmers and producers, in coordination with the Food and Veterinary Agency.

Slow Food Macedonia first analyzed the constraints in local laws that currently prevent small-scale producers to sell their products at the farmgate. They also assessed challenges and positive practices from the region and the EU. Based on their findings and assessment, Slow Food is part of a work group developing a Flexibility Rulebook, outlining the minimum standards for production facilities, hygiene, equipment and materials that small-scale producers need to meet in order to sell their products. Through a wide consultative process with relevant institutions and industry actors, the Flexibility Rulebook now needs to be adopted as a bylaw.

Slow Food Macedonia is also building a registry of small-scale producers to keep them informed on relevant regulation, funding and promotion opportunities, and to allow customers to find them.

The new bylaw tailored to capacities and needs of small-scale producers will enable sale "from farm gate" to local customers but also to tourists. The possibilities are plentiful. This will utilize their full (economic) potential, increase their sales, create more jobs and contribute for sustainability of small and family-owned agribusinesses.



Ready for the next ski season  
with new safety equipment

Adventure Tourism

Shar Outdoors – a tour operator for freeride skiing and snowboarding in Popova Shapka and Bogovinje, improved their services with new and modern avalanche safety equipment. This will increase the number of free-ride skiers and adventure tourists, but also the interest with tour operators to offer these tours to domestic and foreign tourists.

“Avalanche safety equipment - backpacks, beepers, shovels and probes - will bring more adventure seekers to Shara. Now we can welcome not only free-ride skiers and snowboarders that have such equipment, but also recreational skiers, people curious to try freeride, and people that would be discouraged by airline procedures restricting them to carry such items”, said Metodi Chillimanov, Shar Outdoors Managing Director.

The equipment alone is worth nothing without training on how to use it. Theoretical and practical training was delivered to tour guides from Shar Outdoors and their “sister” company – SF Freeride in Pelister. Now, we have two adventure destinations operating under the same safety standards. New and returning tourists who can choose between two safe free-ride terrains.

The positive effect can be expected for other local businesses, too – accommodation, restaurants and transport providers, and for tour guides operating in the area. The safety equipment and training was provided with IME support. It was officially promoted in January 2020, with representatives from the media, tour operators and the Swiss Embassy.



In the adventure tourism sector, offering safety and staying competitive are always in synergy. One must meet the global safety standards to stay relevant in the fast-growing global market. - Stéphane Tomagian, Deputy Head of Mission, Embassy of Switzerland in North Macedonia

Backcountry skiing at Popova Shapka.  
Photo credit: Shar Outdoors

Macedonian tour operators promoting in Spain, Germany & the Baltic



Touring Macedonia at f.r.e.e Fair – Munich, Germany.  
Photo credit: Touring Macedonia

IME supported two incoming tour operators - Balkan Prime Tours and Touring Macedonia to participate in fairs and B2B meetings in new foreign markets. Touring Macedonia participated in Fair Balttour in Riga, Latvia and f.r.e.e Fair – Munich, Germany, while Balkan Prime Tours had B2B meetings in Barcelona and Madrid during Fitur 2020. This helped them link with potential partners and present North Macedonia as an appealing destination for travelers and adventure seekers from Germany, Spain and the Baltic.



Unfortunately, the Covid-19 pandemic will prevent new deals and tourists to come in the immediate seasons. However, linkages to these new markets will be more than welcome as soon as the travel bans start lifting and tourism starts recovering. An additional advantage that puts North Macedonia in a favourable position for a quicker recovery in tourism is its predominant offer of secluded destinations suitable for small groups of visitors - exactly what both Touring Macedonia and Balkan Prime Tours offer in their portfolios.

The Information and Communication Technologies (ICT) sector in North Macedonia follows the global trends of acceleration, innovation & increasing employment opportunities for high-skilled profiles. Although most of the companies in the sector focus on outsourcing software services, there is a growing trend of companies that are developing and selling their own products.

Despite the potential for growth of these companies and an eco-system support, most tech SMEs still face constraints to secure capital for product development or market expansion.

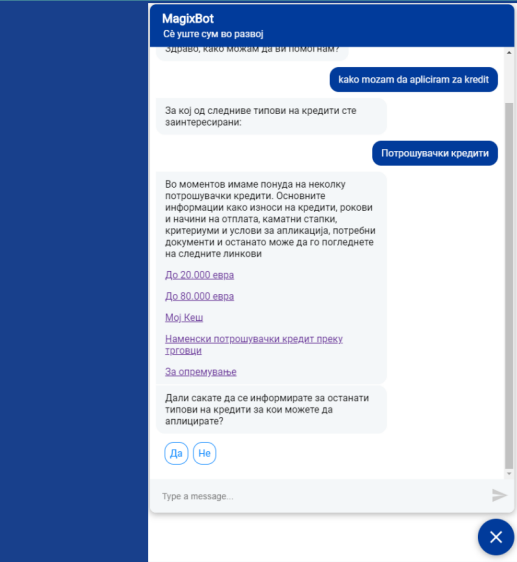
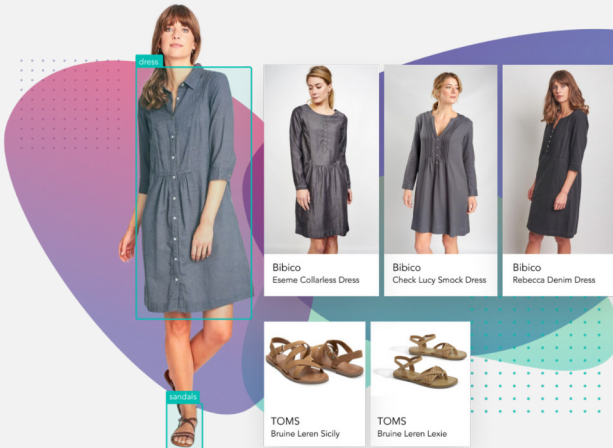
IME supports ICT companies with potential to expand and add value in the sector. Through our co-funding instruments, we provide them the push they need to overcome their obstacles and accelerate growth.

IME supports companies:

-  To access additional funds to develop new software products and services;
-  To access new markets and link with potential clients to offer their products and services;
-  To obtain company level certificates demanded at the market, thus to become competitive.

The ultimate result of the new products placed with new clients and markets is increase in increased income, sales and jobs in the tech sector.

IME has already partnered up with several tech SMEs. Most products IME supports are based on state-of-the-art artificial intelligence technology and respond to increasing market demand. This technology is used behind the scenes to impact our everyday lives, support business decisions and optimize operations for global companies. The visual recommendation tool for fashion retail by Pixyle.ai (on the left) and the AI banking chatbot by MAGIX.AI (on the right) are some of the innovative products and companies that IME supports. IME also helps these companies to access new markets and clients.



The overall lifespan of the Increasing Market Employability Program in North Macedonia is 11 years, with a total budget of 15.5 million CHF funded by the Swiss Agency for Development and Cooperation - SDC. IME’s current phase (2019 - 2023) with a budget of 6.2 million CHF is implemented by the Palladium Group.



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