

# **SMIE** COMPETITIVENESS SUPPORT PROGRAMME

## **Building Competitive SMEs in the Republic of North Macedonia**





# ABOUT THE PROGRAMME

The SME Competitiveness Support Programme in the Republic of North Macedonia aims to improve SMEs' competitiveness and trade, both within the region and with the EU countries, through targeted and grant-supported investments. The Programme combines access to finance, grant incentives and complimentary technical assistance to boost SMEs' know-how. The Programme was developed by the European Bank for Reconstruction and Development (EBRD) and grant incentives and technical assistance are funded by the European Union (EU) national Instrument for pre-accession (IPA) in North Macedonia.

**Technical assistance is an integral part of the Programme and helps SMEs to prioritize investment to align with EU Directives.**

The prospect of EU membership presents many opportunities for SMEs in the Western Balkan countries, including North Macedonia. However, the adoption of the *acquis communautaire* will involve significant regulatory changes, giving rise to an investment burden for enterprises to comply with the new standards. SME Competitiveness

Support Programme in the Republic of North Macedonia was developed to assist privately owned SMEs to meet the new regulations and to understand the improvement requirements in the field of environmental protection, occupational health and safety and product quality and safety.

**A 15% grant, funded by the EU IPA, helps SMEs make targeted investments that improve their competitiveness.**

The new Programme offers loans made available by the EBRD via local Partner Banks combined with a 15% grant funded by the EU IPA funding. The Programme is complemented by technical assistance to help SMEs optimize their investment

requirements for upgrading towards compliance with Priority EU Directives. EU Directives can seem daunting at first glance. Although, frequently a simple solution can fulfill the requirements, sometimes a more complex approach is required. The technical assistance component of the Programme is specifically designed to address this.



## WHAT LOANS ARE AVAILABLE?

Projects can be financed with one or several loans with a cumulative value of up to EUR 1 million per each company or group of companies.

Investment projects should improve the competitiveness of the company in any market and achieve compliance with one or more of the EU Directives in the field of environmental protection, energy efficiency, workers' safety, product quality and safety. The international team of experts will assess your project and if you wish, advise on better or alternative project compositions to reach your desired goal.



# WHY YOU SHOULD CONSIDER THE SME COMPETITIVENESS SUPPORT PROGRAMME FOR YOUR INVESTMENT:

**GRANT** – Upon successful verification of your investment project, you are eligible for a cash-back incentive of up to 15% - a good way to reduce the cost of financing your investment. The cash-back incentive is financed by the EU national IPA.

**SIMPLE CRITERIA** – Loans and grants under the SME Competitiveness Support Programme in the Republic of North Macedonia are available for any investment that helps your company meet the more stringent EU Directives, thereby increasing your market potential and your profitability

**BENEFITS THE EXPANSION OF EXPORT BUSINESS AS WELL AS YOUR MARKETS IN YOUR HOME COUNTRY** – All eligible investments improve the product quality. This could enable you to increase your export trade to Europe, but an improved quality will also be available to your customers at home, improving your competitive positioning at home AND abroad.

**HIGHER PROFITS** – practically all eligible investments can result in reduced energy and resource consumption, lowering your cost base and increasing your competitive advantage as well as your profitability.

**GREEN ECONOMY CONTRIBUTION** – practically all eligible investments reduce pollutants such as greenhouse gas emissions.

**FREE EXPERT SUPPORT** – Simple procedures combined with technical advice offered by an international team of experts (Project Consultant or “PC”) help you pave the way to new markets.

# SUCCESS STORY

A company producing wooden furniture and cutting and edging plywood invested in wood processing equipment

## Investment in:

- HOLZ-HER Pressure beam saw Tectra 6120 Power
- HOLZ-HER 7125 Black Edition Machining center
- PRO-MASTER 7125 Black Edition

## Investment & Grant:

Total investment: 156,000 EUR

Loan: 140,000 EUR

Grant (15%): 21,000 EUR

## EU Directives met:

- Directive 2014/35/EU
- Directive 2006/42/EC
- Directive 95/16/EC (recast)
- Directive 2014/30/EU (recast)
- Directive 2009/125 (recast)





## WHO CAN APPLY?

The following companies are eligible to apply under the SME Competitiveness Support Programme in the Republic of North Macedonia:

- SMEs, enterprises, firms, businesses, sole proprietors, or other legal entities as well as individuals registered as entrepreneurs or engaged in economic activities in accordance with North Macedonia's laws.
- Companies operating primarily in North Macedonia.
- The company has less than 250 employees and the annual turnover is NOT above EUR 50 million equivalent, and/or has an annual balance sheet that does NOT exceed EUR 43 million equivalent.
- The company is privately owned.
- The applicant has obtained all necessary approvals and permits and is otherwise in compliance with national environmental, social and health and safety legislation.
- The applicant is NOT included on EBRD's list of persons or entities ineligible to be awarded an EBRD-financed contract or for EBRD funding.
- The following companies, businesses, person or entities CANNOT apply for a loan and grant under the SME Competitiveness Support Programme in the Republic of North Macedonia:
  - companies and businesses involved in production and/or trade of arms or military equipment;
  - financial institutions or financial services companies or insurance businesses;
  - companies and businesses involved in production or sale of tobacco or hard liquor;
  - casinos or other gambling facilities;
  - companies and businesses involved in speculative investments in property or currencies or any other speculative investment;
  - any activities appearing on the EBRD Environmental and Social Exclusion List

# SUCCESS STORY

A dairy company invested in cheese and yogurt making equipment, cold storage and a new boiler

## Investment in:

- Cheese production equipment
- Cooling tanks
- Hot water boiler

## Investment & Grant:

Total Investment: 148.500 EUR

Loan: 148.500 EUR

Grant (15%): 22.275 EUR

## EU Directives met:

- Directive 2014/35/EU
- Directive 2006/42/EC (recast)
- Directive 2014/30/EU
- Directive 2001/81/EC
- Directive 2010/75/EU





# WHICH PROJECT INVESTMENTS ARE ELIGIBLE?

All investments should improve compliance with one or more of the EU Directives in the field of environmental protection, workers' safety and product quality and safety, as listed in the Priority EU Directives, or with an EU Directive (other than a Priority EU Directive) which was confirmed by the Project Consultant. This includes for example:

- New machines, production equipment, production lines
- New boilers, cooling systems, heat pumps
- Refurbishment and construction of production buildings
- Integrated refurbishment and construction of production lines and buildings
- Refurbishment and construction of storage facilities, cold rooms, warehouses including internal means of transport
- Machines for packaging
- Trucks and trailers
- Earth moving equipment
- Grain storage systems, mills, animal feed plants
- Animal breeding facilities (cows, poultry, hens, etc.)
- Aspiration and dust-abatement systems
- Waste water treatment plants
- Air emission abatement plants
- Renewable energy

In addition to the above, the following specific eligibility criteria apply:

## **Second Hand Equipment**

It is recommended to focus on brand new equipment. Financing of second hand equipment is possible if on an exceptional basis the equipment was thoroughly evaluated by the Project Consultants and if the following conditions are fulfilled:

- Equipment was fully reconditioned
- Equipment has a guarantee of at least 6 months from the supplier
- Fairness of the investment cost compared to a new equivalent is proven

## **Vehicles**

New vehicles are eligible for a loan and grant under the Programme if they:

- are used for business purposes only
- replace old vehicles (evidence of scrapping the old vehicle must be provided)
- meet foreseen EU standards

The following detailed criteria exist for the different vehicle type, in addition to the abovementioned criteria:

- Taxi: vehicles have to be hybrid cars
- Trucks: meet at least Euro 6 norm;
- Vans: meet at least Euro 6 norm, registered by local law for goods transportation for commercial purposes and strictly for company business
- Buses: meet at least Euro 6 norm, in line with the company's business (transport of passengers).

Second hand vehicles are not eligible.

## **Industrial Premises**

The purchase of an industrial premises and the refurbishment of the premises itself is eligible for financing provided that the investment increases:

- Health and Safety at work
- Environmental Protection
- Product Quality and Safety
- Energy Efficiency

in accordance with EU Directives as transposed in the local laws.

Refurbishment of existing buildings or construction of new buildings is also eligible, if the same purposes and criteria as described above are met.

## HOW TO APPLY

The application process consists of the steps listed below. Please feel free and ask assistance from our technical team at any time during the process:

- The Application Forms, downloadable from the website [www.web-sme-csp.com](http://www.web-sme-csp.com), can be sent to the Partner Banks (PBs) directly or to the Project Consultant (PC)
- The PC supports the PBs in evaluating the technical eligibility of an SME and of its investment
- The decision on financing an investment or not is left to the PBs
- Our technical team will start preparing the Investment Plan (IP) together with you and will determine the actual needs for investment in order to achieve compliance with EU Directives. determining the grant incentive amount and parameters/conditions for achieving compliance at the end of the project.
- Once the investment has been completed, the incentive grant will be triggered once the Verification Consultant verifies the investment.

## OUR PARTNER BANKS

To simplify the process all financing mechanisms are channelled through local Partner Banks, who receive continued support from the Programme's Project Consultants.

Loan terms and conditions are set by the Partner Banks and the ultimate decision on whether or not to extend financing to an applicant company is made by the Partner Banks only. EBRD, EU and the Project Consultants have no influence on this decision.

The Project Consultant is responsible for the technical assessment of investment projects and, together with the Verification Consultant, for setting and checking grant amounts. The Partner Banks will pay Grant incentives to the owners of successfully completed and verified projects. However, the Partner Banks have no influence on the level of grants to be paid out.

Please check our website for updates on the current Partner Banks of the SME Competitiveness Support Programme in the Republic of North Macedonia. ([www.web-sme-csp.com](http://www.web-sme-csp.com)).

# SUCCESS STORY

A company producing fruit and vegetables invested in cold storage facilities to improve PQS

## **Investment in:**

- Refrigerators with panels, cooling devices, shock chambers for the handling and maintenance of the goods, total capacity 2000 tons
- Implementing HACCP system

## **Investment & Grant:**

Total Investment: 470.000 EUR

Loan: 460.000 EUR

Grant (15%): 69.000 EUR

## **EU Directives met:**

- Directive 2014/35/EU
- Directive 2014/30/EU (recast)
- Directive 2009/125 (recast)
- Regulation (EC) No 1005/2009
- Regulation (EU) No 687/2010



# SUCCESS STORY

A company which is in business of producing and distribution of beer, soft drinks and water invested in new equipment:

## **Investment in:**

- SSY 5555 Overlap System Full Automatic Shrink Packaging Machine
- Line for beer filling of cans

## **Investment & Grant:**

Total Investment: 998,326 EUR

Loan: 993,326 EUR

Grant (15%): 148,999 EUR

## **EU Directives met:**

- Directive 89/654/EEC
- Directive 2009/104/EC
- Directive 89/391/EEC
- Directive 2009/104/EC
- Directive 2014/35/EU
- Directive 2006/42/EC (recast)
- Directive 2014/30/EU (recast)



# SUCCESS STORY

A producer of plastic packaging materials (polyethylene terephthalate) invested in a system for drying PET materials and in new cooling system

## Investment in:

- Air Cooled Water Chiller with HP pump and 604 kW nominal cooling capacity
- Moretto complete system for drying of PET

## Investment:

Total Investment: 99,500 EUR

Loan: 89,550 EUR

Grant (15%): 13,432 EUR

## EU Directives met:

- Council Directive 89/655/EEC
- Directive 95/63/EC
- Directive 2009/104/EC
- Directive 2009/104/EC





## KNOW-HOW

In addition to finance, SMEs can also benefit from access to know-how to increase competitiveness in domestic and international markets. Whether it's introducing a new quality management system, developing a marketing plan for export products or adapting workplace procedures to new standards, companies can undertake an advisory project with local consultants and international advisers under the Programme on a cost-sharing basis.

### **Business advice**

Work with a local consultant on a project aimed at a specific aspect of the business, such as introducing a quality management system that meets ISO standards or creating a feasibility plan for a new factory. These projects often last around 4-6 months and apply best practice to help the business become more competitive. Up to 50% of the costs of these projects are reimbursed. This advice covers specialised areas of expertise including:

- strategy
- marketing
- organisation
- operations
- technology
- engineering solutions
- quality management
- financial management
- energy efficiency and environment

### **Industry expertise**

Ensure your business can compete internationally by drawing on the expertise on an international adviser from the same industry. By sharing their own international experience in senior management in the same industry, he or she can help strategically review every aspect of the business and develop a credible strategy for investment and growth. Whether it is specialised knowledge of the right humidity levels for wool spinning, laboratory standards for producing pharmaceuticals or selecting the most effective equipment to improve manufacturing, these international industry advisers understand how these issues relate to each business and its needs. These projects usually take between 12-18 months.

## **Connect with other entrepreneurs and strengthen your export knowledge**

The EBRD's export promotion training for SMEs can help companies understand the foundations of export, including identifying the right market and product dynamics, and export planning and EU specificities. The EBRD also organises regular events, training courses and networking opportunities for entrepreneurs. For more information, please contact [knowhowmkd@ebrd.com](mailto:knowhowmkd@ebrd.com)

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