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EU for Economic Growth (EU4EG)

Increasing local economic activity and competitiveness in the North-East, Polog, South-West regions and Prespa area of North Macedonia

The challenge

The Macedonian market is relatively small and dominated by Micro, Small and Medium Enterprises (MSMEs) with rather low competitiveness, innovation capacity and industry specific export potential. Several regions such as North-East, Polog, South-West regions and Prespa area (Municipality of Resen) suffer disparity with the rest of the country and the brain drain of outwards migration, especially amongst graduates, has a significant negative effect on the economic growth potentials of the regions.

Recognizing the opportunities to grow businesses is vital for satisfaction and success and EU4EG is committed to promote opportunities for growth of start-ups and MSMEs, concepts of green economy, green growth, use of innovative technologies and methods for improving businesses and increasing competitiveness in a sustainable manner.

Project name	EU for Economic Growth
Project region	North-East, Polog, South-West, Prespa (Municipality of Resen)
Commissioned by	Federal Ministry for Economic Affairs and Climate Action
Co-funded by	Delegation of the European Union to the Republic of North Macedonia
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Implementing Partners	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Area Science Park

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AREA
SCIENCE PARK

Capacity Building

Entrepreneurs/start-ups in the three least developed regions in the country have historically been isolated, with limited contacts to other start-ups and venture capital funds. They have difficulties to access new markets; low entrepreneurial spirit, which is particularly true for youth and women entrepreneurship, and a low innovation capacity and technology base (including circular and green technologies). Active companies in the target areas, more specifically, those that have high growth potential, both sectoral (based on specific regional economic activities and cluster/supply chain opportunity) or horizontal (based on individual company growth potential) lack systematic and continuous business support on local/ regional level.

Despite the constant development of strategies and programmes, a functional and effective support system for SMEs is still not in place. In addition, there is a lack of thorough analysis of real needs of SMEs differentiated by size & sector. On the other hand, there is no developed culture in businesses to seek and use advisory or mentorship services.

There is a significant lack of alternative financing sources such as equity and business angels funding for start-ups and companies with high growth potential. The alternative sources of financing that are available to start-ups and growth companies other than own/family investment include one venture capital fund, three networks of Business Angels, and to a limited extent, crowdfunding.

Furthermore, a lack of skilled labor - force which can serve to the needs of start-ups, or benefit and promote the start-up landscape, was mentioned by the respondents as a barrier to growth.



Waste as a renewable source of energy. GIZ, Arbnora Memeti

Commitments

Through project's actions we will therefore work towards:

1. Improving the Business Support Services for Start-ups and SMEs by supporting them to convey knowledge of the best practices in business development through capacity development activities and technical assistance.
2. Improving business support infrastructure through accelerators and mentorship programs.
3. Support existing high value-added business initiatives to introduce innovative technology, technology lines and equipment, production methods with an impact in improving business processes, and production efficiency to increase competitiveness. The types of economic activities also include circular- and green economy; innovation and IT; and highly competitive/growth potential economic sectors.

Target groups for the project include businesses owned by or with a majority of employed people under 40 years; women; and vulnerable groups.

Strengthening the Entrepreneurial Ecosystem

In a first step the entrepreneurial ecosystem of the target regions has been mapped. This allows the identification of the biggest needs of the companies and therefore the Business Support Organizations (BSOs) skills.

To correspond to these needs, tailor made trainings are being developed in a catalogue of advanced services, with the support of the implementing partner Area Science Park, to help build the necessary capacities of the BSO's and support them in delivering these services to the companies in the respective regions, while ensuring transfer of knowledge and best practice to a wider audience in order to establish common ground and secure consistent support.



Ecosystem mapping



Developing Advanced Services for BSOs



Capacity-building of BSOs



Delivery of Advanced Services to MSMEs



Innovative nature



Expected market disruption



Expected additional income



Local job creation (especially amongst the target groups)



Contribution to the circular economy

Business Opportunities and Potentials

In parallel the identification of high growth potentials in the regions take place, to identify the most dynamic and successful sectors, and the critical constraints and needs for start-up and growth, especially focused on the target beneficiary groups.

By utilizing the GIZ 'Guidelines for Value Chain Selection' the regional advisors compare and prioritize possible value chains for promotion by carefully comparing their economic, environmental and social impact.

The selection tools provide a weighting to each selection criteria and thus help to choose the value chains with particular relevance to green or inclusive goals.

Added values

EU for Economic Growth builds upon the sustainable development goals (SDG 5 – Gender equality; SDG 8 – Decent work and economic growth; SDG 9 – Industry, innovation and infrastructure; SDG 10 – Reduced inequalities; SDG 11 – Sustainable cities and communities; SDG 12 – Responsible consumption and production; SDG 15 – Life on land) and promoting of the values set in the respective chapters of the EU acquis.

INNOVATION AND RESPONSIBLE PRODUCTION

Create new value-added products and services in the field of green and circular economy, innovation, IT, environment and climate friendly technologies

DECENT WORK AND ECONOMIC GROWTH

Improve the quality, content and capabilities of the business support organizations in the region and create a network of business accelerators that can identify, nurture, and support good ideas into successful and sustainable businesses

Increase the economic flows within the regions, reducing imports and increasing exports, creating new and higher quality jobs especially amongst the target groups

SUSTAINABILITY OF COMMUNITIES

Geographic focus on three most under-developed regions of North Macedonia – North-East, Polog, and South-West regions and Prespa area (Municipality of Resen)

GREEN ECONOMY

Promote and support the development and growth of green businesses and the “greening” of businesses.

Develop the support instruments and services that improve processes or products and that address the production, use, or end of life of products in a green and sustainable way

GENDER EQUALITY AND REDUCED INEQUALITIES

Deliver real and meaningful jobs to the under 40s, women, minorities and marginalized and vulnerable groups.

Develop and deliver of women entrepreneurship and women into business programmes.

RURAL DEVELOPMENT

Support local agricultural supply chains, value-added agri-processing, and agri-tech, primary producers.

Increase value and improving the offer of rural and adventure tourism and products and sustainable tourism.

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