



NORTH MACEDONIA

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The Macedonian ecosystem is in the learning phase. The current focus of the ecosystem is placed on knowledge acquisition and access to capital. Of course, there are lots of challenges to be solved but the synergistic vibration of the ecosystem can be felt by now. The startup ecosystem in North Macedonia needs to improve as a whole before it can catch up and compete with EU ecosystems.

North Macedonia has the highest startup density value in Western Balkan regarding our focus area: 30 startups/1 million inhabitants (Startup Macedonia, 2018).

According to our extensive literature review the top 3 challenges of the ecosystem are the following:

1. Capital and resources (including available information, flow of special knowledge/technology transfer and ecosystem support)
2. Culture and communities
3. Policy and regulation & Talents, ideas and champions (human resources) & Market and networks

The following table (*Table 11.*) summarizes the frequencies of mentions on challenges and the relevance of these challenges according to their appearance regarding the pillars of ecosystem assessment canvas.

Table 11. Relevance and distribution of startup ecosystem challenges in North Macedonia

Startup ecosystem assessment canvas	Frequency of mentions	Relevance of the challenge according to frequencies
Vision and strategy	n.a.	n.a.
Policy and regulation	2	3rd
Capital and resources (including available information, flow of special knowledge/technology transfer and ecosystem support)	6	1st
Talents, ideas and champions (human resources)	2	3rd
Infrastructure, education, universities, local/available knowledge and programmes	1	4th
Market and networks	2	3rd
Culture and communities	3	2nd

Source: Larda (2020); PwC North Macedonia (2019); Startup Macedonia (2018); Stojkovski (2020)

1. Capital and resources (including available information, flow of special knowledge/technology transfer and ecosystem support)

Some notable detailed challenges mentioned by experts:

- *One of the Innovation Fund's initiatives is co-financing for projects that are in the phase of proof-of-concept, up to the close-to market phase. Yet, besides regionally active South Central Ventures, there are still no dedicated venture capital funds in the country;*
- *Startups need capital; Lack of suitable business concepts which could convince investors;*
- *Investors think startups are not investment-ready;*
- *Startups say they need more support and education in sales;*
- *There is a mismatch in the demand vs need, as startups are being offered services that they don't need;*
- *Most of the investment opportunities present in North Macedonia are focused in the Pre-Seed and Seed phases. These two rounds of funding can be essential for a startup and may allow you to grow to a point where you can begin to raise additional funding through the more common forms of Series A, B, and C funding. Very limited number of opportunities in North Macedonia for such fundings.*

2. Culture and communities

Some notable detailed challenges mentioned by experts:

- *Lack of dynamic entrepreneurs and startups esp. women entrepreneurship;*
- *Due to limited opportunities at home, startups at this stage look mostly for financing abroad.*

3. Policy and regulation & Talents, ideas and champions (human resources) & Market and networks

Some notable detailed challenges mentioned by experts:

- *Yet, the ecosystem is rather new and weak, and needs its success stories and accumulated know how to make the next leap;*
- *While most startups in the county have started to create a product, they are still not able to properly sell it. At the moment, this is one of the biggest challenges that Macedonian companies have to deal with, if they want to achieve rapid growth;*
- *There are successful startup companies that are already working in these industries*, and if we are smart, we would do some sort of clustering and put all available resources in this direction. (*software industries like video streaming, monetization, software and mobile applications) (Stojkovski, 2020 quotes Igor Izotov);*
- *I would mention the Innovation Fund — but that money is not “smart”. It is not opening new markets, it is not opening doors for new businesses or bringing advice from people who have crossed that road. The money will get you to create such a product, but won’t sell it to you.” Izotov adds. (Stojkovski, 2020 quotes Igor Izotov);*
- *Startups need to find their first customers as soon as possible;*
- *Lack of connections between universities and startups (Larda, 2020).*

Sources of the above mentioned challenges: Larda (2020); PwC North Macedonia (2019); Startup Macedonia (2018); Stojkovski (2020).

