



**ANNUAL WORK PROGRAMME OF THE FUND  
FOR INNOVATIONS AND TECHNOLOGICAL  
DEVELOPMENT  
FOR 2020**

Skopje, December 2019

Pursuant to Article 28 paragraphs 1 and 3 of the Law on Innovation Activity (*Official Gazette of the Republic of Macedonia* no. 79/13, 137/13, 41/14, 44/15, 6/16, 53/16, 190/16 and 64/18) and Article 20 paragraph 2 line 4 of the Statute of the Fund for Innovation and Technological Development, the Managing Board of the Fund, upon the proposal of the Director of the Fund, at the meeting held on ..... 2019, adopted the following

## WORK PROGRAMME FOR 2020

The objective of the Work Programme of the Fund for Innovation and Technological Development of the Republic of North Macedonia (hereinafter the Fund) for 2020 is to implement the strategic priorities in accordance with the Mid-term Work Programme of the Fund for Innovation and Technological Development for financial support of micro, small and medium enterprises for the period 2018 – 2020 (No. 01-332 / 3 dated 26.02.2018; No. 01-1002/9/1 dated 06.12.2018; and No. 01-1614/6 dated 21.10 .2019).

The Work Programme covers the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2020.

Total value: MKD 1,153,065,587.00

## INTRODUCTION

## VISION, MISSION AND OBJECTIVES

The vision of the Fund for Innovation and Technological Development is to be a central institution for supporting sustainable economic development by encouraging innovation and technological development. To achieve this vision, the Fund will implement several new initiatives in the development and providing of financial and non-financial services to enterprises as well as systematic and modern education and support for all the relevant stakeholders in the society.

The mission of the Fund is to stimulate and support innovation activities in micro, small and medium enterprises in order to achieve accelerated technological development, based on transfer of knowhow, research for development and innovations that contribute to creation of new jobs and economic growth and development, while simultaneously improving the business environment to develop competitive capabilities of the companies.

The priorities and objectives of the Fund are:

- ✚ Improved access to financial support for innovations and technological development
- ✚ Promoting and encouraging the innovation activity in the Republic of North Macedonia

By fulfilling its objectives, the Fund contributes to accelerated technological development based on transfer of knowhow, development research and innovations that contribute to economic

growth and development, but also to the enhancement of the business climate for development of competitive capabilities of the enterprises.

## **MAIN ACTIVITY AND TASKS**

The main activity of the Fund is providing financial support to companies registered in the Republic of North Macedonia, with the objective to encourage innovation activities through co-financed grants awarded on competitive basis.

The main tasks of the Fund are as follows:

- ✓ Financing, preparation, implementation and development of programmes, projects and other activities in the field of innovation policy implementation;
- ✓ Professional and other operations related to acquiring assets in the Fund, managing and using such assets;
- ✓ Mediation regarding the financing of the innovation activities with funds from international organizations, financial institutions and bodies, as well as domestic and foreign legal entities and natural persons, especially in the areas of science and technology, in accordance with the priorities defined in the innovation strategy;
- ✓ Keeping a database for the beneficiaries of the funds awarded by the Fund, identification data of the entities that have been awarded funds, the programmes, projects and other activities in the field of innovation activities financed by the Fund, as well as the financial resources required and available for their implementation;
- ✓ Encouraging and establishing cooperation with international and domestic financial institutions and other legal entities and natural persons, for the purpose of financing the innovation activity, in accordance with the innovation policy and other strategic plans and programmes, also in line with ratified international agreements;
- ✓ Selection of a company for management of private funds through a public call, which will manage the funds of the Fund intended for realization of the instruments for equity and mezzanine investments;
- ✓ Establishment of an Equity and Mezzanine Investment Fund and adoption of the statute and prospectus of the Equity and Mezzanine Investment Fund and
- ✓ Monitoring and evaluation of the projects for which funds have been awarded, in order to develop entrepreneurship in the Republic of North Macedonia.

## **PROGRAM ACTIVITY PLAN**

## **FINANCIAL SUPPORT PROGRAMS FOR THE BUSINESS SECTOR (OR MICRO, SMALL AND MEDIUM ENTERPRISES)**

## **ECONOMIC GROWTH PLAN OF THE GOVERNMENT OF THE REPUBLIC OF NORTH MACEDONIA, PILLAR 3**

The Fund, in coordination with the Office of the Prime Minister of the Republic of North Macedonia and the Cabinet of the Deputy Prime Minister in charge of economic affairs and coordination of economic sectors, will continue to thoroughly implement the measures of the Economic Growth Plan, pillar 3: financial support (co-financed grants) for micro, small and medium enterprises for innovation and technological development.

The Economic Growth Plan, pillar 3, includes the following support measures:

- 1) Measure 1: Financial support for fast-growing micro, small and medium enterprises (hereinafter MSMEs) ("Gazelles");
- 2) Measure 2: Special financial support for MSMEs;
- 3) Measure 3: Financial support for improving innovativeness;
- 4) Measure 4: Financial support for professional development and internships for newly employed young people and
- 5) Measure 5: Creating an environment and preparing legal bases for venture capital development.

**Measure 1: Financial support for fast-growing micro, small and medium enterprises (hereinafter MSMEs) ("Gazelles") and  
Measure 2: Special financial support for MSMEs**

Until November 2019, the implementation of **Measure 1** took place through the instrument "Co-financed grants for fast-growing small and medium enterprises (Gazelles)", and the implementation of **Measure 2** took place through the instrument "Co-financed grants for micro enterprises". Since the instruments provide support for the same type of investment activities, based on the consent given by the Government of RNM, the instrument "Co-financed grants for fast-growing small and medium (Gazelles)" and the instrument "Co-financed grants for micro enterprises", have been merged into a single instrument entitled: "**Co-financed grants for technological development**".

The purpose of this Instrument is to provide financial support for technological development of enterprises and private health institutions (hereinafter PHIs). Through this Instrument, the Fund will provide financial support **up to 30% (thirty percent)** of the total project budget, but not more than **MKD 10,000,000.00 (ten million denars)** per applicant, as follows:

- For enterprises and PHIs whose average number of employees is up to 10 and whose annual income in the last two years is less than €50,000.00 (fifty thousand euros), according to the financial statements for the last two fiscal years, the financing is provided in the maximum amount of MKD 5,000,000.00 (five million denars);
- For enterprises and PHIs whose average number of employees is between 10 and 250 and whose annual income in the last two years is over €50,000.00 (fifty thousand euros), but under €10,000,000.00 (ten million euros), according to the financial statements for the last two fiscal years, the financing is provided in the maximum amount of MKD 10,000,000.00 (ten million denars).

This instrument will be used to provide support for the following types of investment activities:

- Acceptance and implementation of European technical regulations regarding product safety;

- Preparations for acquiring quality certificates;
- Activities for analysis, preparation, acquisition and protection of industrial and intellectual property rights;
- Preparation and implementation of activities for improving energy efficiency;
- Preparation of environmental protection reports;
- Preparation and establishment of waste management systems;
- Introducing information systems;
- Technical support by external experts for preparation of mid-term and long-term strategic plans;
- Mid-term business planning training (three-year business plan);
- Preparation of development projects for business connection and establishment of business cooperation (for a period of 3 to 5 years) with foreign investors and domestic companies;
- Improving the organizational structure to meet the growth of the company;
- Specialized management training – programs for the development and skills of management teams;
- Training for talent recognition (future leaders) and creation of talent development programs (future leaders);
- Training in cost planning and control; and
- Procurement or development of specific software related to the improvement of the organizational structure and performance or for the improvement of the operational processes that will increase the productivity and/or the planning process.

The eligibility criteria to be fulfilled by an individual applicant are:

- ✓ To be a trade company established in accordance with the Law on Trade Companies and registered in the Central Register of the Republic of North Macedonia or to be a private healthcare institution established in accordance with the Law on Institutions and the Law on Healthcare, registered in the Central Register of the Republic of North Macedonia;
- ✓ To be an enterprise or a PHI with maximum 250 employees;
- ✓ The annual income of the applicant not to exceed €10,000,000.00 (ten million euros), according to the financial statements for the previous two fiscal years;
- ✓ Not be related to another enterprise or PHI where the total annual income exceeds €10,000,000.00 (ten million euros) and the total number of employees does not exceed 250 in the previous two fiscal years, except in case of connection with a higher education or scientific – research institution;
- ✓ No bankruptcy proceedings or liquidation proceedings have been initiated against the applicant;
- ✓ To have settled due liabilities for public duties and contributions;
- ✓ No proceedings have been initiated against the applicant for forcible collection of overdue monetary claims;
- ✓ To meet the conditions specified in the Law on State Aid Control and the Decree on the conditions and procedure for granting minor assistance (de minimis), or:
  - Not to have accumulated more than €200,000.00 (two hundred thousand euros) of minor assistance for a period of three fiscal years, including the requested amount of funds from the Fund, in accordance with the Law on State Aid Control and the Decree on the conditions and procedure for granting minor assistance (de minimis);

- Not to have accumulated more than €100,000.00 (hundred thousand euros) of minor assistance for a period of three fiscal years, including the requested amount of funds from the Fund, if the company is active in the road traffic sector, in accordance with the Law on State Aid Control and the Decree on the conditions and procedure for granting minor assistance (de minimis);
- Not to be in difficulty (a company in difficulty is an enterprise that is unable to meet its obligations from its own resources or with funds it may receive from its owner/shareholders or creditors to stop losses, which without external intervention from providers would certainly lead to short-term and long-term cessation of the operations of the enterprise); and
- Not to be in the coal production business.

The duration of the project for which funds will be allocated through this instrument can be up to 18 (eighteen) months. Under justified circumstances, the duration of the project implementation may be extended for a maximum of additional 6 (six) months.

**Measure 3: Financial support for improving innovativeness is implemented through the instrument “Co-financed grants for improving innovativeness”**

Through this Instrument, the Fund will provide financing for **up to 70% (seventy percent)** of the total budget of the investment project, but not more than **MKD 20,000,000.00 (twenty million denars)** per applicant.

Support through this Instrument will be awarded to projects with a clear commercial purpose that are in the phase of an approved concept or in the prototype phase (or appropriate phase depending on the type of innovative product, service, process) up to the pre-commercial (pre-market) phase.

This Instrument will provide support for research and development projects that include the following types of investment activities:

- Elaboration of technical-technological aspects in the development and introduction of new products or services;
- Significant improvement of existing products or services;
- Designing new fashion lines;
- Conducting industrial product design or redesign;
- Designing new packaging;
- Development of marketing plans (market analyses, competition analyses, product- and sales-related researches, etc.); and
- Improving the current or introducing new production processes.

The eligibility criteria to be fulfilled by an individual applicant are:

- ✓ To be a trade company established in accordance with the Law on Trade Companies and registered in the Central Register of the Republic of North Macedonia;
- ✓ No bankruptcy proceedings or liquidation proceedings have been initiated against the applicant;
- ✓ To have settled due liabilities for public duties and contributions;

- ✓ No proceedings have been initiated against the applicant for forcible collection of overdue monetary claims;
- ✓ To have a predominantly Macedonian ownership structure (of 50.1% or more) or 50.1% or more of the share capital of the Applicant should be owned by: (a) one or more natural persons who are citizens of the Republic of North Macedonia, and/or (b) one or more companies registered in the Republic of North Macedonia, and/or (c) one or more higher education or scientific research institutions; whereby, the entities from sub-item (c) of this item may own up to 20% in the basic capital of the Applicant, and
- ✓ To meet the requirements of the Law on State Aid Control and the requirements of Article 6 of the Decree on the conditions and procedure for granting horizontal aid.

The duration of the project for which funds will be allocated through this instrument can be up to 24 (twenty-four) months. Under justified circumstances, the Fund may approve an extension of the project duration for maximum additional 3 (three) months.

This financial support instrument has been harmonized with the financial support instrument "Co-financed grants for commercialization of innovations" starting in late 2018, during which the eligibility criteria, activities and costs eligible for financing and the amounts of financial support between the two have been harmonized between the two instruments, therefore the Fund in the following year will continue with calls for the instrument "Co-financed grants for commercialization of innovations" fulfilling the purpose of Measure 3 to improve innovativeness in enterprises.

**Measure 4: Financial support for professional development and internships for newly employed young people is implemented through the instrument "Co-financed grants for professional development and internships for newly employed young people"**

Through this Instrument, the Fund will provide financing for **up to 30% (thirty percent)** of the total budget of the investment project, but not more than **MKD 1,000,000.00 (one million denars)** per applicant.

This Instrument will be used to provide support for the following types of investment activities:

- Professional training and internship for the end user of the support with the Applicant (including the Fast Track Management Programme); and
- Professional training and internship for the end user of the support with the Organizer.

The eligibility criteria to be fulfilled by an individual applicant are:

- ✓ To be a trade company established in accordance with the Law on Trade Companies and registered in the Central Register of the Republic of North Macedonia;
- ✓ To be a small- or medium-sized company;
- ✓ To have minimum 5 and maximum 250 employees at the time of submitting the application;
- ✓ No bankruptcy proceedings or liquidation proceedings have been initiated against the applicant;
- ✓ To have settled due liabilities for public duties and contributions;
- ✓ No proceedings have been initiated against the applicant for forcible collection of overdue monetary claims;

- ✓ To have generated annual revenues of minimum MKD 3,000,000.00 (three million denars) in the year preceding the year when applying for financial support from this Instrument; and
- ✓ To meet the conditions specified in the Law on State Aid Control and the Decree on the conditions and procedure for granting minor assistance (de minimis), or:
  - Not to have accumulated more than €200,000.00 (two hundred thousand euros) of minor assistance for a period of three fiscal years, including the requested amount of funds from the Fund, in accordance with the Law on State Aid Control and the Decree on the conditions and procedure for granting minor assistance (de minimis);
  - Not to have accumulated more than €100,000.00 (hundred thousand) of minor assistance for a period of three fiscal years, including the requested amount of funds from the Fund, if the company is active in the road traffic sector, in accordance with the Law on State Aid Control and the Decree on the conditions and procedure for granting minor assistance (de minimis);
  - Not to be in difficulty (a company in difficulty is an enterprise that is unable to meet its obligations from its own resources or with funds it may receive from its owner/shareholders or creditors to stop losses, which without external intervention from providers would certainly lead to short-term and long-term cessation of the operations of the enterprise)
  - Not to be in the coal production business.

The eligibility criteria to be fulfilled by the end user of support are:

- ✓ To be up to 29 years of age and not to have reached 30 years of age at the time of application;
- ✓ To be employed by the Applicant for not less than 6 months at the time of application;
- ✓ To be a citizen of the Republic of North Macedonia;
- ✓ If the applicant has already been the end user of support through this Instrument from another legal entity, 24 months to have passed since the end of the project supported by this Instrument within which the Applicant was the end user of the support.

The duration of the project financed through this instrument can be up to 24 (twenty-four) months.

**Measure 5. Creating an environment and preparing legal bases for venture capital development**

**Measure 5** plans for the preparation of bylaws that would enable co-investments by the Fund in private funds together with investors, investment funds and accelerators in start-up enterprises, technologically advanced enterprises and enterprises with rapid-growth potential. It also includes Co-investments by the Fund for Innovation and Technological Development in private funds together with investors, investment funds and accelerators for the purpose of securing start-up capital and consequent investments in start-up enterprises, technologically advanced enterprises and enterprises with rapid-growth potential.

The activities for establishing the Equity and Mezzanine Investment Fund (EMIF) are in the final stage. For EMIF, a document has been prepared that contains the conditions and methods of its



functioning, the investment strategy and investment policies. In 2020, the implementation will be done in accordance with the laws and bylaws of the Fund.

## **SKILLS DEVELOPMENT AND INNOVATION SUPPORT PROJECT (FINANCED BY THE WORLD BANK)**

The objective of the Skills Development and Innovation Support Project, financed by the World Bank, and implemented through the Ministry of Education and Science, is to improve the transparency of resource allocation and to promote accountability in higher education, as well as to improve the relevance of secondary technical vocational education and support the capacities for innovations in the Republic of Macedonia. Within the project, the Fund acts as the responsible institution in the part – Improving the capacity for innovations of enterprises and cooperation with research organizations. The activities of the skills development project and the World Bank loan agreement end in June 2020.

As a result of the Skills Development and Innovation Project, the Fund has developed and is providing support to micro, small and medium enterprises through 4 support instruments:

- 1) Co-financed grants for newly established companies;
- 2) Co- financed innovation commercialization grants;
- 3) Co-financed grants for establishment, operation and investments of business-technological accelerators and
- 4) Co-financed grants for technological extension.

Upon completion of the project in June 2020, the Fund will continue to make calls and provide financial support for the instruments specified above.

The funds for financial support for innovation and technological development planned for 2020 will be allocated through public calls, provided in accordance with the dynamics given in the Mid-term Work Program of the Fund for Innovation and Technological Development for financial support of micro, small and medium enterprises for 2018- 2020, approved by the Government of RNM on 20.12.2019.

For the public call for commercialization of innovations, implemented within the 2019 programme, additional expansion of the co-financing funds in the amount of 1 million euros is envisaged. The amount will be provided by withdrawing funds from the World Bank loan, taking into account the remaining amount of the loan, while also taking into account the deadline for its implementation (ends on: 30.06.2020). The additional expansion will enable the completion of the operations of the Investment Approval Committee in reviewing the arguments/responses of the applicant companies after the submitted comments from the evaluation process.

Also for 2020, it is planned to continue with the payment of the obligations undertaken from the previously announced calls.

Depending on the funds available, the Fund may announce additional calls for financial support.

## **MONITORING AND EVALUATION**

The Fund will continue with regular monitoring of the beneficiaries of financial support. The monitoring will be conducted on a regular monthly, quarterly or semi-annual level (depending on the type of instrument or challenge) and it includes monitoring the implementation of the action plan through a narrative report, financial monitoring of project expenditures through financial statements and Report on the implementation of the Transparency and Public Communication Plan.

The monitoring is carried out by external audit companies in coordination with the Fund, and in addition to monitoring the regular reports (financial and narrative), the practice of making field visits to users will continue in order to inspect the activities and the results.

## **PROGRAMS IN THE FIELD OF EDUCATION, SCIENCE AND INNOVATIONS – STRENGTHENING THE HUMAN RESOURCES**

Starting from the importance of human resources in encouraging the innovation activity, the Fund will act to strengthen the capabilities and better realization of potential of the youth and the representatives of the academic community. The measures aimed at strengthening the human resources are structured in two components, specifically:

- 1) Young Minds Fund, a component that primarily targets young people through initiatives related to formal and informal education; and
- 2) Connecting the academic community and the industry, a component mainly focused on transferring knowledge and the results from scientific researches from the academic and scientific communities to the private sector.

## **YOUNG MINDS FUND**

According to the results of the PISA testing conducted in 2015<sup>1</sup>, the Republic of North Macedonia is among the countries with the worst performances. The country is the penultimate of all the countries participating in the research, meaning that more than half of the students do not possess basic competencies. What is really a burning problem is that the indicators show that the abilities of young people in our country are gradually deteriorating, while in other countries in the region they are trending upwards. At the same time, the country is facing a huge loss of potential and creative energy, the scale of which is increasing when the problem of "brain drain"<sup>2</sup> is taken into account.

In today's world of rapid changes and a global economy, there is an actual need for highly specialized and flexible skills, while the education systems are facing problems in keeping pace

<sup>1</sup> <https://www.oecd.org/pisa/pisa-2015-results-in-focus.pdf>

<sup>2</sup> <https://www.unicef.org/northmacedonia/media/4836/file/OECD%20study%20MK%20EDU.pdf>

with the changes. In the process of growing up, students need education from which they will derive applicable knowledge, a broader range of skills, values and experiences to enable them to develop proactive, self-motivating mentality and skills for cooperation, employability and civil society. Moreover, in a world of mass communications, young people need to be heard, and involved in the creation and development of processes designed to improve their lives, and to have access to reliable sources of information.

Providing the needs mentioned above to young people presupposes that the Republic of North Macedonia will have sustainable mechanisms and a systemic approach in terms of meeting their needs and in terms of preventing the brain drain, i.e. that:

- We will create an intellectually stimulating environment and prepare young people for the future through problem-solving skills in the context of a rapidly changing world;
- We will support international mobility and international youth initiatives;
- We will support synergies between different areas of education and training;
- We will provide a platform that will connect the education sector, the business sector and civil society organizations; and
- We will empower the voice of the youth.

The findings from the conducted initial analysis of the situation in education and youth policies in relation to the above objectives showed that currently there are several youth programs that have yielded positive results, but most are implemented at project level, so it is really difficult to achieve comprehensive national influence or to cause significant qualitative change. To overcome this problem, the Fund for Innovation and Technological Development has prepared an action plan to be undertaken in the short and long term.

In 2020, the Fund is going to provide financial and logistical support in the implementation of three programs that have produced positive results, and which are directly related to stimulating research activities, entrepreneurship and innovativeness among the youth.

### **Young Researches Challenge**

The goal of the challenge is to stimulate creative and critical thinking by finding answers to previously identified questions and problems, and to nurture curiosity by discovering new horizons in a way that challenges conventional knowledge. Through the discovery process, the students, teachers, and mentors can identify their own abilities, improve their own skills, and collaborate to achieve common goals.

The Fund will implement this challenge for the third time in 2020. The challenge is realized throughout the year. "Young Researchers Challenge 3" is expected to be announced early in the year, and the awards will be presented before the end of the school year. The total budget of the Challenge is planned to be 6 million denars, and the final amount will depend on the available funds and the interest of the schools, and it will be approved by the Managing Board of the Fund.

The Fund will continuously monitor and promote the projects awarded by the previous public calls under this Challenge.

## **Program for stimulating social entrepreneurship among the youth – UpShift**

The UPSHIFT program contains: 1) learning through human-centred design methodology; 2) mentoring opportunities in order to develop ideas to their full creative potential, and 3) initial funding to support and engage young people.

The methodology follows the latest research on brain development in adolescents. UPSHIFT gives young people a sense of belonging, autonomy and ability, and motivates young people to succeed. It involves young people by giving them guidance in identifying problems within their communities, and then—together with the community—creating solutions, services or products that address those problems. This "user-centric design" and learning about entrepreneurship through services enables young people to develop critical thinking and gain 21<sup>st</sup> century-relevant skills that can be applied in all walks of life.

In 2020, with support from the Fund, the UPSHIFT program is going to include the following:

- Implementation of 3 (three) complete cycles of UPSHIFT;
- Dissemination of the guide for using the human-oriented approach in the development of entrepreneurship and 21<sup>st</sup> century-relevant skills of the teachers involved in the three UPSHIFT cycles;
- Support to the Bureau for Development of Education in applying the human-oriented approach to the development of entrepreneurship and 21<sup>st</sup> century-relevant skills in the curricula of subjects of entrepreneurship and innovations.

The UPSHIFT program is expected to involve 120 adolescents, 15 teachers and support 15 social entrepreneurship projects in 2020.

## **Entrepreneurial Education Support – Junior Achievement**

The Entrepreneurial Education Support Project implemented in Europe and Eurasia, locally implemented by Junior Achievement Macedonia, aims to inspire and prepare young people to succeed in the global economy through the development and implementation of entrepreneurial education, financial literacy and job readiness programs. The project collaborates with secondary schools, students, teachers and parents and other support organizations, business associations, financial institutions, and leading companies seeking to support entrepreneurial education in North Macedonia. The project enhances the partnership between businesses and schools in order to create a generation of young people capable of applying innovative approaches and techniques in their teaching activities and people who will be prepared for the modern labour market.

In 2020, the Junior Achievement program will include the following:

- Holding two Innovation Camps;
- Conducting the annual State Competition for best student companies;
- Conducting trainings for secondary/primary school teachers;
- Participation of the winning team from the State Competition for best student companies at the International Competition for best student companies.

In the schoolyear 2019/2020, the plan is that about 200 students will take part in the innovation camps, and a third of them will take the exam for obtaining a certificate for entrepreneurial skills. The program, through the trainings, will include over 300 teachers who will then have the role of mentors in the implementation of the student companies program.

**Introducing a program to provide support for the preparation, participation and promotion of international competitions in the fields of science and technology**

To provide support to young people based on the identified needs in accordance with the growing interest expressed by the stakeholders to the Fund, in 2020 the Fund will introduce a program to award financial support for activities related to preparation for international competitions, participation in international competitions and promotion of achievements of youth. This program will systematically support talented students and young people with high achievements in certain scientific and technological fields.

**Establishment of a "Program Registry" that keeps record of programs that promote creativity, innovativeness, entrepreneurship, and 21<sup>st</sup> century-relevant skills among the young people**

The preparation of **Program Registry** is one of the initial activities that the Fund will implement within the Young Minds Fund program. The goal is to gather information in one place about the past and present programs that promote creativity, innovativeness and entrepreneurship among young people, as well as the acquisition of skills for the 21<sup>st</sup> century. This review of initiatives will contribute to better coordination between the institutions that support and implement the programs, facilitate the access to information for the stakeholders, thus increasing the visibility of the programs and contributing to their more successful implementation. The Registry will also serve as a basis for further analysis of existing programs in order to identify successful practices, but also the shortcomings in the support.

Initially, the Program Registry is intended to serve as a tool for keeping record of the existing programs, and if further research should show that such a tool is used by the stakeholders and needs to be formalized, this database will serve as a basis for establishing a unified Program Registry with prescribed form, content and method of management for which appropriate amendments to the Law on Innovation Activity will be proposed and appropriate bylaws will be prepared.

The Program Registry will also serve as an initial database to be used by all the stakeholders (young people, teachers, parents, public institutions, the civil sector, private sector and donors). Furthermore, this database will be upgraded with information and functionalities that will create a platform for connecting the education sector, the private sector and civic initiatives.

**CONNECTING THE ACADEMIC COMMUNITY AND THE INDUSTRY**

The Global Innovation Index (2019) ranks the Republic of North Macedonia 36<sup>th</sup> out of 39 European economies in 2019, and 59<sup>th</sup> among the total of 129 economies that are part of the

Global Innovation Index<sup>3</sup> this year. North Macedonia has the best scores in the field of market sophistication, while the weakest scores were achieved in the field of human capital and research. The score for the "Research collaboration between universities and industry" indicator is particularly low, and has been identified as one of the weakest points in the ecosystem, ranking the country 108<sup>th</sup> out of 129 countries in terms of this specific indicator.

In order to assess the current state of the national innovation ecosystem, in 2019, three EU-funded sustainability studies were prepared under the project "Innovation Canvas: A Road to Strengthening the National Innovation Ecosystem". One of these studies, the Sustainability Study on Innovation Policy Instrument Design and Implementation, aimed to analyse the existing support measures and to identify the overlaps and weaknesses in the national innovation ecosystem. A major shortcoming in the measures to support innovation, research and development was identified in the knowledge transfer between the public and private sectors as well as the cooperation between the academic community and the industry.

To overcome these shortcomings, in 2020 the Fund is going to prepare and introduce the following support measures:

#### **Innovation vouchers**

Innovation vouchers constitute a financial incentive that companies will use to cover part of the cost of services offered by the academic and research institutions. The development of new products, processes and services is directly related to the innovation process. The innovation vouchers will provide direct financial incentives and knowledge transfer, which will increase the dynamics of product and service development as well as their placement on the market. The purpose of the Innovation Vouchers is to encourage cooperation between companies and academic and scientific research institutions for the purpose of implementing innovation activities, which will increase the competitiveness of the companies.

In 2020, the Fund will announce public calls for awarding Innovation Vouchers. The budget for the calls is planned to be 15 million denars, and the final amount will depend on the available funds of the Fund and the interest of the companies for this measure, and the budget will be approved by the Managing Board of the Fund.

#### **Co-financed grants for cooperation between the academic community and the industry**

The grants are intended to pilot projects for collaboration between the academic community and the industry. The measure envisages support for research and development activities that would be implemented mainly in higher education institutions and research centres, which have practical application in the industry and meet the needs of businesses.

#### **Sector-specific measures**

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<sup>3</sup> [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2019.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2019.pdf)

In addition to the above measures that lead to connecting the academic community with the industry, but also as a pilot for modern trends in innovation policies aimed at specific sectors of particular significance for the regional economies, in 2020 the Fund will introduce measures oriented towards the priority areas, specifically:

#### **Green vouchers**

In line with the Innovation vouchers model, there will be an introduction of vouchers whose primary purpose will be to acquire services from the academic and scientific institutions for reducing CO<sub>2</sub> emissions.

#### **Establishing and implementing innovative practices in the area of agriculture and rural development**

The funds allocated under this program will be used for investments in fixed assets and equipment for implementation of innovative practices in primary agricultural production and processing of agricultural products and application of scientific research achievements in the field of agriculture and rural development.

In 2020, the Fund will announce at least two public calls for awarding funding under this program. The budget for the first (pilot) call will depend on the available funds for this measure provided in the Program for financial support of rural development by the Ministry of Agriculture, Forestry and Water Economy of RNM. The budget of the second call will be determined taking into account the interest of the applicants expressed in the first public call.

#### **Innovation Forum – IMAGINE IF!**

The “IF” Innovation Forum is a global organization whose objective is to stimulate innovation activities in the healthcare sector, support the transfer of scientific achievements into industrial solutions with significant effect on improvement of health, as well as to create a communication platform for the academic community, industry, investors and the state. *IF* was founded by the Cambridge University, and in cooperation with over 20 of the best universities in the world (Oxford, Harvard, UCL, ETH, EPFL, Stanford, and others). One of the projects implemented under *IF* is “IMAGINE IF” – accelerator program for start-ups operating in the healthcare sector. From 2020, the Fund will get involved in implementation of calls for Macedonian start-ups within this accelerator program.

### **OTHER SUPPORT INSTRUMENTS**

In addition to the existing instruments, the Fund will develop other instruments to support certain target groups, in order to encourage innovation and technological development.

The plan is to pilot and/or implement the following new instruments, specifically:

- (a) Application of innovations in the public sector;
- (b) Support instrument for transfer of technologies;
- (c) Support instrument for large enterprises; and
- (d) Technical assistance for support and promotion of the innovation activity and transfer of technologies in the MSMEs; and
- (e) Support for self-employment through development of innovative businesses.

## A/ APPLICATION OF INNOVATIONS IN THE PUBLIC SECTOR

The Fund will continue to implement initiatives aimed at piloting the Instrument – Application of Innovations in the Public Sector. This instrument will encourage greater involvement of domestic companies with innovative culture and capacities, in meeting the needs of the public sector and the society. The instrument will finance the development of innovative products and services for the specific needs of the public sector. Through the process of applying for funds, companies will be provided with financial resources to develop new products or services on competitive basis. By involving the public sector as the end user, these companies will gain significant market expansion. The benefit for the public sector (and the RNM Budget) is that the new product or service can be purchased or rented at a price that is expected to be significantly below the level that would be achieved in a "traditional" public procurement procedure.

In the course of 2020, the Fund will continue to organize challenges on topics of special social interest in the following areas:

- **Thematic challenge related to environmental protection - O2 challenge II on the topic: Climate change mitigation and improving resistance to climate change**

Climate change must be understood as a serious threat to the environment, human health and well-being as it threatens to affect all citizens regardless of their location, economic development and/or community size. Climate change is a global problem, but the consequences are felt the most by developing countries, locally and regionally, where these problems are becoming a cause for increasing concern and planned action.

The Fund will address the public call for O2 Challenge II to the representatives of the MSME sector in order to offer innovative and sustainable solutions that will meet the challenges posed by climate change in several proposed sectors such as: energy, industry, agriculture and transport.

The call is planned to be announced in the first half of 2020.

- **Thematic challenge related to social entrepreneurship and building a social economy**

Today in Europe there are 2 million social enterprises that make up 10% of the total business in the EU. Although the development of social enterprises in the Republic of North Macedonia is in its infancy, the Fund recognizes the opportunity for development of this sector, especially considering that this type of enterprise has great potential for dealing with existing social issues and problems by offering new and innovative solutions that often involve marginalized groups in the society. In order to encourage the development of this sector, the Fund plans to organize a challenge addressed to both MSMEs and citizens' associations to offer innovative solutions that will have a significant social impact.

In 2020, the Fund will continue to implement these and other new initiatives in cooperation with public sector institutions by announcing challenges, hackathons, competitions and other forms of public calls.



## **B/ SUPPORT INSTRUMENT FOR TRANSFER OF TECHNOLOGIES**

It is envisaged to create and implement a new instrument for technology transfer in order to expand the criteria for funding eligibility, which would include as beneficiaries the higher education institutions, scientific research institutions, with the goal of strengthening the cooperation between science and industry, and supporting the commercialization of scientific researches applicable in business.

## **C/ SUPPORT INSTRUMENT FOR LARGE ENTERPRISES**

It is planned to create and introduce a new instrument to support the innovative activities of large enterprises. The current portfolio of instruments includes micro, small and medium enterprises and private healthcare institutions, but in order to offer equal opportunities for all, the Fund will analyse the needs and conditions for support in order to create a new instrument and provide support for innovation and technological development in large enterprises as well.

## **D/ TECHNICAL ASSISTANCE FOR SUPPORT AND IMPROVEMENT OF INNOVATION ACTIVITY AND TRANSFER OF TECHNOLOGIES IN MSMEs**

This measure will be implemented by providing free-of-charge consulting/mentoring services for the promotion of innovation activity as well as for the preparation of project proposals for the instruments of the Fund for Innovation and Technological Development. Furthermore, it is envisaged to improve the access to free consulting/mentoring assistance for enterprises by ensuring a balanced regional representation.

## **E/ SUPPORT FOR SELF-EMPLOYMENT THROUGH DEVELOPMENT OF INNOVATIVE BUSINESSES**

The measure will be implemented by supporting unemployed persons so they can start their own businesses. Part of the program will be intended for self-employment of persons who start fast-growing innovative companies.

Twenty-two projects by young entrepreneurs with rapid growth potential have already started with the implementation of the Self-Employment Program for 2019, implemented by the Employment Agency, in cooperation with UNDP and the Fund for Innovation and Technological Development. These projects are part of the new IN-group that has been introduced as a novelty in the Program, whose goal is for projects with an innovative component to receive appropriate mentoring support and to use the full potential for rapid growth and high added value. The IN-group is a complement to the existing programs of the Fund for support of start-up businesses, at an early stage of company formation and business plan development, which has so far been pointed out as a major obstacle for young people to apply. These 22 new companies will join over 100 start-ups that have been already implementing their projects within the Fund's programs in the past 24 months.

## ACCESS TO AND RAISING ADDITIONAL FUNDS

The Fund continues to seek other available opportunities to finance its activities. It is planned to establish cooperation with similar institutions that support innovation abroad, among other things, in order to form consortia for participation in European and other projects.

In order to fund programs related to education, science and innovation, the Fund will seek to raise additional resources from bilateral and multilateral donors. To this end, the Fund will establish cooperation with relevant potential partners, inter alia, for the purpose of joint participation and/or co-financing of projects.

The Fund has submitted a project proposal for providing technical assistance through EU funds to provide expertise for designing this measure "Co-financed grants for cooperation between the academic community and the industry". In 2020, there is a plan for more active involvement of the Fund in using the funds from the Horizon 2020 program of the European Commission by submitting project applications for organizing a "European Night of Researchers" within the action *Marie Skłodowska Curie*, "Mutual learning for innovation agencies "within the action INNOSUP and others.

## ENTITIES PROVIDING INFRASTRUCTURAL SUPPORT FOR CONDUCTING INNOVATION ACTIVITY

In 2020, the Fund will continue to develop and deepen the functionality of the entities providing infrastructural support for conducting innovation activity:

- 1) Business-technological accelerators
- 2) Science–Technology Park (hereinafter STP)
- 3) National office for technology transfer
- 4) Regional platform (accelerator) for start-up companies

### Business-technological accelerators

In the second half of 2018, the Fund for Innovation and Technological Development, in cooperation with the World Bank, for the first time allocated funds to support three business accelerators for young people. With the establishment of these business accelerators, the selected consortia have developed programmes for the establishment and development of start-up companies for young people, including financial support for the development of fast-growing businesses that will create high-paying jobs. With the programmes, special focus has been and will be placed on young entrepreneurs who, through this specific mentoring and financial support based on international experiences, get opportunities that are offered in other developed countries. In the current year, these business accelerators will continue to monitor the development of start-up companies for young people. Moreover, in accordance with the

available budget funds, in 2020 the Fund plans to announce another call for new business-technological accelerators.

### Science–Technology Park (hereinafter STP)

The STP is intended to be a complex organization that offers professional business support and innovation services designed to enhance the level of innovation, as well as opportunities for network connections on national level. Regarding the Science–Technology Park, a draft Analysis for the selection of the model for the Science–Technology Park has been prepared by a team of consultants, funded by the EU. According to the proposal, the project will be implemented in two phases: the first phase lasts until the end of 2019 and envisages the repurposing and reconstructing of an existing facility, after which the opening of the first part of the Science–Technology Park is expected. In the following five years, the implementation of the second phase is planned with the construction of additional capacities and laboratories. The future Science–Technology Park will be located on the campus of the technical faculties of the "Ss. Cyril and Methodius University" in Skopje.

Additional analysis is required for the specification of the digital and natural science laboratories. As the most suitable model of management structure, a public-private partnership is recommended, whereby the initial phase of establishing the STP would be realized with public investments.

In any case, in 2020 the Fund will continue with the intensive preparations for opening or starting the construction of the future Science–Technology Park, in accordance with the planned dynamics for project implementation.

### National office for technology transfer

Within the STP, it is planned to establish a **National office for technology transfer (NOTT)** which will provide services for technology transfer and other services related to the management of research contracts, encouraging cooperation between the universities and the industry, supporting the universities and the industry for technology and intellectual property related activities.

A Knowledge transfer office is planned to be opened within the Science–Technology Park, as the centre for cooperation between the universities, research institutions and the industry.

### Regional platform (accelerator) for start-up companies

An additional initiative arising from the Berlin Process, on which the Fund will work in 2020, is the establishment of a **Regional Platform (accelerator) for start-up companies**. The initiative is based on the positive experiences of existing models and business accelerators in the country. The three business accelerators, which operate with the support of the Fund and the World Bank, offer a program for preparation for investments, financial support in two phases of investments and support in the realization of business ideas.

The regional accelerator would be open to start-up companies from the Western Balkans and would offer the same services and financial support at the regional level.

The Fund will consider the possibilities to support the establishment of this regional accelerator by providing logistical conditions (premises, etc.), development of the accelerator program in cooperation with international partners, as well as start-up capital. Ownership of the accelerator may also include the participation of other countries in accordance with their investments in the program.

## **PARTNERSHIPS AND COOPERATION WITH DOMESTIC AND INTERNATIONAL PARTNERS**

The Fund will continuously maintain and develop new partnerships with the key institutions and organizations operating in the MSME sector and in the sector of innovations, research and development by organizing information events, participating at conferences, workshops, debates and through other activities.

The Fund will continue the cooperation with the Office of the Prime Minister of the Republic of North Macedonia and the Cabinet of the Deputy Prime Minister in charge of economic affairs and coordination of economic sectors in order to implement the Economic Growth Plan of the Government of the Republic of North Macedonia, pillar 3.

It is planned to organize competitions/challenges on topics of special social interest, as well as challenges related to piloting innovations in the public sector, which will be organized in cooperation and partnership with institutions from the public sector.

In 2020 the Fund will continue to develop and deepen the planned cooperation with the competent institutions for strategy analysis and preparation – Smart specialization. The priority areas on national and/or regional level will be defined where competitive values would be developed through innovative strategies.

As in previous years, the Fund will continue to develop and deepen the cooperation with international institutions, such as: the World Bank, European Commission, USAID, UNICEF, UNDP, the Swiss Embassy program Swiss EP, and other organizations, for the purpose of generating the financial means and other types of support in order to achieve the set targets. The cooperation is formalized by signing Memoranda of Cooperation.

The Fund will continue the cooperation with the World Bank in order to build and upgrade the capacities of this institution. In the second half of 2019, the activities "Innovation and competitiveness Ecosystem Technical Assistance" started, funded by the British fund GGICR (Good Governance and Investment Climate Reform) trust fund, and implemented by the World Bank. The duration of technical assistance is throughout 2020 until the first quarter of 2021.

The technical assistance will be focused on the following areas of work with the Fund:

- Conducting the relevant analysis and diagnostics of the current support instruments and the institutional framework (including the institutional set-up, powers and capacity, legal

and regulatory framework). Based on those analyses, generating recommendations for improving the support instruments and the institutional infrastructure for their implementation.

- Strengthen government support for innovation by supporting the implementation of the recommendations for support instruments and the institutions that will implement them. This entails:
  - a/ Possible consolidation of the instruments, their improvement and improvement of the legal framework for the instruments; and
  - b/ Possible consolidation of the institutions, improvement of the legal framework of the institutions, as well as improvement of the capacities of the institutions for implementation of the instruments.

Improving the legal framework for venture capital in the country, based on previous analyses and diagnostics conducted by the World Bank.

Design and support in the implementation of a demand development program by development-oriented companies for whom innovation and competitiveness instruments will be appropriate, improving civic engagement, coverage and transparency regarding the instruments and their implementation.

This technical assistance will ensure continuity in the cooperation with the World Bank, given that the project for development of skills and support of innovations ends in June 2020, but will also provide support by the Fund in the development and implementation of support programs in order to achieve the strategic goals.

### **Cooperation with commercial banks, savings houses and other financial institutions**

At the initiative of the Fund, in 2019, an initial meeting was held between the Fund and the representatives of the Macedonian Banking Association, which led to a more specific cooperation between the Fund and commercial banks in the RNM, in order to facilitate the access to funding on market basis to support the innovative business ideas of the enterprises and the technological development, not only of the enterprises beneficiaries of the financial support from the Fund, but also for the enterprises that appear as applicants on the calls of the Fund. The cooperation will be based on finding ways to facilitate access to finances for the companies, as well as improving the conditions for financing their business ideas. Cooperation with commercial banks can also be formalized by signing memoranda of cooperation.

### **Project "Innovative Eco-System in the field of cross-border cooperation (CBC Innov8)"**

The Fund is implementing the above-mentioned project "Innovative Ecosystem in the field of cross-border cooperation (CBC Innov8)" as part of IPA 2, the Program for cross-border cooperation between the Republic of North Macedonia and the Republic of Albania. This project officially started on 01.01.2018 and will last until 30.04.2020. The project is done in partnership with Europartners Development from Albania (leading partner), National Centre for Development of Innovation and Entrepreneurial Learning (NCDIEL) Macedonia and Agency for Research, Technology and Innovation from Albania (ARTI). The objective of the project is to increase competitiveness and trade in the field of cross-border cooperation, by facilitating the transfer of know-how technologies between start-ups and small and medium enterprises.

In the course of 2020, or until the project is completed, the following activities are planned:

- Promoting the results achieved by the grant beneficiaries with whom contracts have been concluded for financing upon the public call for funding projects for newly established start-up and spin-off companies, as part of the project "Innovative Ecosystem in the field of cross-border cooperation";
- Organizing a media campaign for innovation and transfer of know-how technologies in the cross-border area; and
- Final project conference.

The total value of the entire three-year project is 389,028.69 euros, whereby the Fund covers costs in the amount of 106,243.00 euros.

In order to increase the effectiveness of the measures and have better coordination between the public institutions, the civil society and the donors, the Fund will implement most of the planned programs in partnership with the relevant stakeholders in the fields of education, science and innovations.

The "Young Researchers Challenge" has been designed and is being implemented in cooperation with the Ministry of Education and Science. The Bureau for Education Development and the civil sector also contribute to the advancement of the challenge, the selection of award-winning projects and its implementation.

The UPSHIFT programme for youth social innovation and social entrepreneurship is co-financed and the implementation is jointly overseen by UNICEF, while the Junior Achievement Entrepreneurship Education Support Program is co-financed and the implementation is jointly overseen by USAID.

The activities and measures related to the promotion of the cooperation between the academic community and the industry will be implemented in constant consultation with the representatives of the higher-education and scientific-research institutions. Joint activities will be implemented within the signed Memorandum of Cooperation between the Fund and the Macedonian Academy of Sciences and Arts.

Sector-specific measures will be implemented in cooperation with the relevant state institutions. The "Green Vouchers" will be implemented in cooperation with the Ministry of Environment and Physical Planning, and the measure "Establishment and implementation of innovative practices in the field of agriculture and rural development" will be implemented in cooperation with the Ministry of Agriculture, Forestry and Water Economy.

The call for the *IMAGINE IF* accelerator program will be implemented in collaboration with the global organization *Innovation Forum* and the University of Cambridge.

The objective is to implement joint projects of research, development and scientific character; joint educational and promotional activities; expanding the cooperation network; expert assistance and analysis for specific projects and ventures, mutual exchange of information, knowledge and experiences in areas of common interest, as well as participation, cooperation and implementation of joint projects. According to the above, among others, a memorandum of cooperation will be signed with the Faculty of Philosophy at the "Ss. Cyril and Methodius

University” Skopje, as well as with the Embassy of the State of Israel which aims to promote and implement innovations and technological development as well as strengthen the capacities of institutions and human resources in the field of innovations in the Republic of North Macedonia.

One of the primary goals of the planned measures is to enable connecting different social segments such as the public sector, educational institutions, the private sector and civic initiatives aimed at encouraging innovative activity. In order to achieve this goal of a four-helix system, it is necessary to actively involve all stakeholders in the policy-making process, the implementation of the policies, monitoring and evaluation, thus the Fund will continue to establish new partnerships.

## PUBLIC COMMUNICATION

In 2020, the Fund will continue to **develop and implement a multimedia approach to informing the public**. In addition to continuously organizing informative events, meetings, conferences and panel discussions aimed to contribute to better implementation of the Fund's program, they will be accompanied by a special multimedia package of video and photo offer in order to increase the visibility of the Fund's activities and novelties, as well as the possibility to reach a greater audience.

To raise the level of awareness about the results of the Fund's work, as well as to achieve greater transparency, the Fund has developed a **communication strategy and campaign** based on three pillars:

- 1) **Transparency and accountability** – this segment covers the promotion of all projects co-financed through different programs/instruments of the Fund and includes the organization of public events in different regions, open to the broader public.
- 2) **Success stories** – promotion of the most successful examples of companies that are implementing projects in different areas in order to motivate new applicants to use the opportunities for support.
- 3) **Analysis results** – the Fund, in cooperation with relevant institutions/experts, is working on a comprehensive economic analysis that will show the results as benefits for the domestic economy and the state budget from the previous investments.

The general goal of this campaign is to recognize the Fund as an institution dedicated to helping domestic innovations and technological development, which in turn leads to improving the economic situation in the country. The part of the campaign "Success Stories", whose goal is to ensure effective and coordinated cooperation in the implementation of a joint media campaign to promote professional occupations and opportunities for vocational education and training, is implemented by the Fund in cooperation with: the Ministry of Labour and Social Policy, Ministry of Education and Science, Business Ecosystem Development Project of the United States Agency for International Development (USAID), United Nations Development Program (UNDP), and the Employment Education Project in Macedonia of the Swiss Development and Cooperation Agency (SDC). The activities envisaged in the memorandum will be implemented until 2021.

In this calendar year, the Fund will continue to work on programs to improve media relations, in whom it recognizes an important partner for the promotion of its activities and instruments.

In addition to the established regular practice of sending press releases about the Fund's financial support instruments and activities, the public relations department will continue to hold occasional briefings and consultations with media representatives and journalists, which has proven to be a good practice in the past year.

The fund plans to change the **appearance and organization of the official website** in order to make it more accessible to citizens, users and to offer easier interactive data search. Within this activity, it is planned to prepare a special tool – a **database of all of the Fund beneficiaries**, where, among other things, various information will be available related to companies, projects, the level of implementation, awards, and the like. The website will continuously post information and reports on all events and activities related to the operations of the Fund, and will also update the content related to regulations.

The fund will continue to develop access to and presence on the social media (Facebook and Twitter) where attendance and interaction from followers has visibly increased in the past year.

The Fund plans to continue to organize workshops, info sessions, conferences, sectoral working groups within the Government, workshops in the Chambers of Commerce, press conferences related to the announcement of public calls for financing and promotion of other activities of the Fund; formal events for awarding co-financed grant agreements; regional workshops and working meetings with representatives from the region on topics related to innovations, investments, strategic partnerships and competitiveness; specific events intended for young people; as well as numerous other events that will be related to the ongoing activities of the Fund.

The Fund plans to continue developing the cooperation with international and domestic organizations, institutions, faculties, embassies, in order to implement joint projects of research, development and scientific character; joint educational and promotional activities; expanding the cooperation network; expert assistance and analysis for specific projects and ventures, mutual exchange of information, knowledge and experiences in areas of common interest, as well as participation, cooperation and implementation of joint projects.

**#ПетокЗаМлади@ФИТР (#FridayfortheYoung@FITD)** is a series of events dedicated to the young people and innovations where at least one Friday in the month innovative thematic workshops are organized with students from primary and secondary schools. The goal is to encourage creative skills and innovation in young people, to start researching and developing critical thinking at an early age, as well as to learn to develop innovative projects through socializing and interactions. The Fund will continue to organize these activities in 2020, within which a new initiative has been launched for connecting and establishing cooperation between students and domestic companies that will contribute to supporting the development of research and entrepreneurship spirit from an early age.

The fund will also work on **developing new challenges and programs designed to be applied in media innovation**, such as innovative solutions to combat fake news.

**Promotion of support instruments offered by the Fund.** The measure is implementing by preparing a Communication Plan to promote the support instruments offered by the Fund.



**Most Innovative Company Award.** This measure will be implemented through the organization of events for small and medium enterprises, which will promote the benefits of innovations, the available incentives and good practices in innovation management.

All these activities will aim to contribute to raising awareness of the importance of innovations in business, increasing interest in the support instruments of the Fund and improving the quality of project proposals.

## GENERAL, LEGAL AFFAIRS AND FINANCES

### MANAGEMENT

The scope of operations of the **Managing Board** for 2020 includes the adoption of the following: The Annual Work Programme for 2020, Annual Financial Plan of the Fund for 2020, Public Procurements Plan for 2020, Annual Report on the operations of the Fund for 2019, Annual Account for 2019, Annual Audit Report for 2019, rulebooks for new instruments, as well as the adoption of other documents or decision-making no other issues in accordance with the Law, Statute and general acts of the Fund.

The Managing Board will continue to actively monitor the implementation of the programs and the regular operation of the Fund this year as well.

The **Investment Approval Committee** (hereinafter referred to as the Committee) in the first quarter of 2020 will work on the evaluation of project proposals from the public call related to the support instruments: Co-financed grants for technological development (shortened and regular procedure) and Co-financed grants for newly established companies: start-up and spin-off. The evaluation of the projects in the pre-selection phase will be performed by experts, except for the applicants for the support instruments: Co-financed grants for technological development (shortened procedure). The committee will conduct the procedure for selection of project proposals from the above calls.

Moreover, it is also planned for the Committee to decide on requests from users for significant changes to current projects, changes in ownership structure, requests for extension of deadlines for project implementation and other activities that are within the competence of the Committee.

### ORGANIZATIONAL STRUCTURE

In 2020, it is planned to adopt a new act of the Rulebook on internal organization of the Fund and a new Rulebook on job systematization in the Fund, in order to: strengthen the functions, develop and implement programs to support the private sector; as well as to strengthen the internal capacities for implementation of programs in the field of education, research, development and innovation; monitoring of contracts and analysis of utilization of funds; communication with the public/companies and potential beneficiaries.

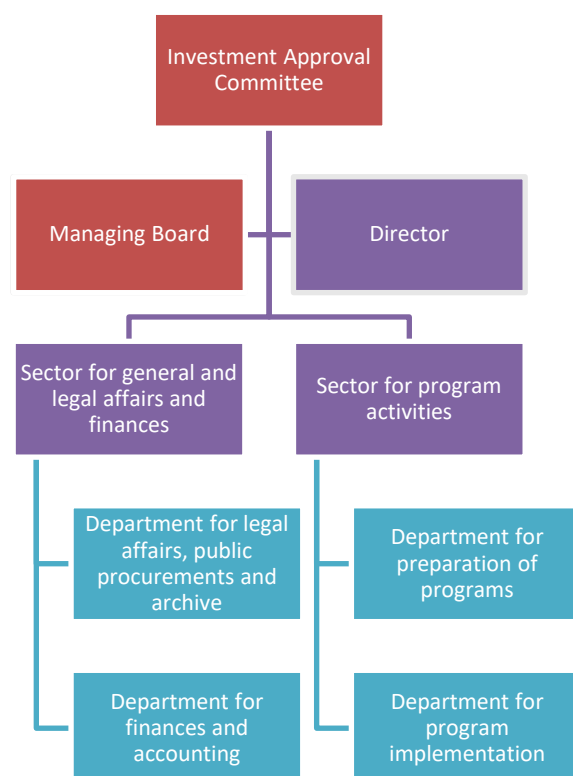
According to the planned new job systematization act, prepared in cooperation with external operational consultant of the Fund, the functional analysis will be completed which envisages the number of employees to reach 50 by the end of 2020, employed for an indefinite and definite period of time.

The legal changes, and especially the expansion of the strategic and program commitments and the efforts of the Government of the Republic of North Macedonia within the third pillar of the Economic Growth Plan – financial support for MSMEs for innovation and technological development, will deepen the sphere of innovation support and technological development, hence it is undoubtedly necessary for FITD to strengthen its capacities in order to successfully implement the new competencies (programs):

- ✓ Analysis and creation of policies to support companies by including new financial instruments;
- ✓ Creating programs to support innovation and technological development;
- ✓ Involvement of education, research and science in order to create innovation and technological development;
- ✓ International cooperation with related institutions and international programs to support innovation and technological development;
- ✓ Monitoring or monitoring of beneficiaries who have received support from FITD.

Additionally, in accordance with the cooperation with the World Bank in the direction of capacity building and upgrading, the Fund is expecting the results of the conducted analysis of the institutional set-up, authorizations and capacity of the Fund and possible changes in the legislation. In accordance with the specific recommendations for their improvement, the Fund will approach the appropriate harmonization of the systematization acts and will submit proposals to the Government for the appropriate legal changes.

The current organizational structure of the Fund is as follows:



It is planned to improve the institutional competence of the Fund through: (a) planning and designing the programs, strategies, operations and procedures of the Fund and (b) strengthening the capacities of the Fund for Innovation and Technological Development.

In this calendar year too, the employees of the Fund will upgrade their skills through trainings, study visits to similar institutions abroad, seminars, conferences, working groups, workshops, various courses. According to the expressed needs, the trainings of the Fund's employees will be in the following areas: financial monitoring, promotion and design of financial instruments (including grants and venture capital collection, innovations in the public sector) in order to finance innovative activities, smart cities, social entrepreneurship, creating programs, expanding knowledge regarding public procurement and public relations, etc.

The institutional capacity of the Fund will be built through the use of technical assistance from domestic and foreign partners, as well as by hiring consultants in the Fund, on topics related to the current needs of the Fund.

## OTHER PROCESSES

The Fund, in accordance with the amendment to the Decree on determining the criteria for special scientific, economic, cultural, sports or other national interest for acquiring citizenship of the Republic of North Macedonia, from the end of 2019, will determine the existence of special economic interest, if a foreigner who submitted an application for acquiring citizenship of the Republic of North Macedonia, has invested capital in the amount of at least 200,000 euros

per person, for a period of at least two years, in a private investment fund. The determination of the existence of special economic interest will be in accordance with the program of the private investment fund intended for support of the economy, innovations and investment development of the Republic of North Macedonia; Report on the program implementation and the investments of the private investment fund for investments intended for support of the economy, innovations and investment development of the Republic of North Macedonia, in which the foreign fund has an investment, issued by the Private Fund Management Company and other documents.

## **FINAL PROVISION**

This annual program enters into force on the day of its posting on the bulletin board of the Fund, and it will be posted after receiving consent from the Government of the Republic of North Macedonia.

**Admin. No.** \_\_\_\_\_  
\_\_\_\_\_ **2019,**  
**Skopje**

**President of the Managing Board of the  
Fund for Innovation and Technological  
Development**

**Monika Jovanova**

