

POLICY BRIEF 11

PROMOTING THE INFRASTRUCTURE AND INSTRUMENTS TO SUPPORT INNOVATIONS IN SMALL AND MEDIUM-SIZED ENTERPRISES

PROJECT:

„STRENGTHENING CAPACITIES AND
MECHANISMS FOR SUPPORTING
CHAPTER 20 REFORM PROCESS“

**THE REFORM PROCESS OF
CHAPTER 20: ENTERPRISE AND
INDUSTRIAL POLICY AIMS
TO PROMOTE STRATEGIES,
REGULATIONS AND
INSTRUMENTS THAT WOULD
IMPROVE COMPETITIVENESS AND
THE BUSINESS ENVIRONMENT,
DOMESTIC AND FOREIGN
INVESTMENTS AND THE
OVERALL BUSINESS CLIMATE IN
WHICH SMALL AND MEDIUM-
SIZED ENTERPRISES (SMES)
OPERATE, WHICH WOULD
ALSO LEAD TO STRENGTHENED
ENTREPRENEURSHIP AND
INNOVATIONS.**

**THE POLICY BRIEF SHOWS
THE CONCLUSIONS AND
RECOMMENDATIONS FROM THE
CHAPTER 20 PLATFORM EXPERT
WORKSHOP FOR PROMOTING
THE INSTRUMENTS AND
INFRASTRUCTURE TO SUPPORT
INNOVATIONS IN
MACEDONIAN SMES.**



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INTRODUCTION

The accession process towards the European Union (EU) involves the adoption of the established EU *acquis* and preparations for proper implementation and carrying out of judicial, administrative, economic and other reforms that are necessary for the country to meet the requirements for joining the Union. The provided recommendations and tasks that the EU candidate-countries have to fulfil are divided into 33 chapters, each constituting the starting point for accession negotiations, i.e. each corresponding to a specific area. Candidate-countries are obligated to adapt their administrative and institutional infrastructures and to align their national legislation with the EU legislation.

One of the negotiation chapters is **Chapter 20: Enterprise and Industrial Policy, Enterprise and Industrial Policy**, which aims to contribute to the development of competitiveness and the small and medium-sized enterprises (SMEs) sector through the following three areas: (1) enterprise and industrial policy principles; (2) enterprise and industrial policy instruments; and 3) sectorial policies. From year to year, our country is making progress in improving the overall business environment for SMEs by simplifying certain administrative procedures, financial support, legislative alignment, etc. However, additional efforts and funds should be provided in the forthcoming period and the capacities of the various actors in the process should be increased, if the goal is to obtain and establish the overall business environment that exists in the developed countries of the EU. In this regard, the project **“Strengthening Capacities and Mechanisms for Supporting Chapter 20 Reform Process (YESNetwork+)”** is being implemented, which aims to achieve coordination between civil society organizations (CSOs) in the reform process of Chapter 20, strengthen the policy making capacity, set up networking and monitoring policies for Chapter 20, improve the transfer of knowledge among CSOs and other relevant actors and raise the awareness about the importance of Chapter 20 for the country’s overall progress towards EU accession.

In the scope of the project a **Chapter 20 platform** has been created, comprising of 49 members, active actors in the civil society sector, policy makers and relevant institutions that act in the areas of this negotiation chapter. The platform will contribute to active involvement in the reform process of Chapter 20 through numerous activities, creating a resource centre with relevant materials for monitoring the reform priorities of the chapter, publicly available resources, through which the transfer of knowledge and coordination of CSOs and other actors at the national level will be supported.

THE CHAPTER 20 PLATFORM IS ACTIVELY ENGAGED ON STRENGTHENING CAPACITIES FOR CREATING AND MONITORING POLICIES, ORGANIZING TRAININGS, WEBINARS, EXPERT MEETINGS, FORUMS, IMPLEMENTING RESEARCH AND OTHER RELEVANT ACTIVITIES.

This document presents the conclusions and recommendations of one of the expert workshops on the Chapter 20 Platform, with regard to the current state of affairs, challenges and opportunities for the promotion of the support and stimulating innovations in the small and medium-sized enterprises.

APPROACH AND CONCLUSIONS

The first national platform for enterprise and industrial policy - Chapter 20 organized three expert workshops for the purpose of discussion, coordinated action and forwarding recommendations to the relevant actors in the country, for the promotion of the various areas of the negotiation chapter, as part of its annual activities for 2018.

The expert workshop titled "Support and Stimulation of Innovations in Small and Medium-Sized Enterprises", provided an overview and discussion of the current state of affairs, challenges and recommendations for the promotion of the support and stimulation of innovations in small and medium-sized enterprises. Discussions were held on selected topics, as being the instruments of the negotiation chapter 20 for the support of innovations (the Fund for Innovation and Technology Development – FITD, as well as the Enterprise Europe Network in Macedonia – EEN-M), the infrastructure to support innovation in SMEs, and the possibilities for the promotion of the innovation of the Macedonian SMEs were also considered.

FITD is working on a feasibility study for a science and technology park, as well as on a study on the analysis of the innovation ecosystem, mapping the available support from public institutions to SMEs in order to see overlaps and shortcomings as well as instruments that need to be improved.

Enterprise Europe Network is an initiative of the European Commission to support European SMEs that operates as a one-stop-shop system for business support.

The workshop was attended by 28 experts, representatives from the civil society sector, from the business sector, the technical faculties, the infrastructure for innovation support (accelerators, incubators, hubs), Chapter 20 instruments (FITD and EEN-M) and the relevant institutions for this negotiation chapter - the Cabinet of the Deputy Prime Minister, in charge of economic affairs and coordination with the economic sectors and the Ministry of Economy.

Conclusions on the Chapter 20's main instruments to support innovations

- Innovation support system in the country has been insufficiently organized for a long time. In the past period, positive initiatives and movements are noted in the direction of infrastructural strengthening of the ecosystem and promotion of new forms of support, such as technology parks and accelerators.

- It is necessary to work on improving the coordination and cooperation between the existing and the new instruments for stimulating innovation in the Macedonian SMEs. In this manner, a higher degree of synergy will be achieved, additional job opportunities will be created, and greater benefits will be achieved for the target groups, primarily for the companies.
- The greatest common challenge for the existing and emerging instruments of Chapter 20 is the insufficient awareness of the companies for different forms of support. For example, despite all the efforts to promote funding sources, many companies still do not know where to address for financial support.
- Additional external challenges for the innovation ecosystem and its instruments are the lack of skills and knowledge for handling the process of innovation among the companies (innovation management), insufficient awareness of the opportunities for finding technology partners in the country and abroad, and the lack of practices for other forms of networking and intellectual property management.
- Macedonian SMEs, as well as the large companies, research centres and universities, continuously use the services of EEN-M, especially in finding partners for the commercialization of innovative solutions or in technology transfer and research projects.
- With the launch of FITD's operation, the innovation system is being promoted by addressing the lack of funding innovations. Through the instruments for start-up support, FITD has concluded contracts with 51 companies, and there are 34 companies in procedure for concluding a contract. Three accelerators have also been supported. In addition, in order to realize the Government's economic growth plan, FITD has concluded contracts with 133 Macedonian companies worth a total of 16 million euro. Calls for the commercialization of innovations are planned to be carried out in 2019, as well as cooperation with the Ministry of Labour and Social Policy for active employment measures through self-employment grants.

The network is present in over 60 countries worldwide and has been operating in the country since 2008, supporting Macedonian companies to find new partners, markets and sources to finance their business.

EEN-M provides support for participation in the sub-programme of Horizon 2020, called the SME Instrument. This EU instrument is unused by Macedonian companies, due to the high level of competition on one hand, and due to insufficient training of companies for project preparation on the other hand.

For a longer time now, the country lacks of public funding for research, and for that purpose FITD, in its action plan, envisages new measures for encouraging research and development in cooperation with the academic sector.

An innovative and entrepreneurial approach to building and improving the innovation system in the country is needed, applying internally developed solutions, not just replication of system solutions from other countries, which are not always attractive and appropriate for the needs of the Macedonian companies.

Systematic data collection and analysis of the implemented measures from the aspect of the achieved results is needed for systematic improvement of the evidence-based system. Ecosystem operators need to be more active in creating and monitoring public support measures and programmes.

Innovation voucher is a role model that applies collaboration between the academia and the industry and which can be used by the service companies provided by the academy.

With respect to innovative start-up companies, the ecosystem is mainly focused on the early stages of development (from idea to business), with a limited number of support services for growth and the internationalization of scale-ups.

An online learning platform www.pretpriemacedu.mk has been created, where the first online course for innovation management is placed. The Resource Centre of the Chapter 20 Platform offers other valuable resources in the field of innovation.

Conclusions on the infrastructure to support innovations

- With the emergence of new innovation support centres, the national infrastructure to support innovation is getting strengthened. At the same time, new thematic areas, such as social innovation (for example, the social innovation hub at the Faculty of Computer Science and Engineering) or innovation in the public services (the Centre for Innovation within the City of Skopje) are addressed. Others, in turn, have a sectoral approach, as in the case of the Knowledge Management Centre, which develops a pre-acceleration programme in five selected sectors.
 - In order to increase the innovativeness of our companies, innovations in the ecosystem are required i.e. working on its promotion, capacity building, measures and connectivity in order to be attractive and appropriate for the Macedonian business sector.
 - It is necessary to improve the communication and connectivity of actors in the ecosystem - public institutions, the private and civil sector, as well as the regulations related to innovation and stimulating the green and circular economy.
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- It is necessary to connect the academy and the industry, otherwise it is impossible to make progress. Such examples are CIRKO at the Faculty of Mechanical Engineering and the Centre for Transfer of Technologies and Innovations INNOFEIT.
 - The actors working with start-up companies identify the lack of support services for innovative scale-up companies. Only a small number of ecosystem organizations support scale-up companies, mainly from the ICT sector; The SEEU Technology Park provides financial support, while the Foundation for Management and Industrial Research provides services for internationalization and access to alternative sources of financing.
 - Capacity building for innovation is needed not only for companies, but also for consultants, which will provide better support, because the consultant needs to recognize and understand the innovation's market potential.

RECOMMENDATIONS FOR POLICY MAKERS

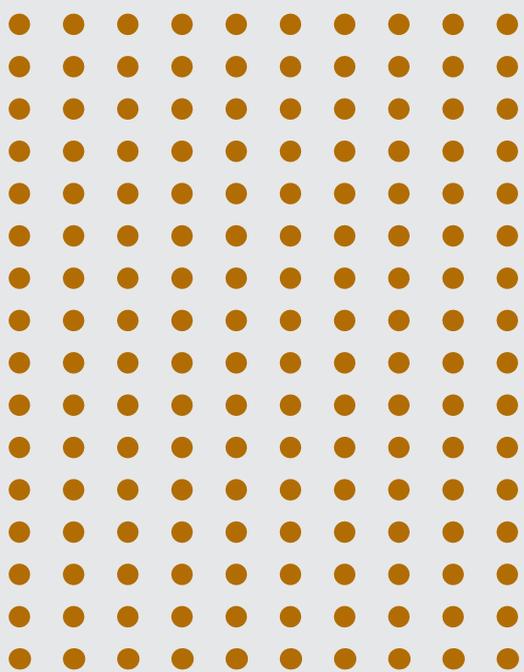
Recommendations for promoting the instruments for innovation support

- Improvement of the communication and information of companies aimed at better promotion of the access to the available measures and instruments for innovation support.
- Supporting and continuing the work of FITD, stimulating the introduction of new measures to support innovation, including measures to stimulate research activity and collaboration with companies by the academic environment.

- Supporting and continuing the work of the Enterprise Europe Network in the country, and for the purpose of continuous support of the Macedonian companies' entry on the European market, in the process of technology transfer, internationalization and access to finance.
- Promotion of the capacity building of companies, not only in the field of preparation of innovative projects, but also in the broader aspects of innovation management, with an emphasis on the commercialization of innovative solutions.
- Adoption of an approach for systematic and long-term advancement, as well as coordination of the innovation ecosystem in order to be adequate and attractive for Macedonian companies, based on services that will continuously be upgraded and actors that effectively cooperate and complement.
- Addressing the needs of individual inventors in order to improve the use of the innovative potential of their solutions.

Recommendations for promoting the infrastructure for innovation support

- Deepening the cooperation between the institutions, companies and organizations that support their development, through their active involvement in the policy making processes, in order to find common solutions for the creation of appropriate SME policies.
- Design of new measures to support cooperation in the area of innovations between the academic sector and the business sector, such as the introduction of an innovation voucher.
- Introduction different models to promote collaboration between the industry and the academy in the field of research and development, opened innovations and co-creating, and working on continuous education to stimulate innovations of academic staff and industry professionals.
- Continuous working on improving the legislation of SMEs in order to promote innovation and follow new European trends in the industry.
- Supporting the programmes to support scale-up companies in order to benefit their rapidly growing and innovative potential.
- Working on education and promotion of the profession Innovation Consultant or Innovation Expert in order to provide a support structure that can adequately understand and address the needs of the companies.
- Working on timely and systematic data collection and analytical data processing, in order to monitor the effectiveness of company support measures.
- Continuing to strengthen the areas of innovation and entrepreneurship in the formal education system, especially in the elementary and secondary education, by providing a quality upgrade of the teaching and administrative staff's knowledge in the schools in the favour of creating so-called entrepreneurial schools.



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