



## STARTUPS, BLOCKCHAIN AND J2SR IN NORTH MACEDONIA



“Putting shareholder mentality in the minds of small business startups” is a key element to helping new entrepreneurs create a vision for long-term success right from the start, explains Ivan Shteriev, CEO of the Macedonian Stock Exchange (MSE). Shteriev and the MSE are USAID North Macedonia partners, working to introduce an innovative financial product to the North Macedonian financial market. Funderbeam, a crowdfunding platform, allows companies to access alternative sources of non-traditional financing and raise capital. Investors can use Funderbeam to trade their shares of startups immediately after the initial investment phase using blockchain technology as if they were listed on the MSE.

The startup scene in North Macedonia is nascent and entrepreneurs mostly seek donor and government grants to commercialize their innovation and start their business. USAID also supports connections with ‘angel investors’ -- private investors willing to invest their personal funds to help get businesses off the ground; however, for long-term success entrepreneurs need to understand the requirements of financial transparency and management oversight by investors. Funderbeam helps startups mature more quickly to be investor ready.

As USAID works toward supporting North Macedonia’s greater self-reliance, part of the Agency’s Journey to Self-Reliance (J2SR) policy, identifying new financial products accessible to micro, small and medium-sized businesses is a critical link. USAID North Macedonia’s partnership with the Macedonian Stock Exchange and Funderbeam is an example of how building a strong financial services industry can contribute to a growing economy, and, ultimately, North Macedonia’s ability to independently identify, plan for and implement solutions to its own development challenges, the central goal of self-reliance.

How does the project work in practice? According to Shteriev, CEO of the Macedonian Stock Exchange, through a grant from USAID North Macedonia’s Business Ecosystem Project, the Stock Exchange is working to achieve the following three goals: “First, to promote an investment culture in North Macedonia; second, to assist companies to mature to the stage that they can apply and be traded on the market; and, third, to increase the number of companies listed on the MSE.” MSE also has a vested interest in the project succeeding: a percentage of the capital raised goes back to both Funderbeam and the Stock Exchange, making it a revenue-enhancing project for the North Macedonian market.

To ensure the viability of the product, the MSE worked closely with the North Macedonian Securities and Exchange Commission, which, after a due diligence report, was flexible in allowing the introduction of Funderbeam. After this important sign-off, in May 2019, MSE cooperated with Funderbeam SEE, the platform’s original developers, to present the platform and Funderbeam’s experience working in Croatia, to the wider startup business community in North Macedonia, including companies, investors, financial institutions and relevant government agencies. The second stage will be a specific introduction of the product to startups throughout North Macedonia. Funderbeam has had great success in nearby Croatia and in Estonia, where it was first established as a global platform. Shteriev is hopeful that this new financial tool will be as successful in North Macedonia. Importantly, he notes that Funderbeam is unique not only as a financial tool but in the way it transforms startups from being investor dependent to becoming market literate, which is essential for any company’s long-term viability.

Considered an upper country, the economy of North Macedonia has modestly improved in the last two years. Improving growth, investment and strong financial markets will be essential to sustain this forward trajectory so that the people and government of North Macedonia can lead their own development efforts as equal partners with USAID. Work with the Macedonian Stock Exchange and Funderbeam are two examples of bringing innovative solutions to economic development challenges in North Macedonia.

**About the author:** Gretchen Birkle is Deputy Assistant Administrator of USAID’s Bureau for Europe and Eurasia. Follow her work @GBirkleUSAID

