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Development Measures of Institutional Venture Capital in Transition Economies. The Case of Macedonia

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Abstract
Financing is a very critical issue for the survival and development of small and medium sized enterprises. Due to inexperienced management, lack of specialization, lack of undifferentiated production program, lack of reference of successful story, unwillingness of entrepreneur to share the ownership etc., many researches confirm that financing represents a serious difficulty for small and medium sizes enterprises. So, venture capital (VC) represents a very interesting solution for the new and existing small and medium sized enterprises which have interesting and attractive ideas and projects, but are short of finances. The specific importance that lies on venture capital and its impact on small and medium sized enterprises is the fact that they provide much more than money for them. Beside the money they offer advices, experiences and contacts, which can increase the success possibilities of small and medium sized enterprises. This paper offers proposed measures, which should be taken in consideration for the development of venture capital in Macedonia. It also offer some analyses of the current situation in Republic of Macedonia related to the development of venture capital, i.e., current situation, initiatives, legal framework, investment barriers and so on.
Keywords: Venture Capital, Venture Capital Fund, Carried Interest, Management Fee, Investments

Introduction

The concept of investing in the equity of companies, according to some evidences, begun during the Roman Empire (Caselli, 2010, p. 3), which mean that the idea of investing capital in risky businesses and seeking sources of capital is not new. Further in the fifteenth century explorers - adventurers to sail around the world looking for a big wealth in exotic locations was needed to find financial resources from someone. Using their connections with the king or queen they came to the appropriate financial means for realization of their goals. It can be stated that the first venture capitalist was the Spanish Queen Isabella, who invested in its well-known entrepreneur Christopher Colombo for various researches and searching for new places (Hill and Power, 2001, pp. 2-5). In the nineteenth century a large number of wealthy individuals and families financially helped researchers of new technologies. Immediately after The World War II, in 1946 was formed the first venture capital fund, American Research Development Corporation, which initially invested in new companies with great growth potential, mainly composed by soldiers returning from the war, and later it invested in other businesses types as well (Ibanez, 1989, p.32). It is assumed that the term "venture capital", for the first time is mentioned by Jean Carter Witter in 1939 in an open forum at Convention of Associations of Investment banks of United States of America, and since then venture capital began to be considered as a particular source of financing small and medium enterprises (Kenney, 2000, p. 2). The term "venture capital" derives from the nature and characteristics of investment projects in which the capital is invested. Because the bulk of investment projects are characterized by a high degree of risk and the capital invested in them is qualified as "risky" (Gladstone and Gladstone, 2002; Ramadani and Gerguri, 2011).

Venture capital (VC) represents the financial funds, usually in equity form and know-how management, which are invested by individuals and institutions in small and medium enterprises, which are not listed on the stock exchange and have high growth potential. Cary (1993) defines a venture capital as external capital, usually in equity form, invested in high risk new companies and new technologies, which offer the possibility of gains as a compensation for the high risks involved in such investments. According to Albach, Hundsiek and Kokalj (1986, p. 166), venture capital represents “long-term investment in the form of equity capital, or similar to it, in small and medium enterprises - new and existing, which includes not only financial resources but also managerial advices”.

Venture capital is particularly important for the small businesses. The amount of funds that venture capitalists (institutional and ininstitutional) have invested or intend to invest is quite significant. Just to illustrate, in the U.S. in 1999, institutional venture capitalists have invested about $ 8 billion. This amount was distributed in 1.840 deals, or in average, $ 4.35 million per deal. In 2000, there were invested $ 105 billion, followed by a real collapse in the next years, as in 2003 there were invested only $ 20 billion, which represents only one fifth of the funds invested in 2000. A slight improvement followed afterwards, where in 2007 they invested $ 31 billion (Erber 2009). Regarding the business angels, there are 300.000 - 350.000 active business angels in the United States, who invest $ 30 billion per year in 50 000 deals, while in the United Kingdom there are 20.000 to 40.000 business angels, who invest £ 0.5 to 1 billion per year in 3,000 to 6,000 companies (Mason 2006). If we take into consideration the fact that business angels prefer to remain anonymous, then the above given calculations are underestimated and differ from the real situation. According to Sohl (1999) the ratio between active and potential business angels is 5:1.

Venture capital is often invested in small enterprises which deal with scientific studies and application of modern technology, in which investments are characterized with a high risk. If they realize a successful penetration in the market, then they will achieve a high level of profitability, in compared with other enterprises. In the seventies as risk investments were considered companies that were engaged in production and development of computers (Ramadani and Gerguri, 2011).

As features of small and medium enterprises, which are distinguished by a high degree of investment risk, are: the availability of a strong potential of growth and development, orientation to the rapid growth and great development of the product for a short time period; appearance on the market with completely new products or products that have been modified.

But it should be noted that not all businesses are attractive for investment by venture capitalists. According to many studies in different countries of the world, venture capitalists analyze 100 to 200 projects before they invest their financial means, and invest only in small number of them (Silver 1985; Van Osnabrugge and Robinson 2000; Benjamin and Margulis 2001; Fiti 2007; Gaston 1989).

At the new era, venture capital marks developments even in some countries in transition, including and Macedonia. Causes for this capital development are different, for example:
1) necessity that investment project with a high degree of risk to be financed in a more flexible way rather than financing through bank loans, which are characterized by fixed costs and fixed date credit returns and 2) development of small and medium enterprises as a source of innovation, new jobs creators and their role in the holistic development of the state.

A Brief Description of the Concept of Institutional Venture Capital

The origins of modern institutional venture capital is related with the formation of the American Research and Development Corporation (ARDC) in 1946, which was mentioned beforehand, at the initiative of General Georges F. Doriot, who is also known as "the father of the formal venture capital", together with Ralph Flanders and Karl Compton, in order to support investments in the weapon industry, and soldiers returning from World War II to form and lead their own businesses (Ibanez 1989; Berkery 2008; Gompers and Lerner, 2000). ARDC, as the first formal venture capital fund, the most successful investment marked in 1957 when it invested $ 61,400 in Digital Equipment Corporation (DEC), which in its first appearance on the stock exchange in 1968, was valued at $ 355 million. DEC began with "a table and two people", while in 1971 numbered 7000 employees. ARDC Fund continued to invest up until 1971, when the founder George F. Doriot was retired. In 1972, Doriot merged ARDC with another fund - Textron. ARDC had so far invested in more than 150 enterprises. According to the ARDC system, other venture capital funds were formed (Duthel, 2008, pp.13-14; Bygrave and Timmons, 1992, pp. 1-2).

The institutional venture capital represents the capital mobilized by pension funds, insurance companies, corporations, financial institutions, academic institutions, individuals and others from the venture capital firm, which manages the same and invest in small and medium enterprises that are not listed on the stock exchange within a limited period in order to realize a profit for themselves, investors and entrepreneurs.

There are several types of institutional venture capital. On the basis of who provides the capital, we can distinguish *state venture capital* (government, is usually the sole investor), *financial venture capital* (investors are banks and other financial institutions), *corporate venture capital (*non-financial corporations are investors) and *venture capital partnership* (partnership between so called institutional investors and venture capital firms).

Institutional venture capitalists invest large sums of capital in the enterprise, which are already developed, respectively, have exceeded the risky stages of their life cycle. In this way, institutional venture capitalists support only when entrepreneurs are convinced that the business to some extent has proven to be successful, this mostly can be seen through the positive sales figures and profits. They simply are "part" of a particular investment in a period of 3-10 years.

The companies that work with venture capital are divided in independent, captive and semi-captive (EVCA 2007; Sherman 2005; Megginson 2001). *Independent companies* are those which raise capital for investments from other sources (pension funds, insurance companies, corporations, wealthy individuals and families, etc.) and invest in small and medium enterprises. *Captive companies* are those that raise capital for investment by the parent company, which is the dominant financer of the investment fund, which is created by the company for venture capital. The captive company is a subsidiary or department of a bank, financial institution, insurance company or industrial company. These firms are formed to seek new ideas and projects for investment, which are related to the sector in which the parent company operates. Banks create these firms/sectors to distinguish their commercial activity from the investment one. *Semi-captive companies* are almost the same with the previous, with the difference here that aside the parent company, largely as financers a third party appears. Venture capital companies, in most cases are structured as partnerships or limited liability company.

Venture capital companies for their efforts and investments made are compensated in two ways, through a management fee and carried interest.

Venture capital companies receive annual compensation, known as management fee, which amounts to about 2–3% of the committed and dedicated capital for investment. Management fee usually serves for payment of workers engaged in the investment process, office rent, phone, electricity, travel expenses and marketing costs. Litvak (2009) investigated thirty–seven partnership agreements of seventeen companies for venture capital to analyze the ways of determining the forms of management fee. Each form contains two basic elements: (1) base, and (2) part of the base which is paid annually to companies for venture capital. The base can be committed capital, managed capital or some combination of these two. The base and the percentage added to the base can be constant or variable. She noted the following forms of setting the management fee:

a) Flat fee based on a percentage of committed capital – the fee is a pre–set percentage of committed capital - the total amount that investors have agreed to contribute to the fund;

b) Declining fee based on percentage of committed capital – the fee is calculated as a percentage of committed capital, but the percentage declines in later years of fund's life;

c) Declining fee based on combination of committed and managed capital – early–year fees are set as a percent of committed capital, while later-year fees are set as a percent of managed capital;

d) Fee based entirely on managed capital – the fees are calculated on the basis of managed capital throughout the life of a fund;

e) Absolute dollar amount – the management fee is set as a flat dollar amount, rather than as a percent of committed capital and this amount declined over time.

Carried interest is around 20% of profits from investments made. It is distributed to venture capital companies, after the investors (limited partners) have returned their invested means.

3. Venture capital in transition economies: An overview

Without an appropriate economic, legal and social environment, the development of venture capital is impossible. In other words, every country should create a positive and effective environment that is ready to accept this way of financing, i.e. venture capital and be a catalyst for its growth and development.

Environment that is created in developed countries and is suitable for adoption and development of venture capital, according to Schőfer and Leitinger (2002), is presented in the framework for successful venture capital, which consists of the following elements: economic environment (large market, high growth in sales and profits, strong financial markets and stock exchanges, high yields for investors, supporting infrastructure in services, good economic and technological education of the people, availability of the key production factors on qualitatively high levels); legal environment (corporate and tax laws encouraging entrepreneurial activities and the foundation of companies, only few limitations for the founding process of companies, simple, but severe admission and disclosure rules for stock exchange listings, liberalized investment guidelines for institutional investors); social environment (attractive climate for researchers, interesting research results and scientific discoveries, intensive cooperation between universities and the economy, preparedness to take risks as entrepreneur and as money investor, social acceptance of failures) and entrepreneurial spirit (cooperation in partnerships instead of the philosophy of "I am the master of my house", strong orientation on growth instead of "small is beautiful", preparedness to share risks and profits, courage for being an entrepreneur, creativity, initiative, open-mindedness)

Venture capital in developed countries contribute to creation of so-called "success stories" that were a sufficient motive to transition countries to start thinking about this kind of investments. Venture capital, although in much smaller scale, recently became a reality in countries in transition. It is important to note that data on the informal venture capital, i.e business angels in most transition countries are missing or there are only some uncertain, inaccurate estimates of their representation and modes of action.

According to EBRD (2006, p.71), venture capital in transition countries has its beginning in the early 90's transitional years. Then were created the first fund maintained by government agencies, especially foreign, known as Enterprise Funds. These funds were established to assist the process of privatization and restructuring of state enterprises. In the beginning they were supported by the U.S., then from the European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC) and European Investment Bank (EIB). These funds its biggest success noted in 1995-1996, when were established several regional venture capital funds (for example in Russia) and so-called post privatization funds (for example in Central Europe).

Venture capital funds in transition countries were established as private commercial risk funds (which are similar to formal risk funds organized as partnerships) and donor funds (supported by government and other domestic and foreign institutions).

As figure three shows, private commercial funds have begun forming in 1992, while donor funds in 1990 and after 1998 almost completely disappeared. Collected and invested capital of these funds has reached its first peak in 1998, followed by their reduction, which is considered as a result of the financial crisis in Russia. In the period 2000-2003 is noted a zigzag movement and starting from 2004, venture capital investments note a constant growth, where in 2005 they amounted to $ 1.6 billion (EBRD, 2006).

Venture capital investments in transition countries, in the sample of 44 high-risk funds, analyzed by the EBRD are oriented as follows: about 30% in new businesses (in the initial stage), about 50% in the expansion phase, about 5 % refer to replacement capital and approximately 4% in buy-out funds. Regarding sectors for investment, 20% are invested in telecommunication and media, 15% in manufacturing, 14% in high-technology, electronics and Internet technology, 6% in construction company and, 4% in energy and primary resources etc (EBRD, 2006).

Table 1. The top five venture capital investment target countries in the CEE region in 2006-2007 (in percentages)

Year 2006			*Year 2007*		
Rank	***Country***	***% of total***	***Rank***	***Country***	***% of total***
1.	Hungary	44,10%	1.	Poland	22,70 %
2.	Czech Republic	21,20%	2.	Bulgaria	18,50 %
3.	Poland	18,20%	3.	Hungary	16,40 %
4.	Romania	6,60%	4.	Romania	15,80 %
5.	Slovenia	2,30%	5.	Baltic countries	12,30 %

Source: *Karsai 2008, p.17*

According to data shown in table 1, we can be see that as countries in transition, in which venture capital is most developed, or there are serious efforts to regulate, systematize this type of investment are Poland, Hungary, Czech Republic, Romania and Baltic countries. The most part of venture capital investments in the transition countries went to companies from Czech Republic, Poland and Hungary, which countries joined the EU in the first round. In 2007, due to the significant financing activities in Romania, Bulgaria and the Baltic states, the share of these three countries fell below 50% in 2007 (Karsai, 2008).

4. The profile and measures for development of venture capital in Macedonia

The financial system in Macedonia is shallow and unbranched system and is characterized by limited access of SMEs to financing sources needed for their growth and development.

Venture capital as an important source of financing is almost completely absent in the Republic of Macedonia. Consequently, our small and medium enterprises are deprived from "one of the most favorable and most quality financing sources for their development" (Fiti, 2007, p. 215).

In 2007 the Government launched an initiative to open three venture capital funds (with the participation of state capital) in order to determine is there a willingness of the private sector to invest together with the government in promising, risky investment projects. Some activities around this initiative took place during 2007, but ended unsuccessfully (Ministry of Economy of the Republic of Macedonia, 2008).

In Macedonia there is not a special legal framework for the establishment of venture capital funds. But, the establishment and operation of these funds is regulated under the Law on Investment Funds (from 2000, which suffered amendments in 2007 and 2009), which enables the formation of private funds, whose operation is similar with the operation of venture capital funds. Private funds are established to raising funds through a private offering, which are then invested according to the aims of the fund. According to Article 41 b of the Law on Investment Funds (Official Gazette of Republic of Macedonia, 2007): a) A private fund is established in temporary basis that can not be shorter than eight years; b) The size of the fund is at least 500.000 € converted in denars. Under the fund's size means a committed capital from all investors during the entire time of existence of the fund; c) Minimum taken concerted commitment of investment of each investor in the private fund can not be less than 50.000 € converted in denars which the investor is obliged to pay on a call of the company for managing private funds in accordance with the provisions of the prospectus; d) The maximum number of private investors in the fund is 20 investors; e) Private fund is established and managed by a company for managing private funds; f) To establish a private fund, the company for managing private funds adopts a statute and prospectus of the fund; g) The private fund can borrow without any limit.

The venture capital market in Macedonia is very poor. Recently the interest for institutional venture capital started to take place, while business angels still remained "unknown term". The only funds which invest in the form of venture capital and operate in Macedonia are funds established by the U.S. Fund for Small Businesses - SEAF (Small Enterprise Assistance Funds - SEAF). SEAF is a global investment company based in Washington, where its work focuses on providing capital for business development in fast growing markets as well as those who lack traditional sources of capital. These funds are: SEAF Macedonia Small Investment Fund (SIF) and SEAF Fund for South Balkans.

SEAF Macedonia was established in 1998. SEAF Macedonia is a small venture capital fund with total capital of $ 13 million. The founders and investors of SEAF Macedonia are: The European Bank for Reconstruction and Development (EBRD) - which has invested $ 4 million, the International Finance Corporation (IFC) - 2,5 million $, the German Investment Company (DEG) - 2,5 million $ and The U.S. government's Agency for International Development (USAID) - $ 4 million. The mission of SEAF Macedonia is making wise investments in small and medium businesses.

Small Investment Fund (SIF) was established in July 2007 and until now has made three investment in Macedonia, such as: Oktober (company for producing toilet paper), INet (system integrator and distributor of various products of information and communication technology) and Urban Invest (the largest producer of concrete paving elements and mosaic products).

SEAF Fund for South Balkans was established in 2006. The headquarters of the fund is in Belgrade, Serbia. This is a regional fund and operates in Serbia, Montenegro and Macedonia. SEAF Fund for South Balkans has not invested in any company in Macedonia. Currently is preparing three investments in our small and medium enterprises, but because the principle of "business secret" the names of companies and amounts of investments were not disclosed.

Measures which were taken in developed countries and those in transition countries were different. As a measure that was most exploited in the some analyzed countries (USA, UK, Sweden, Australia, Poland, Hungary, Slovakia, Russia) was the establishment of state funds of venture capital – from which after a certain period, the state retreated and were transformed into a private commercial venture capital funds. Significant role in the development of venture capital have played and the European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC), which initiated the formation of many venture capital funds and networks of business angels. In certain states to encourage investment by venture capital have been introduced and numerous tax incentives by the state, particularly in income tax.

Considering the experiences of countries in which venture capital is present and developed as a source of financing for small and medium enterprises, we suggest the following measures which should be taken to promote the role and importance of venture capital in the Republic of Macedonia:

a) Raising awareness about the benefits of venture capital for small and medium enterprises. Considering that in Macedonia venture capital is not enough known concept, it is needed to organize seminars, workshops, conferences etc., introducing the curricular content in the programs of faculties of economics and business administration, publication of professional and scientific papers, where in the explicit way will be explained all the good and bad sides arising from this method of financing.

b) Increasing the number of investment opportunities. This can be achieved with the development of entrepreneurship and small business in the country, i.e. by creating more business incubators, business centers, science parks and so on, where we could develop and present interesting business ideas. We should consider that venture capitalists prefer to invest in interesting entrepreneurial businesses with high growth potential.

c) Establishment of state funds for venture capital. Starting from the experiences of countries in transition in which has been developed this way of financing, the first venture capital funds/companies should be established by the government itself, which may appear as a single investor (which is not very desirable), or in cooperation with international institutions and agencies such as the European Bank for Reconstruction and Development (EBRD), International financial corporation (IFC), the American Aid Agency (USAID) and others, which confirmed that they are willing to invest risk capital (for example, they supported the establishment of SEAF funds).

d) Foundation of a hybrid venture capital funds. Besides the formation of pure state funds, good practice is the formation of so-called hybrid funds, where despite the government, as investors may appear institutional and private investors, such as corporations, banks, pension funds and wealthy individuals. This measure was successfully implemented in Hungary (Karsai and Gabor, 2005).

e) Establishment of networks of business angels. Networks of business angels can be formed with government (central or local) and private initiative. These networks will provide connectivity to prospective investors with entrepreneurs, which can have a good business idea but have lack of funds.

f) Providing a supportive fiscal policy. Almost all countries in which venture capital operates and is quite developed, as an incentive to include institutions and wealthy people in this type of investment is tax relief or full exemption from the government. Our country applies a flat tax, which is 10%. As a good measure to encourage venture capital investment could be if the potential investors in the year in which they investment to be completely exempt from income and profit tax, while the profit tax be reduced to 50% in first 3 years from the moment when the investment is made.

g) Further development of the stock exchange market. Venture capitalists invest in companies that are not listed on the stock exchange. In the meantime, these companies are growing, becoming known to the market, and to the additional funds coming through the stock market. Venture capitalists are willing to sell their shares of ownership, in these companies. If there is no effective stock market and they can not sell their shares to gain profits from investing, they would not be willing to invest in new businesses. In this context, is very important the establishment and development of the OTC market (over the counter market), which is characterized by much more liberal entry conditions for enterprises, which would enable the listing of successful small and medium enterprises. These are practices of developed countries such as USA, Great Britain, France, Sweden and others. It should also be offered a special service that would pick up buying and selling share prices from various dealers that would be presented to potential investors. Then, investors will complete the transaction through special computer software, without the help of a broker. For example, NASDAQ, Reuters, Telerate and Bloomberg work on these principles (Petkovski, 2004).

h) Reduction or elimination of investment restrictions of pension funds in risky deals. According to the Law on Mandatory Fully Funded Pension Insurance, pension funds are not allowed to make investments that are typical for venture capital. Under Article 108 of this law, the assets of pension funds can not be invested in stocks, bonds and other securities which are not listed on official stock market or are publicly traded, instruments that can not legally be available, material goods which are rarely traded on organized markets and whose assessment is uncertain except in securities which are issued based on mortgage and indirect investment through investment funds. Under the same law, Article 106 and 107, pension funds can invest: maximum 30% of the assets of pension funds in securities issued by foreign governments and central banks of EU countries and OECD countries; maximum 80% of the assets of pension funds in securities guaranteed by the Government or the National Bank of the Republic of Macedonia; maximum 60% of the assets of pension funds in bank deposits, certificates of deposit, commercial bills, bonds and securities based on mortgage of domestic banks; maximum 40% of the assets of pension funds in bonds and commercial bills of domestic corporations other than banks; maximum 30% of the assets of pension funds in shares of domestic corporations and maximum 5% of the assets of pension funds in share documents and stocks of Macedonian investment funds(Official Gazette of Republic of Macedonia, 2009). But pension funds in our country are not quite developed and have no practical experience in investing in the stock market or small businesses. They also lack managerial staff to do this kind of investments. Hence, the implementation of this measure is too risky. It could be implemented in the future, in a further phase of development of venture capital.

i) Training of talented students from different fields about the functioning modes of venture capital. The students who have shown excellent results during their studies, from various fields, government and other institutions and organizations may provide scholarships for training and further formation outside the country, specifically in those countries that are characterized by a developed venture capital, such as United States, Great Britain, Ireland, Sweden, France and others. Once they complete their training, they will return to the country with the obtained experiences and knowledge related to the functioning of venture capital.

j) Support and promotion of venture capital from other sources of funding. Commercial banks, savings and other various funds should promote and support the venture capital, as a specific and particularly important source of capital because they give great help in the creation of new enterprises. These enterprises, once they stand on "healthy legs" in the subsequent phases of development will require funding from these sources in the form of loans, allowing the realization of income in the form of interest payments, commissions, etc. Also, commercial banks and other financial institutions can establish a separate department/sector for venture capital, where interesting businesses will be financed, and where they will gain additional profits and other benefits.

Conclusions

Considering the number of venture capital funds operating in Macedonia, number of investments and the portfolio of companies, which have used venture capital to finance their development, we can conclude that this type of capital in our country is not developed yet. The only venture capital funds are those established by the U.S. Fund for Small Businesses, known as SEAF (Small Enterprise Assistance Funds). SEAF is a global investment company based in Washington, where his work focuses on providing capital for business development in fast growing markets as well as those who lack traditional sources of capital. These funds are: SEAF Macedonia, Small Investment Fund (SIF) and SEAF Fund for South Balkans. Barriers for the development of venture capital in our country, and in countries in transition in general, mainly are related to: underdeveloped capital markets (stock markets), a small number of domestic and foreign investors, higher risk for investment, untrained and inexperienced management, corruption, bad regulation, unfavorable tax treatment for this type of investment, bureaucratic and administrative obstacles and so on. Measures of initiation and development of venture capital that were undertaken in developed countries and those in countries in transition were different. As a measure that was most exploited, particularly in countries in transition was the establishment of state funds of venture capital, from which after a certain period, the state retreated and they were transformed into a private commercial venture capital funds. So the first venture capital funds/companies should be established by the Government of the Republic of Macedonia, which may appear as a single investor or in cooperation with international institutions and agencies such as the European Bank for Reconstruction and Development (EBRD), International financial Corporation (IFC), the American Aid Agency (USAID) and others. Besides the formation of pure state funds, good practice is the formation of so-called hybrid funds, where despite the government, as investors may appear institutional and private investors, such as corporations, banks, pension funds and wealthy individuals. This measure was successfully implemented in Hungary as a country in transition. Almost in all countries where venture capital operates and is quite developed as an incentive to include institutions and wealthy people in this type of investment is tax relief or full exempt from the government. Besides these, other measures that should be taken to promote the role and importance of venture capital in the Republic of Macedonia and the development of it, we suggest the following: to continue improving the general business climate, raising awareness about the benefits of venture capital for small and medium enterprises, increasing a number of investment opportunities by creating a greater number of business incubators, business centers and so on, forming networks of business angels, further development of the Macedonian Stock Securities and establishing and development of the OTC market (over the counter market), allowing pension funds to invest in risky deals, training of talented students from various areas about the operation of venture capital, promotion and support of venture capital from other sources of funding.

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