

# Report

Stakeholder Survey of key constraints in priority sectors

USAID Regional Economic Growth (REG) project

AID-OAA-C-13-00139

Version: Final

Prepared by KA Group Consulting, [www.kagroup.net](http://www.kagroup.net)



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## Abbreviations

AL	Albania
ATTA	Adventure Travel Trade Association
BiH	Bosnia and Herzegovina
CMMI	Capability Maturity Model Integration (CMMI)
EITO	European IT Observatory
F&V	Fruits and Vegetables
GDS	Global Distribution System for e-commerce services for tourism industry
GIZ	German Technical Assistance (former GTZ)
IATA	International air-transport association service
KS	Kosovo
MK	Macedonia
SME	Small and Medium Enterprises
PM	Project management
R&D	Research and Development
REG	Regional Economic Growth Project
SRB	Serbia
USAID	United States Agency of International Development

## Introduction

USAID *Regional Economic Growth Project* is to be implemented in Western Balkan region (covering Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia) with purpose to promote broad based, inclusive and sustainable economic growth in the region through greater intraregional economic integration and harmonization in the region and other markets. Implementation of the project is based on two components which are 1) Increased private sector competitiveness and enterprise development and 2) Increased financial sector stability, growth and inclusion.

In order to expand information on opportunities and constraints to growth of the priority sectors, qualitative analysis has been done through a survey of key stakeholders in the region, representing input in the Year 1 Activity Work Plan. Selected subcontractor for conducting the Survey is KA Group Consulting, contracted 7<sup>th</sup> of November 2013.

Within intended study period the subcontractor has designed the survey, team conducted interviews with key stakeholders, analyzed and systematized the answers and prepared this report. Priority sectors are: Tourism; IT (including mature IT companies and innovation / start-ups); Agribusiness (fruits and vegetables); Footwear manufacturing; Food manufacturing and Manufacturing of vehicles and parts thereof. Elements which influenced the engagement of the subcontractor and the final report delivery are:

- *Questionnaire design*: prepared as qualitative questionnaire including 33 questions for key stakeholders, designed by the approach of industrial value chain analysis. The questionnaire has been unified for all countries and sectors, with priority set on questions for specific sectors following REG project Tasks 1- to Task 4. Final interview questionnaire has been approved on November 13, 2013.
- *Interviews with key stakeholders* were conducted by separate consultants in each of the included countries in the REG project, based on stakeholder contact list provided by the contractor. Delivery of interviews started November 13 and expanded up to November 21, 2013. Short period available limited the option to interview all key stakeholders in the region. Reasons varied from stakeholders being out of the country, changes in professional positions, public institution representative prior engagements and short time to reschedule. Specific reasons for no accessibility by stakeholders were stated by public institutions in Serbia who refused to be interviewed.
- Survey analysis – assessment of key constraints. Several limitations rose in the analysis of interview results:
  - Dominant sector coverage following provided stakeholders list are agribusiness and food manufacturing, mainly from value chain of fruits and vegetables;
  - Limited existence of sector stakeholders in the countries resulted in under-representation of stakeholders in sectors footwear manufacturing and vehicles and parts manufacturing.
  - Unified questionnaire included questions relevant for all sectors. As example, questions related to customs, borders have not been significant for ICT sector.
  - Qualitative analysis focus in the questionnaire enables better understanding of specific opportunities and constraints but limited quantifiable comparisons of the answer. The rating system in the questionnaire has been used as initial interviewee introduction to the questions, rather than intended for statistical input. Quantitative analysis available is included in Annex 3 and Annex 4.

The Report is summarizing main constraints and issues within the sectors in the region, for detail interviews are enclosed in the Annexes.

## 1. Executive summary

*Stakeholder survey of key constraints in priority sector* conducted by subcontractor KA Group consulting during November 2013 provided stakeholders feedback on the constraints, need and opportunities for of priority regional sectors. Stakeholders interviewed mainly focused answering on one sector, while few covered two or more of the priority REG project sectors. Under represented sectors with stakeholders interviews are Footwear manufacturing and Vehicles & Parts, where only one or two countries had stakeholders available for interviews.

### Task 1 - Strengthening Regional Value Chains

Task 1 has elaborated on the constraints and needs influencing company competitiveness within priority sectors. Common constraints for all sectors are:

- Gaps in market information, corporate governance and management skill.
- Insufficient innovation and use of new technologies.
- Limited access to finance, other than existing collateral requesting banking sector.
- Unsatisfactory level of integration in the regional or global value chains.
- Gaps in transport and logistics
- High competition in fragmented and dispersed national sector markets.
- Governance mechanisms of sectors companies are variable on national level, with questionable impact and effectiveness.
- Dominant priority sector's company size is SMEs, thus limiting business expansion.

#### Top key constraints and needs in **Agribusiness**

- Lack of traceability
- Small size of the farmers and processing companies, fragmented land parcels which require land consolidation.
- Insufficient trade and marketing information and knowledge.
- Insignificant contract farming model used by SMEs.
- Seasonal production disabling access to appropriate working capital and investment. EU Standards: not fully established national systems and implemented for EU standards.

#### Top key constraints and needs in **Tourism**

- Main constrain is the brand of the region as attractive destination for tourists.
- Border clearance time for tourists.
- Need for introduction of categorization of accommodation capacities and quality marking standards (including eco marks) synchronized within the region
- Availability of competent workforce and need for upgrading labor competencies.
- Partly aversion for use of available technology in the sector, especially in auxiliary tourism services.

#### Top key constraints and needs in **IT**

- Largest constrain is lack of staff, both in quantitative and qualitative terms. Demand for sector workforce much larger than available supply, also facing migration. Good training providers, but inappropriate University programs and size of student groups.
- Weak or no innovation ecosystem for support of startups exists.

- Software mainly outsourcing, lack of product development.

REG's activity opportunity: support initiative for regional standardization of job descriptions for IT positions, as precondition for establishing joint ventures and alliances in the region.

#### Top key constraints and needs in **Vehicles and parts**

- Inability to access new markets due to small size and lack of capacity, while individually approaching new markets
- Lack of corporate structure and governance (small business leadership),
- Sector competitiveness is based on lower labor costs for highly educated and skilled personnel compared to EU markets. Production is burdened by small series of products, leaving production capacity is underutilized.
- Lack of supply chain management practices and knowledge.
- Key limitations for expansion result from client quality requests, which are reflected in additional industry driven certifications.

Key need for the sector is joint logistics for the sector in order to lower input costs (through joint procurement and logistics) and output costs (lower transportation and delivery costs for the companies).

#### Top key constraints and needs in **Footwear manufacturing**

- Constrain for sector development is the existing gray economy for footwear and the quality of those cheap products.
- Significant constraint for business expansion is import of input materials.
- Low wages in the sector and unattractiveness of the sector for workers to be in.
- Need for development of brand products.

### **Taks-2 Identification of Advocacy to Address Non-Tariff Trade Barriers in Target Sectors**

Tariff and non-tariff trade barriers are significantly decreased with existing CEFTA agreement and other bilateral agreements. Constraints and needs are the following:

- Governments make measures not always following CEFTA agreement, which results in wider barriers for inter-country trade relations.
- The main influence on the service sectors IT and Tourism is related to long and complicated procedures for VAT and other tax returns related to export.
- IT sector has specific constraints in copyright and author rights of software products, for which legislation and its implementation are not unified in the region.
- Constraints for custom procedures border documentation: a) Lack of understanding of inspections and custom officers about the products and sectors, thus resulting in unnecessary delays, b) preferential pricing by customs used to increase calculated VAT and custom duties; c) misuse of origin of products within CEFTA while re-exporting to other markets
- Administrative requests and lengthy imports of product samples, or in some cases raw materials do represent a barrier.
- Food, safety and environmental standards arising from EU accession harmonization.
- Significant issue as barrier is the relation within the region, between Serbia and Kosovo.

### **Task 3 - Identification of and Advocacy to address regulatory obstacles to business expansion.**

Task 3 has been dealing with constraints broadly to the sector and countries. Main constraints and needs are the following:

- Quality and standard compliance for EU accession and commercially requested standards for export is given short adaptation periods from national legislators, while policies and measures are often brought without appropriate sector data and impact.
- Constraint: Structured market knowledge and market entry approach are almost not present, while operating in small and limited market sizes. Need: Government institutions for destination promotion and sufficient budget.
- Insufficient Government implementation agencies and/or budget for support of export programs, as well as discrepancies between legal frameworks and practice
- Lack of startup support and existence of wider innovation ecosystem.
- Need to explore possibility for relations on regional level between business and formal education institutions, as well as informal providers.

### **Task 4- Training in International Standards and Certifications**

International standards and certifications required are grouped in a) legal EU compliance versus commercially acceptable and vendor required standards.

Widest scope of standards is required in the *Agribusiness and Food production*, both nationally and internationally required. Part of these standards are nationalized in legislation based on EU accession compliance. These include HACCP, Global Gap, Food safety standards etc. Commercial standards relevant for exports are Kosher and Halal, and IFS and BRC commercial standards required by regional and international retail chains.

The sector of *Vehicles and parts* requires number of ISO standards, of which most important international standards is ISO TS 16949, followed by ISO 9001, ISO 14001.

In vehicles and parts as well as in *Footwear*, requirements for CE mark have been stated as priority.

*Tourism* sector international standards needed are related to MATA, ATTA and similar certifications, as mark for eco accommodation. Congress tourism potential related to capacity and secondly to the star qualification system.

*IT sector* requires lot of certifications for common work, most vendor related. Most significant regional standards could be IT Mark and CMMI, in addition to vendor standards. For all there is satisfactory level of private training providers in most countries.

Pressing need of the companies is *existence of internationally accredited laboratories and testing facilities*. Huge variety of tests are regularly needed in agribusiness and food production. Laboratories and testing facilities are lacking in the region, and from the existing ones rarely which have EU accredited laboratories.

## 2. Summarized stakeholder feedback

Conducted interviews with key stakeholders provided significant information on the sectors and situation in the countries of the REG project region. The analysis of the stakeholder feedback is organized by country, sector and project Tasks enlisted in the Stakeholder Survey's Scope of Work.

Stakeholders interviewed mainly focused answering on one sector, while few covered two or more of the priority REG project sectors. The Survey's coverage of sectors and countries for all conducted interviews is summarized in the table.

Stakeholder interviews coverage of sectors per country								
Sector / Region	Tourism	IT	Fruits & Vegetables	Food Manufacturing	Footwear	Vehicles & parts	Other (Gov't)	Total Country
Albania	2	2	3	6	2		1	16
Bosnia and Herzegovina	6	6		4				16
Kosovo	4	2	2	2				10
Macedonia	3	2	2	3		4	1	15
Serbia	1	3	3	1	1			9
<b>Total per sector</b>	<b>16</b>	<b>15</b>	<b>10</b>	<b>16</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>66</b>

Under represented sectors with stakeholders interviews are Footwear manufacturing and Vehicles & Parts, where only one or two countries had stakeholders available for interviews. Food manufacturing is most represented, with most stakeholders working within fruit and vegetables sub-sector.

Stakeholder feedback is organized into sections following REG project tasks, summarizing stakeholder answers by country and priority sector.

### 2.1. Strengthening Regional Value Chains – Task 1

Priority sectors, or regional value chains within REG project are:

- Agribusiness (fruits and vegetables)
- Food manufacturing
- Tourism
- IT (including mature IT companies and innovation / start-ups)
- Footwear manufacturing
- Manufacturing of vehicles and parts thereof

Under Task 1 section constraints, needs and opportunities are elaborated for each sector. There are number of constraints and needs which influence company competitiveness within priority sectors. **Common constraints and needs** for all sectors are the following.

Dominant company size is micro, small and medium enterprises. The size of the companies is limiting business expansion and size of companies directly affects costs of operations and disables investment in larger production capacity. This is caused by small volumes and inability to reach economies of scale. Each sector has a few leader companies, although most of those are small in regional or global perspective.

High competition in fragmented and dispersed sector markets. Local cooperation between companies in the priority sector is present but in most cases insufficient to enable export expansion. Regional cooperation is present less than potentials.

Governance mechanisms of sector companies is variable on national level, with questionable impact and effectiveness. Visible need for inclusion in regional cooperation networks and associations, including international sector related networks and associations. Significance level of sector governance mechanisms is different in each country and sector. Opportunity for early start of activities in REG project is to utilize ongoing networks for potential regional cooperation, currently present in Tourism, ICT and partly in Vehicles and parts. ICT sector has started initial regional cooperation through their chambers for regional workforce profiles unification.

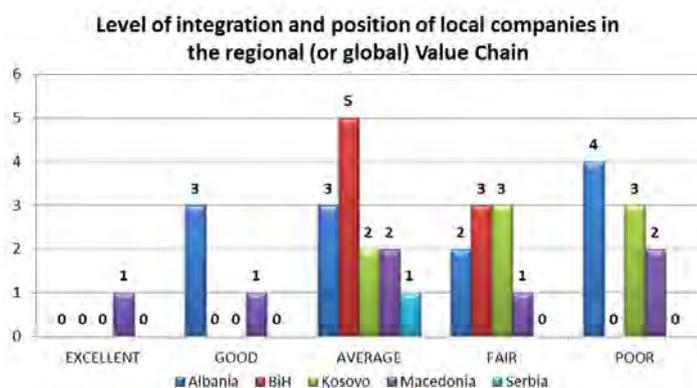
Gaps in market information, corporate governance and management skill. Management knowledge, skills and organizational governance for SMEs are stated as constraint for the sector across the region. Small company's size disables appropriate corporate governance structures to be set up for support business expansion as lack of skills and experience does. Current management, marketing, sales in companies are all limiting companies to expand and invest in such capacity for exports.

Insufficient innovation and use of new technologies. Latest technologies and innovation have been stated as issue in most priority sectors within the REG project. The levels of innovation and use of new technology vary based on sector and country, although general prevails for need for technology transfer in most industries, with exclusion of IT which requires product development.

Limited access to finance, other than existing collateral requesting banking sector, affects business expansion possibilities. Project investment banking, venture and equity capital are lacking, while present financing tools as factoring, forfeiting, export insurance are underutilized.

Unsatisfactory level of integration in the regional or global value chains. Stakeholders evaluated knowledge of regional markets mainly positively, while the position and level of integration in regional value chains as unsatisfactory.

Gaps in transport and logistics decrease competitiveness of companies in each manufacturing sector. Primary is road transport, which is not equally developed throughout the region.



Available transport and logistics for the sector are priority issues for vehicles and parts sector, as well as for agribusiness and food manufacturing.

- For Vehicles and parts road transport results in higher cost of products, although small producers are unable to fill a truck with their products due sales of small series. Joint logistics within the sector is not present in sales and lack of joint procurement additionally increase inbound costs for raw materials. Potential: support organizing joint procurement for raw materials for more SMEs from the sector, and support joint export logistics.
- Fresh fruits and vegetables are constrained by non-existing post harvesting equipment (intended for wider scale capacities), thus resulting in seasonal sales of the fruits and vegetables, effecting in lower prices for the producers and small collection centers.
- Tourism is influenced partly in countries where affordable airlines connections are not available at this moment. Local transporters are present in each of the countries in the region for tourists, with special situation in Kosovo due to limited movement in all the countries due to license plates (political issue).

*Opportunities* for strengthening regional value-chains for early startup of REG related activities are: a) Reaching regional agreement on standardized sector employees profiles (job descriptions) in the IT and Tourism sector, to be achieved through already active regional platforms lead by company leaders and business associations.

### **Agribusiness: Fruits and Vegetables and Food Manufacturing**

Agribusiness in respect to Fruits and Vegetables (F&V) and Food manufacturing had largest coverage of stakeholders within the Survey of key constraints of priority sector. Compared to Fruit and vegetables there is smaller stakeholders input on sub-sectors meat and dairy production and confectionary products.

**Constraints in all sub-sectors of agribusiness are**

- Small size of the farmers and processing companies, fragmented land parcels which request land consolidation.
- Access to appropriate working capital and investment capital, which is disabled due to seasonality of production of smaller producers.
- Insignificant contract farming model used by SMEs.
- High imports of raw materials, especially higher import duties for out of CEFTA countries.
- Insufficient trade and marketing information and knowledge.
- Not fully established national systems and implemented for EU standards.

The market is dynamic. Recently the value chain in the regional market has significantly changed due to market entrance and expansion of large global and regional retail chains. This situation changed the "game" of the market, requiring producers adaptability, as well as investment in costly introduction of commercial certifications and standards, which are more strict than national standards and regulation.

*Connections within the sector* in the region seem relatively good in view of established relations between companies, while trade and joint professional relations between companies defined as not gloomy. The *level of integration and position of companies in the regional or global value chain* shows improvement.

*Highly competitive market + existence of large number of players* is situation in all subsectors except dairy and partly organic. Exclusion from this general notion is dairy production, where based on regional market share there is an oligopoly. Locally dairy sub-sector is competitive between smaller producers, with key constrain being highly dependent feed prices for the cattle. Organic production subsector is also an exception in market structure but on local small scale, where there exist market leaders per product. Primary grain producer is Serbia. Primary markets for the sector are regional ones, EU and Central European countries. Russia is key market for Serbian products.

*Governance mechanisms in the national value chain* might slower regional cooperation, due to their differences. In Albania there are only business associations in the agribusiness sector, evaluated mostly as poor performance associations. Bosnia and Herzegovina has clusters, Chambers and Business associations, whose main activities are related to legislation, skills and networking of members, while the chambers are expected to support establishing relations necessary for exports. Kosovo has Chambers of Commerce and business associations (general and for sector), where the Business associations are rated as more representative. Macedonia has several Chambers of Commerce with sub-sector groups within them (Economic Chamber of Commerce, Macedonian Chambers of Commerce, North east Chamber of Commerce) and several Agribusiness sector associations. Most prominent

and active agribusiness association is MAP-Macedonian Association of Processors, followed by the Wine Cluster. Associations do exist for meat production, dairy, as part of chambers of commerce, while there is vast number of small local association and recent initiatives for agricultural cooperatives. Serbia has Chambers, business associations and cluster, working primarily on advocacy issues, while local business associations stated to provide larger impact on business.

Fruits and vegetable sub-sector characteristics in the region are:

- Exports of F&V comprise 50-70% of total production.
- No domestic seed production, dependent from imported seed.
- Need for use of new methods for fertilizing and chemicals, mainly imported in the region.
- Key constrain – lack of implemented traceability.
- Small scale producers mainly with 3-4 months season, resulting in underutilized production capacities.
- Need for post-harvesting equipment for fresh fruits and vegetables, enabling opportunity for joint use of several producers.
- Regional companies are mainly competitors for fruits and vegetable producers in the region.

*Technology utilization* is one of the main constrain in the agribusiness sector. Stakeholders state larger national companies have made major investment in technology, including processing fruit and vegetable sector, while SMEs have gaps in technology, equipment and standards. Small and fragmented land parcels and small production facilities cause inclusion of new technology, tools and approach to be economically unviable to introduce in SMEs.

## **Tourism**

Tourism sector is comprised of sub-sectors as traditional tourism, alternative tourism, religious and cultural tourism, eco-tourism, spa tourism etc. Local players in the tourism sector could be systematized into four groups: tour operator and agencies, hotels and accommodation, transport services and other auxiliary services providers.

Main constrain is the brand of the region and individual countries to attract tourists. Bosnia and Kosovo have bad image, Albania tourism sector is new and needs growing. There is need for appropriate promotion and destination management, nationally and regionally.

The tourism market is scattered and fragmented market, with high competition in each country.

Government policies and strategies are scattered and not always focused, with evident need for regional coordination for national tourism strategies. National tourism agencies are need of tourism in Albania, Bosnia and Herzegovina and Macedonia (tourist bureau, agency existent).

There is poor tourist offer on local level and regional level as tourist products. Main incoming tourist countries are those from EU, Scandinavia, Russia, and partly the region. In most countries special regional offers are usually lacking, except in Albania (targeting the region).

Stated sector need is introduction of categorization of accommodation capacities and including quality marking standards (including eco marks) synchronized within the region and certain global tourism standards.

Availability of competent workforce in the sector is poor, not as quantity but as competence. Specific roles as guides and tourism experts are required by the sector in each country.

There are 1-2 educational institutions per country, which cooperate with the business poorly.

Need for upgrading labor competencies (practical hospitality skills, language). Largely due improper education and specialized training institutions, as well as due to dominant seasonal workforce comprised usually of students.

Leading companies and Tourism associations have already established regional cooperation in several commercial and non-commercial projects, providing basis for wider and more intense regional cooperation to follow.

Governance mechanisms in the sector vary: Business associations in Albania; Bosnia and Herzegovina has local and regional tourism associations; Kosovo has a strong KATA tourist association and chamber representation; Macedonia has four chambers or part of chambers for tourism sector; Serbia has Chamber with low impact and association but weak influence.

Constraint raised from the sector is the border clearance time for tourists, which is slow and sometimes takes a day.

Partly aversion for use of available technology in the sector, especially in auxiliary tourism services. Level of technology use in tourism in the region is characterized averagely poor. There is basic technology present, like certain GPS systems, online tourist platforms. On the other hand use of common technology such as online purchase of bus tickets is not available, looking for tourists to go on site for tickets. Interned is used as web site presentation, missing opportunity to use smart phone users for in-time online information and sales of high end products.

*Opportunities* for the tourism sector in the region if not local, could be pushed as it is becoming increasingly interesting for global tourism associations. As example, ATTA - Adventure Travel Trade Association added Balkan as priority emerging market, with focus on developing offer in the upcoming period (Balkan tourist conference to be held in March 2014 in Macedonia). Several company leaders in tourism have established communication for establishing or promoting alternative tourism offer, which could be used for early start activities of REG project. Additional opportunities might reside in establishment of networks for eco accommodation or supporting tourism leaders for group membership into global tourism networks.

### **IT - including mature IT companies and innovation / start-ups**

The IT sector in the region is increasingly developing in recent years, showing growth in revenues each year, developing in all countries of the region. Stakeholder considered mature IT companies, innovation and startups in the analysis. Telecommunication providers are partly excluded.

IT sector comprises of sub-sectors as software development, hardware resellers and system integration. Software development has largest potential for local and regional growth.

**General characteristics of the IT sector in the region are:**

- Software development dominantly working as outsourcing. Local success stories of product development exist, usually developed by sector leaders or for global niche market, such are mobile and internet based applications and products.
- Key constrain in sector development is lack of qualified and competent staff, both in quantitative and qualitative terms. Demand for employees in IT companies is larger than available supply of IT labor available on national markets, currently estimated annual supply of IT staff is less than 1/3 of demand.

- High turnover of employees in the sector. Negative impact is recent increase emigration of highly educated IT staff, as minimum confirmed for BiH, Macedonia, Serbia.
- Formal education lacking behind educating required IT staff. Universities in the region show progress in cooperating with the sector for curriculum development, but less graduate annually than currently required by the sector.
- Workforce skills gap show the need for technical IT skills as first priority, and soft skills as project management, talent management, sales as second priority
- Good training providers for IT skills are present in all countries, providing advanced practical skills and certifications nationally (few exporting trainings). Need for more training providers for advanced technical IT skills stated only in BiH.
- Market structure is highly competitive, comprised mainly of micro and small companies. In each country there are from 5-10 national IT company leaders having more than 100 employees. These leaders are usually already present in the region. National telecommunication market structure is mainly oligopoly.
- Primary export markets are English speaking markets as USA, UK, EU, Scandinavia, mainly with outsourcing projects for larger IT companies (B2B market segment). Market entry based on personal contacts, B2B meetings, through IT associations. Most common market entry is in the region through representative company's office.
- Smaller portion of companies in the sector have R&D or work on new product development. Technology in the sector is considered excellent or good in entire region.
- Potential for increased sales limited by due company size and staff competencies. Joint venture cooperation for larger projects is considered as possible option for fulfilling the need for increased sales, especially since IT companies do have initial regional market knowledge and communication.
- Active and developed sector governance mechanism is present in each country. Business associations are present and most active in each country, while clusters (four) exist only in Serbia where these pull the IT industry. In Macedonia more chambers (3 IT) exist, while association leader is MASIT, as leader in Kosovo is STIKK association. These active associations/chambers have active communication between them for potential cooperation.
- Government priorities for IT and support to the sector are stated to be fair in most countries, never having subsidies and support measures for IT companies and startups, nor appropriate export promotion support, as other sectors do have.
- Increasing obligations for environment and safety related to waste from IT equipment.
- Weak innovation ecosystem for support of startups exists. Small scale donor funded institutions exist and operate, the wider ecosystem of technology accelerators, IT incubators, early startup financing is missing within the region. Innovation funding is currently available in Serbia through the innovation fund, with similar scheme soon starting to operate in Macedonia.

Entrance to the EU could enable recognizable quality for the IT industry, while it is imposing risks for a) enlarged emigration of IT workforce out of the region and b) losing competitive advantage if dominant sector is outsourcing of services, resulting from increased labor costs after EU entrance.

*Opportunities* for the IT sector in relation to REG project are the following:

- Market demand for employees larger than supply provides possibility for wider youth employment.
- Working through IT business associations which already cooperate in the region, as expansion of their activities. Potential early REG activity could be support to recently initiated efforts to regionally standardize all job descriptions for IT positions, as precondition for establishing joint ventures and alliances in the region.
- Keep an eye on recent developments in supporting innovation, startups in the region, such as recent establishment of regional network of IT accelerators for early startup, regular regional venture and equity conferences for IT.

### **Footwear manufacturing**

Footwear manufacturing has been partly covered by the survey as stakeholders in the area were missing in the stakeholder list. Elaboration of this value chain is based on the received answers, which do not cover all the countries in the region. Characteristics of the footwear manufacturing sector are:

Footwear sector in Albania is new and shows growth and competitive advantages related to textile, while in Serbia it is legacy of privatized companies. The market is fragmented and highly competitive, currently working as services on cut-and-trim approach for larger brands. Main export markets are in Italy, Germany, Greece, while local branded products in CEFTA Countries (brands from Serbia).

Large constrain for sector development is the existing gray economy for footwear and the quality of those cheap products.

Significant constraint for business expansion is import of input materials, low wages and unattractiveness of the sector for workers to be in. There is evident need for brand products of producers.

Sector governance mechanisms are underdeveloped and present in Albania and Serbia, while not present in Macedonia, Kosovo, not aware for Bosnia and Herzegovina.

Capacity utilization is low in larger companies, while small series orders dominate in the sector. Primarily work intensive work process which is still in need of new technology and equipment.

Labor skills are easily obtainable, companies stated to have started cooperation with VET schools and available training providers. Productivity and competitiveness of companies could be increased by trainings and production process restructuring.

### **Manufacturing of vehicles and parts thereof**

Manufacturing of Vehicles and parts is not entirely regionally covered.

Two decades ago, vehicles and parts had been in larger metal processing capacities, networked and integrated in the supply chains of Zastava (now Fiat) in Kragujevac, Serbia and Volkswagen in Bosnia. Vast number of these large companies had closed or had been inappropriately privatized, resulting in time gap for the automotive industry in the region. Regional producer leader companies are Fiat in Serbia and several FDI companies producing components in TIRZ –Trade Industrial Zones in Macedonia, while parts and component producers present in BiH, MK and Serbia.

The sector of Vehicles and parts is scattered, comprised of small companies from the light manufacturing sector, dominantly working in the local markets. The sector is mainly related to metal processing, tools and plastics, while precise sector structure is unmapped within the region.

Companies usually produce also for other sectors beside Vehicles and parts, which is case with half of the sector's companies. As example, plastic producer for vehicle parts also produces for food and pharmaceutical industry.

Key constraints for business expansion are: product sales as labor, inability to access new markets, and lack of corporate structure and governance (small business leadership), lack of supply chain management practices and knowledge. Sector competitiveness is based on lower labor costs for highly educated and skilled personnel compared to EU markets. Production is burdened by small series of products, leaving production capacity is underutilized.

Required skills and knowledge in the sector are primarily practical knowledge, in variety of specialized technical company related activities. Two Universities and several VET schools educate workforce and cooperate with the sector. Graduates have theoretical and lack practical skills. This sector has limited employability potential, but relevant due to employing highly skilled and educated labor.

Main challenge for small companies in the sector is to re-establish regional connections, and join in the supply chain of larger component producers(Tier1) and vehicle producers(OEM). Current key markets are Germany, Austria, Russia and local large companies. Market entry process is done individually by companies, through fairs and B2B events where only few proactive sector leaders go, without using structured market information.

Main intention of sector companies is to reach Tier 1 and to supply directly OEM (car producers). The level of regional integration of companies is rated as average, but globally it is poor..

Key limitations for expansion result from client quality requests, which are reflected in additional industry driven certifications.

Sector governance is weak and with no effects where present, as the Automotive cluster in Macedonia which still formally exists but without activities. Governance representation is present at wider sector definition within traditional Chambers.

Access to capital limited due to inability to use equipment as collateral, but requesting real-estate collateral for both fixed and working capital. Thus capital investment into equipment is limited.

Key need for the sector is joint logistics for the sector in order to lower input costs (through joint procurement and logistics) and output costs (lower transportation and delivery costs for the companies).

Technology used in companies is at satisfactory level in leader companies, but incomplete in most companies for larger scale production. Internal company's R&D is not present nor seems required since technology transfer could do the job. Most of the equipment is not produced locally and companies often procure second hand equipment. Recent association initiatives started focus on connections between industrial designers and producers.

*Opportunities* REG project in relation to Vehicles and parts might include a) starting with establishing regional connections in the value chain, starting from B2B meetings with sector leaders; b) support automotive sector required certifications for group of companies.

## 2.2. Identification of Advocacy to Address Non-Tariff Trade Barriers in Target Sectors- Task 2

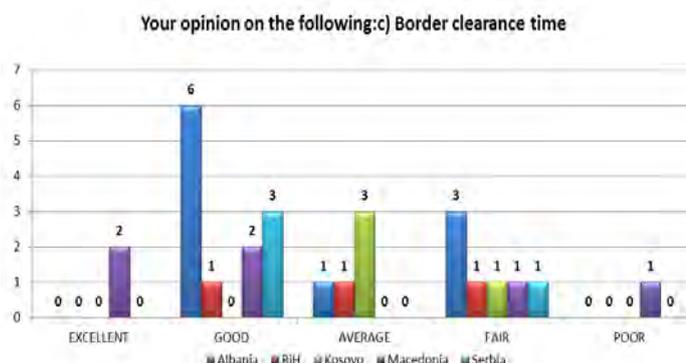
Tariff and non-tariff trade barriers are significantly decreased with existing CEFTA agreement and other bilateral agreements. Countries in process of EU pre-accession have preferential customs towards EU for vast majority of products, especially in agribusiness and food production. This situation gradually changes as each country comes closer to EU accession, which brings potential risks to the competitiveness of companies in the target sectors and countries.

Recent practice raised the risk that Governments make national measures not always following CEFTA agreement, which results in wider barriers for inter-country trade relations. Recent example of Macedonia's quantity limitations for import of grains has been followed by other actions from countries in the region, as Serbia and Kosovo.

IT and Tourism are insignificantly influenced from non-tariff barriers, compared to tangible product manufacturing priority sectors, which are impacted in a variety of ways.

The main influence on the service sectors IT and Tourism is related to long and complicated procedures for VAT and other tax returns related to export. The IT sector has specific constraints in copyright and author rights of software products. There is no regionally unified legislation and implementation of legislation to protect copyright, which has discouraged companies to enter regional markets.

Tourism specific problem is *border processing time* for tourists is an issue. Border clearance time has often been used for delay of product delivery within a country, connected to tactics as asking for additional documentation or sample testing while being blocked at the border. Stakeholders stated it as case for delay of delivery of products with short expiration time. In part of the region, waiting time of tourist to pass transit has been one day. Positive example of border processing time is the green fast track for agribusiness products established.



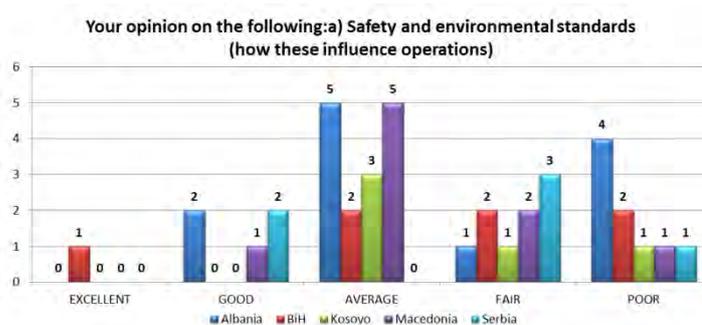
Stakeholders rate custom procedures transparency and border documentations required positively. Questionable issues raised by stakeholders related to custom and border limitations are the following: a) Lack of understanding of inspections and custom officers about the products and sectors, thus resulting in unnecessary delays, b) preferential pricing by customs has been stated as issue in Kosovo, used to increase calculated VAT and custom duties; c) misuse of origin of products within CEFTA while re-exporting to other markets (example: fresh F&V exported as Serbian while not being Serbian);

Administrative requests and lengthy imports of product samples, or in some cases raw materials do represent a barrier. Due to protection of local production, some products which represent raw materials have additional administrative checking and inspections, as well as duties. As example in food processing in Macedonia, industrial peppers<sup>1</sup> have duty tax of 50% to import, while the quota is limited even out of pepper production season.

Relevant trade related constraints are food, safety and environmental standards, which arise from EU accession harmonization. There are differences in current compliance with EU

<sup>1</sup> Industrial peppers represent 60% of all raw materials for agribusiness processing products in Macedonia.

harmonized standards in each country, which positions company competitiveness differently. Current leader in EU legislative harmonization is Macedonia, but that is overwhelming for the company costs and their competitiveness, while regulations are not fully implemented.



Largest risk for all companies in the region, especially for food manufacturing and agribusiness is not to get to comply with the safety and environmental standards prior to EU accession. Environmental and safety standards are increasingly important for companies, especially in agribusiness and food manufacturing, but also related to waste and environment in vehicle manufacturing and parts, in later related to waste management practices for plastic and chemical treatments. On the long term, competitive will be reached by companies which comply to EU standards.

Significant issue as barrier is the relation within the region, between Serbia and Kosovo. Due to inclusion of both in the regional project, Government institutions have openly boycotted the survey. This is a risk for advocacy for all trade barriers between these two countries.

### 2.3. Identification of and Advocacy to Address Regulatory Obstacles to Business Expansion – Task 3

Identification of and Advocacy to address regulatory obstacles to business expansion has been dealing with constraints broadly to the sector and countries. Main constraints to business expansion are elaborated bellow.

Quality and standard compliance is variable in most sectors and requires significant advancement, especially towards EU accession, but also related to commercially requested standards for export. Governments bring policies without knowing the sector or analyzing the impact on it (if sector measures and policies). Legislation is brought with short adoption time planned. This situation is overburdening SMEs with regulation which are often operationally planned to be appropriate for large companies, with ending result in increased costs and loss of time.

Logistics and transport are significant issues for all manufacturing sectors. Main transport in the region is road transport, due to inefficient railroad system. Although there are improvements in respect of road transport, main need is sector logistics for support in the inbound and outbound supply chain of the sectors.

Labor productivity is low while there is low level of available competent and experience workforce in almost all priority sectors. Lack of quality and quantity of skilled labor is visible mostly in the IT sector. However, there is obvious priority need for practical skills and knowledge with each of the sectors. Additional exploration needed for possibility for relations on regional level between business and formal education institutions, as well as informal providers. Specific issue is the national defined educational curriculums for VET, or budget limitations for Universities, imposed by Government.

Structured market knowledge and market entry approach are almost not present, while operating in small and limited market sizes. The size of companies limits the possibilities for expansion, however structured market knowledge and access are almost invisible for SMEs. Few of the priority sectors are defined as nationally priority sectors, but they either lack implementing Government institutions for destination promotion, or sufficient budget.

Insufficient Government implementation agencies and/or budget for support of export programs, as well as discrepancies between legal frameworks and practice. There is variety of institutions in each country, and high level of effort to harmonize with EU legislation, however often the Governments are lacking appropriate implementation structures and budget to support the priorities and measure. Possible aspect of cooperation exists in regional public institution networks, as first feasible option in Tourism sector.

Countries in the region not recognized as source of quality. Although not directly regulatory, destination promotion separately and jointly by the countries from the region could enable better branding for quality.

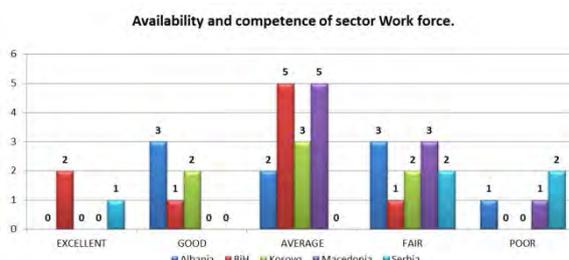
Lack of startup support and existence of wider innovation ecosystem. Especially relevant for IT since such practice is existent in the region, while innovation relevant for all priority sectors. Variety of interventions and institutions exist within the countries (Innovation fund Serbia, recent Innovation law in Macedonia, donor supported projects with limited impact) but startup support is primarily seen as social component to enable employment, rather than entrepreneurship or competitiveness issue.

## 2.4. Training in International Standards and Certifications - Task 4

Survey has explored potential areas for providing training in International Standards and Certifications in priority sectors, within REG's project Task 4. For this purpose there have been eleven (11) questions in the Survey related to status of workforce, cooperation with educational institutions, required standards and advisory services available. The analysis is summarized for options which need improvement and focus.

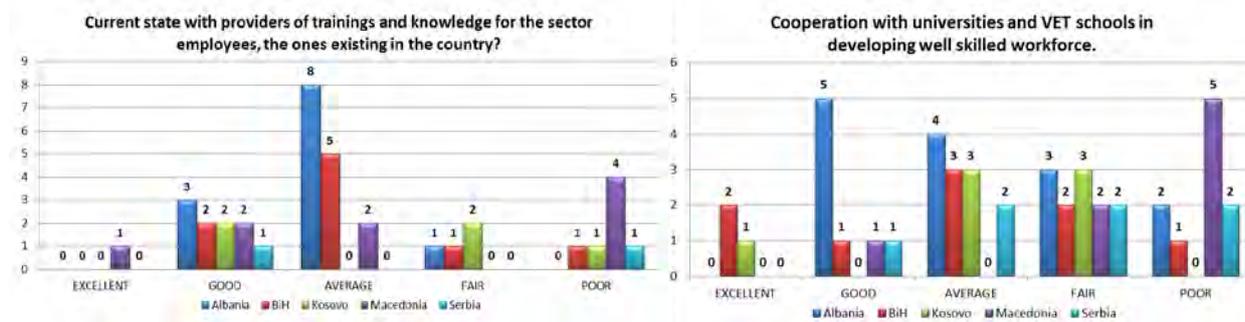
### Current state with available competent workforce and formal education cooperation and curriculum

are the issues within the region and within most priority sectors, with variety of needs even within sectors. The *IT sector* is lacking quantity and quality of competent workforce in the country. Skills required start from general technical skills obtained at faculty level which seem impractical in the region, but are more in focus of technical practical



skills required with more people than the local markets could offer. As second priority soft IT skills have been stated, but those primarily relate to project management, integration, vendor lead certifications as Microsoft, Cisco, Java etc. Fast adoption of new technology is issue like anywhere in the world. Opportunity in IT sector is the initiative for common regional standards for IT job descriptions, which could further enable joint regional cooperation. The *tourism sector* in the region is diverse mainly lacking hospitality skills, language skills and soft skills which are not obtained through formal education. *Agribusiness and food production* lack competent workforce in skilled labor for new technology introduction, new standards and EU standards adoption, . Specific constraint in Macedonia in this sector is legal obligations not allowing flexible service contracts with seasonal workers. *Vehicles and parts* sector was interviewed in Macedonia stating that the needs of the sector are mainly related to higher educated skilled staff with specialized technical sub-sector related skills, such as technical skills and software languages, while other include supply chain management managerial knowledge.

*Main labor constraints regionally* are: no appropriate vocational training and practical skills training with formal education, while formal education does not provide practical knowledge and has not connected plans with business needs. On the other hand, the status with training providers usually from the private sector gives a different view, showing there are private institutions which supply necessary training and skills development for the employees and business. Business support services are present in business advisory,



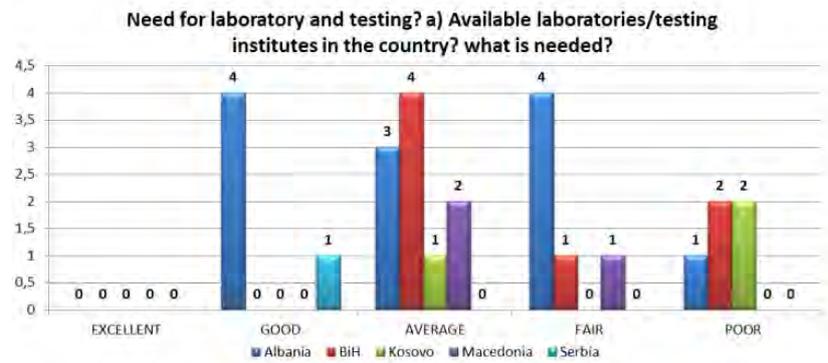
accounting and tax, access to finance, but are largely lacking in market information services and less in appropriate EU funding advisory. Specific questions raised in required training could be related to *market access information*, market research and approach. As one interviewer put it "It is scary how much new market strategy is rule of thumb". These are underrepresented as advisory services available in the countries, with limited use by business.

Soft skills required connected to tourism industry in sense of hospitality, IT related to project management, other sectors vary from marketing and sales, innovation, new technology, to managerial and organizational knowledge. Widest area for practical skills is within the agricultural sector which requires good manufacturing practices, legal requirements on food, safety, environment standards, marketing, management.

Significant **certifications required** within the sectors vary for subsectors. The division could be following legal aspect and EU compliance stage versus commercially acceptable and required standards. Related to national and EU standards, there is different level of harmonization in legislation in each country, depending from the sector. Seems Macedonia is formally closest to harmonizing legislation to the one from EU, but does lack implementation to different levels, based on the industry.

Legal EU standards required in *Agribusiness and Food production* are HACCP, Global Gap, safety food related standards, organic food standards and practices certificates. Commercial international standards related to business expansion for companies involve Kosher and Halal standard, as well as IFS and BRC private standards (especially relevant for access to regional retail chains). *Vehicles and parts* require a lot of ISO standards, of which most important international standards is ISO TS 16949, in possible addition to ISO 9001 or 14001. In vehicles and parts as well as in *Footwear*, requirements for CE mark have been stated as priority. *Tourism* sector international standards support required would be in MATA, ATTA and similar certifications, but also possible eco hotels certifications. Congress tourism potential related to capacity and secondly to the star qualification system, for larger congress possible in Serbia. *IT sector* requires lot of certifications for common work which most are vendor related and important for employees, while part of them for companies. In the IT sector these certificates are necessity. Company level certifications are ISO related, main ones being IT Mark and CMMI, while also vendor ones as Microsoft, Oracle, UpnP, EMC, DLNA, while employees vary from Cisco, Oracle, to CCNA, CCNP, MCSA, MCTS to Prince2, ITIL etc.

In all the countries in almost all sectors (IT and Tourism excluded) significant issue was raised on *existence of internationally accredited laboratories and testing facilities*. These have been constraint for export or directly influenced larger product costs in most sectors, starting from agribusiness and food production to material testing for vehicles and parts. Most stakeholders rated the issue of existing laboratories average, fair or poor, but when asked why average – the issue of lack of internationally or EU accredited laboratories and testing facilities came up immediately.



### **3. Annexes**

Annex 1 – List of all interviewees

Annex 2 – Final questionnaire

Annex 3 – Aggregated results per question, per country

Annex 4 – Aggregated results per question for the region as a whole

Annex 5 – Completed questionnaires organized by country

## Annex 1 – List of all interviewees

No	Institution	Sector	Country	Stakeholder Name	Position
1	AAC-L (Albanian Agriculture Competitiveness Lushnje)	Agribusiness (fruits and vegetables)	Albania	Piro Rapushi	Executive Director
2	Adventure Tourism Association in Bosnia and Herzegovina (ATA BiH)	Tourism	BiH	Erna Kurtović	Director
3	AGAA - Albanian Group of Agricultural Advisers	Agribusiness/ Food manufacturing	Albania	Sabah Sena	Executive Director
4	AgBiz USAID-Project	Agribusiness	Macedonia	Vasko Hadzievski	DCOP
5	AgBiz USAID-Project	Agribusiness	Macedonia	Goran Damovski	COP
6	Albanian Center for Economic Research ,ACER	Other	Albania	Zef Preci	Executive Director
7	Albanian Investment Development Agency (AIDA)	Agribusiness (F&V); Food manufacturing; Footwear Manufacturing, Tourism.	Albania	Eneida Gurija	Executive Director
8	Association "Fruits of Serbia"	Agriculture (fruit and vegetable)	Serbia	Evica Mihaljevic	Coordinator
9	Automotive cluster	Automotive	Macedonia	Vladimir Tevdov	President
10	BIT Center Tuzla	ICT	BiH	Robert Martic	Director
11	Cacctus	IT	Kosovo	Driton Hapciu	CEO
12	Chamber of Commerce and Industry of Serbia, Association of Agriculture, Food-processing, Tobacco and Water Industry	Agriculture (fruit and vegetable)	Serbia	Nenad Budimovic	Secretary
13	Chamber of Commerce and Industry of Serbia, Association of Textile, Garments, Leather and Footwear Industries	Footwear	Serbia	Vesna Vasiljevic	Secretary
14	Chamber of Tourism	Tourism	Macedonia	Lela Krstevska	President
15	Creative Business Solutions (CBS)	Agribusiness/ Food manufacturing	Albania	Enio Jaco	Executive Director
16	Destination Management Organization (DMO), Korce	Tourism	Albania	Orieta Glozheni	Director
17	Development Studio	ICT	BiH	Benjamin Kadic	Key Account Manager
18	EPI Centar	Agribusiness- Food Production	Macedonia	Ljubomir Dimovski	Manager
19	Faculty of Economic and Agrobusiness, University of Agriculture, Tirana	Agribusiness/ Food manufacturing	Albania	Bahri Musabelliu	Dean

**Stakeholder Survey of key constraints in priority sectors, Regional Economic Growth Project**

No	Institution	Sector	Country	Stakeholder Name	Position
20	Food Safety Agency	Food manufacturing and Agrobusiness	BiH	Dzemil Hajric	Advisor to the Director
21	Foreign Investment Promotion Agency	Food manufacturing and Agrobusiness, Tourism, ICT	BiH	Nina Pobric	Head of Investment and Promotion Department
22	GIZ	Agribusiness/ Food manufacturing	Albania	Birgite Schaefer	Team Leader
23	ICT Network	IT - software and hardware embedded	Serbia	Marina Blagojevic	Project Coordinator
24	Innovation Center Banja Luka	Food manufacturing and Agrobusiness, ICT	BiH	Drago Gveric	Director
25	Intours & Travel.	Tourism	Kosovo	eleonora Ceku-Kryeziu	CEO
26	Investment Development and Export Advancement Support project	Automotive, Agribusiness- Food Production and ICT	Macedonia	Voislav Ilievski	Export Promotion Support Lead
27	KATA(Kosovo Alternative touristic Association)	Tourism	Kosovo	Baki Hoti	CEO
28	Kosovo guide	Tourism	Kosovo	Shkumbin Bretovci	CEO
29	Light Manufacturing	Automotive	Macedonia	Dejan Janevski	Expert
30	Macedonian Association of Processors (MAP)	Agribusiness	Macedonia	Saso Ristevski,	General Secretary
31	MASIT	ICT	Macedonia	Anita Nikova	CEO
32	Ministry of Agruculture, Forestry and rural development	Agribusiness (fruits and vegetables) dFood manufacturing	Kosovo	Peonare Caka	Advisor to Minister
33	Minstry of Agriculture Rural Development and Water administration	Agribusiness (fruits and vegetables) Food manufacturing	Albania	Grigor Gjeci	Director of Rural Development Policies
34	NOA	Agribusiness (fruits and vegetables) Food manufacturing	Kosovo	Mark Wood	Chief Of Party
35	PING d.o.o.	ICT	BiH	Brano Vujicic	Consultant
36	Polytechnic University of Tirana	Footwear manufacturing	Albania	Ermira Shehi	Lecturer
37	Protik Center	IT ((including mature IT companies and innovation / start-ups)	Albania	Edlira Kasaj	Chief Executive Officer

**Stakeholder Survey of key constraints in priority sectors, Regional Economic Growth Project**

No	Institution	Sector	Country	Stakeholder Name	Position
38	Regional Development Agency for Herzegovina (REDAH)	Food manufacturing and Agrobusiness, Tourism, ICT	BiH	Ivan Jurilj	Director
39	Sarajevo Navigator Foundation	Tourism	BiH	Natasa Musa	Director
40	Serbia Convention Bureau	Tourism	Serbia	Milos Milovanovic	CEO
41	Serbia Organica National Association for Organic Production	Agriculture - organic fruits and vegetables	Serbia	Ivana Simic	General Secretary
42	Serbian Chamber of Commerce and Industry, Association of Transport and Telecommunications/Training Centre	IT - software development	Serbia	Snezana Bozic	Senior Advisor
43	Small Business Expansion Project.-USAID-Project	Tourism, Food Production, Automotive	Macedonia	Mirjana Makedonska	DCOP
44	Small Business Expansion Project.-USAID-Project	Tourism, Food Production, Automotive	Macedonia	Carl Larkins	COP
45	STIKK- Kosovo ICT Association	b. IT (including mature IT companies and innovation / start-ups)	Kosovo	Bardh Kadiu	Project Manager
46	Textile cluster	Textile	Macedonia	Natasha Sivevska	Manager
47	Tourism	Tourism	Macedonia	Elena Ivanova	Manager
48	Tourism Community of Federation Bosnia and Herzegovina	Tourism	BiH	Semsudin Dzeko	Director
49	Tourism Department with Ministry of Foreign Trade and Economic Relations	Tourism	BiH	Brankica Pandurevic	Head of Sector
50	Vas Tour	Tourism	Kosovo	Fisnik Dragusha	CEO
51	Vojvodina ICT Cluster	IT	Serbia	Milan Solaja	CEO
52	Vojvodina Vegetables Association	Agriculture - vegetable production	Serbia	Zarko Ilin, PhD	President

## Annex 2 – Final questionnaire

### Introduction by interviewer:

This interview is conducted within the upcoming USAID project on Regional Economic Growth-REG, implemented by SEGURA Consulting LLC. My role as member of regional team of consultants of the subcontractor KA Group Consulting Skopje is to interview the key Stakeholder in order to define Key Constraints in Priority Sectors within the REG project.

Identified key constraints limiting the growth in these sectors or opportunities to enhance their growth that are within the scope are to be input for the REG project's Work Plan for the first year.

The following top sectors represent a priority for the region for the project, selected by USAID project, based on criteria as export-oriented sectors that could act as motors to these economies, and that these sectors could provide growth, value added, employment and FDI:

- Tourism
- IT (including mature IT companies and innovation / start-ups)
- Agribusiness (fruits and vegetables)
- Footwear manufacturing
- Food manufacturing
- Manufacturing of vehicles and parts thereof

Project region scope is in the following countries: Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia.

General information		
S01	Interviewer	
S02	Date, time	
S03	Country	
S04	Place (town)	
S05A	Stakeholder name	
S05B	Stakeholder position	
S05C	Stakeholder institution	
S05D	Other participants at the interview	
S05E	Priority sector coverage	a. Tourism b. IT (including mature IT companies and innovation / start-ups) c. Agribusiness (fruits and vegetables) d. Food manufacturing e. Footwear manufacturing f. Manufacturing of vehicles and parts thereof

Survey questions		
1	Provide short overview of the sector you work for,, key constraints limiting the growth opportunities (to enhance their growth)	
2	Connection within the sector on regional level in target countries (AL, BH, KS, MK, SRB)	<i>Rating: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i> <i>Explanation:</i>

3	<b>Main export markets of the sector(s)</b>	
4	<b>Structure of the market – monopol or high competition, number of players and their size</b>  Company leaders (if any)	
5	<b>Concentration in specific geographical location (if any) of the sector</b>	
6	<b>Level of integration and position of local companies in the regional (or global) Value Chain</b>	<i>Rating: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i> <i>Explanation:</i>
7	<b>Governance mechanisms in the national value chain in the sector:</b> <ul style="list-style-type: none"> <li>• Clusters,</li> <li>• chambers,</li> <li>• business associations,</li> <li>• other</li> </ul> Please rate level of cooperation within the sector <i>Problems, problem causes, suggestions for improvement</i>	<i>yes / no for each</i>  <i>Rating: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i> <i>Explanation:</i>
8	<b>Satisfactory access to necessary input resources for the sector</b> <b>a)Raw materials</b> <b>b)Skilled workforce</b> <b>c) equipment</b> <b>d) price variations</b>  <i>Discuss if local, imported, regional support, level of sourcing</i>  <i>Problems, problem causes, suggestions for improvement</i>	<i>Rate:</i> <i>a) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i> <i>b) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i> <i>c) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i> <i>d) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i> <i>Explanation:</i>
9	<b>Current production capacity and practices in the sector – Is there excess capacity, how much?</b>  <i>Problems, problem causes, suggestions for improvement</i>	<i>Rating: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i> <i>Explanation:</i>

10	<p><b>Technology level in the sector</b></p> <p><b>Have advanced technology practices been introduced to the sector? Discuss current levels of innovation in the value chain, transfer of technology, gaps, compare to region</b></p> <p><i>Problems, problem causes, suggestions for improvement</i></p>	<p><i>Rating: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p> <p><i>Explanation:</i></p>
11	<p><b>Knowledge and access to regional markets</b></p> <p><b>How are companies getting information about new markets? What approach is currently used by sector companies to access new markets</b></p> <p><i>Problems, problem causes, suggestions for improvement</i></p>	<p><i>Rating: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p> <p><i>Explanation:</i></p> <p><i>Rating: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p> <p><i>Explanation:</i></p>
12	<p><b>What are the different categories of funding necessary for your industry (fixed assets, working capital, etc.)</b></p> <p><b>Rate their availability</b></p> <p><i>Problems, problem causes, suggestions for improvement</i></p>	<p><i>Rate: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p> <p><i>Explanation:</i></p>
13	<p><b>Required skills and knowledge of the workforce</b></p> <p><b>Availability of competent Work force</b></p> <p><i>Problems, problem causes, suggestions for improvement</i></p>	<p>List the skills and knowledge required</p> <p><i>Availability: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p> <p><i>Explanation:</i></p>
14	<p><b>Cooperation with universities and VET schools in developing well skilled workforce</b></p> <p><i>+ suggestions how to achieve it</i></p>	<p><i>Rate: 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p>
15 VIP	<p><b>Which are the main existing non tariff and tariff limits for export</b></p> <p><b>a)in the region</b></p> <p><b>b)in other markets</b></p> <p><i>Problems, problem causes, suggestions for improvement</i></p>	

16 VIP	<p><b>Your opinion on the following:</b></p> <p>a) Custom procedures transparency</p> <p>b) Border documentation required</p> <p>c) Border clearance time</p> <p>d) requests for origin of products/services</p> <p>e) Duties paid &amp; taxes</p>	<p><i>Excellent presenting on problems, poor presenting serious constraint</i></p> <p>a) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p>b) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p>c) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p>d) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p>e) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p><i>Explanation of poorest rated issues:</i></p>
17 VIP	<p><b>Suggestions for improvement and priority of issues under question 16</b></p>	
18 VIP	<p><b>Please list the 2 or 3 major constraints in policy, legal and regulatory matters, for business expansion and exports in the sector?</b></p>	
19 VIP	<p><b>Available specialized and general advisory services for sector improvement</b></p> <p>a. Business consulting</p> <p>b. accounting &amp; tax and customs advisory</p> <p>c. market information services</p> <p>d. EU funding advisory services</p> <p>e. access to finance advisory services</p> <p><i>suggestions for improvement</i></p>	<p>a) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p>b) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p>c) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p>d) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p>e) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</p> <p><i>Explanation:</i></p>
20 VIP	<p><b>If there are any, which are knowledge based certifications for sector employees and companies to work in the sector?</b></p>	
21	<p><b>What is the problem for regional integration of companies?</b></p> <p><i>Focus on business environment</i></p>	
22	<p><b>Which are the key standards and certifications you need to enter new markets and export</b></p>	
23	<p><b>How you can?</b></p> <p>b) increase productivity</p> <p>c) be more competitive</p>	
24	<p><b>Enlist the main <u>practical</u> skills and competencies required in the sector to become more competitive</b></p>	

25	<p><b>Current state with providers of trainings and knowledge for the sector employees, the ones existing in the country?</b></p> <p><i>Do you need external (international) providers support? In which fields? suggestions</i></p>	<p><i>a) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p>
26	<p><b>What will EU accession mean for your industry / sector?</b></p>	
27	<p><b>Need for laboratory and testing?</b>  <b>a) Available laboratories/testing institutes in the country? what is needed?</b></p>	<p><i>a) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p>
28	<p><b>Your opinion on the following:</b>  <b>a) Safety and environmental standards (how these influence operations)</b>  <b>b) Quality conditions for exporting</b>  <b>c) Labeling and packaging requirements</b>  <b>d) Licencing requirements</b>  <b>e) Money transfer</b>  <b>f) Transport infrastructure</b>  <b>g) Available transport and logistics for the sector</b></p>	<p><i>Excellent presenting on problems, poor presenting serious constraint</i>  <i>a) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i>  <i>b) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i>  <i>c) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i>  <i>d) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i>  <i>e) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i>  <i>f) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i>  <i>g) 1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p> <p><i>Explanation of poorest rated issues:</i></p>
29	<p><b>Suggestions for improvement and priority of issues under question 28</b></p>	
30	<p><b>What is limitation to become part of international value chain?</b></p>	
31	<p><b>Easy movement of work force?</b></p>	<p><i>1- excellent, 2-good, 3-average, 4-fair, 5-poor</i></p>
32	<p><b>Current dependance from energy use</b></p>	<p><i>Rate: Very high-1, High -2, Fair -3, Low -4, Very low-5</i>  <i>Explanation:</i></p>
33	<p><b>Other comments and remarks</b></p>	