



Regional economic development of the
eastern part of Macedonia (REDEM)

gtz

inVent
Internationale Weiterbildung
und Kulturinstitut vHMH
Capacity Building
International, Berlin

Analysis of

**The level of competence and the involvement of the public administration
in the area of the economic development and employment in the East
(Bregalniski) and South-east (Strumicko - Gevgeliski) regions**

Final Report

Commissioned by:
German Agency for Technical Cooperation (GTZ)

On behalf of:
Ministry of Local Self Government of the Republic of Macedonia,
Bureau for under-developed regions of the Republic of Macedonia
and
Ministry of Economic Cooperation and Development
of the Federal Republic of Germany (BMZ)

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List of acronyms

APPRM	Agency for entrepreneurship promotion of the Republic of Macedonia
VNG	Municipal Association of the Kingdom of the Netherlands
LED	Local Economic Development
SMEs	Small and Medium Enterprises
NGOs	Non Governmental Organizations
REDEM	Regional Economic Development of the Eastern part of Macedonia
UNDP	United Nations Development Programme
USAID/ DP	United States Agency for International Development/Decentralization Project
FOROP	Foundation for Development of Ovce Pole



Executive Summary

This assessment was designed as a structured interview of at least 20 representatives of public institutions in the eastern part of the Republic of Macedonia to determine the potential areas for improvement of the competency and involvement of the public administration in the area of economic development and employment. It is unique in that it provides valid statistics on the capacity level of the public institutions in undertaking and providing effective and efficient services for private sector development and entrepreneurship support, increasing the level of cooperation between all stakeholders on local/ regional level and improving municipal capacity and power for the reduction of bureaucratic obstacles faced by the private sector. The assessment provides statistical data relating to the educational curriculum that could be implemented by educational institutions to meet the private sector's needs for a qualified workforce and gives an overview of the areas in which international organizations for development and cooperation are the most involved with activities for economic development and employment in the eastern part of the Republic of Macedonia. Recommendations are tailored toward improvement of the public institutions' capacity to provide more effective and efficient services to the private sector, improve the integration of the local/ regional and national development programs and plans, establish mechanisms for improvement of the cooperation between LED offices and local/ regional centers for entrepreneurship and SMEs support, and also serve to indicate the most important areas for capacity building of the public administration.

In the present period of decentralization, the Local Self-Governments function as key accelerators of local economic development, focusing primarily on infrastructure improvement, establishment of stimulative measures for entrepreneurship development, and attraction of foreign investments. If the capacity of LED offices is strengthened and their cooperation with other stakeholders on the local and regional level improved, the local action plans for economic development will be implemented more effectively, increasing employment and the promotion of the private sector.

To establish more efficient inter-municipal cooperation for accelerating economic development, all stakeholders must 1) plan their common priorities on a micro/ regional level, 2) undertake and implement activities on a regional level, and 3) institutionalize a coordinative body aiming to: exchange all key information among all stakeholders relating to increasing employment (establishment of labour market), projects implementation on the regional level, and creation of economic zones for attraction of investments and entrepreneurship support.

This assessment detected the need for more involvement and implementation of the programs for new businesses, guarantee and investments funds to provide appropriate financial services, and support for SME development in the eastern part of Macedonia.

All stakeholders (public institutions in the eastern part of Macedonia that provide non-financial support for private sector development) are mainly focused on: collection and distribution of information; organization of public hearings, conferences and business forums in order to exchange experience and improve the cooperation among all



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agencies that support SMEs development; implementation of programs for increasing the employment; and implementation of programs for cooperation supported by different countries.

There is a significant lack of a coordinative system for monitoring and evaluation of SMEs development and increasing employment on a local/ regional level, and also a lack of appropriate access to the results of innovations, research and development, and technology.

Aiming to accelerate economic development and employment, international organizations for cooperation and development focus their technical assistance in the following areas: implementation of the current LED strategies and action plans (through projects); strengthening and improvement of inter-municipal cooperation; planning of common development priorities and opportunities on a regional level; creation of initiatives for employment; networking of LED offices and improvement of their cooperation with other public institutions on a local/ regional level.



1. Introduction

The general consensus for progress of the Republic of Macedonia towards the European Union and accepting its values and standards determines sustainable economic growth and opening of new jobs to be a priority objective of the macroeconomic policy.

Namely, the capacity/ potential for economic growth is determined by the factors of the offer and structural reforms: qualification of the labour force and its growth, technological progress, the flow of capital funds and functioning of institutions.

The capacity of institutions that deliver sustainable economic growth, jobs and price stability are fundamental economic criteria that the European Commission uses while making decisions on countries' membership in the European Union.

For implementation of active measures to reduce unemployment, the following measures are important: (1) enhancement of economic growth; (2) creating a favourable business climate and (3) support of the development of small and medium-sized enterprises and entrepreneurship at all levels, including the education system.

Considering the significant importance of small and medium-sized enterprises (SMEs) in creating new jobs and improving the quality and quantity of offered commodities and services, it is crucial that the responsible central and local institutions undertake measures and tools to support entrepreneurship and small and medium-sized enterprises in all areas.

The Agency for Entrepreneurship Promotion (APPRM), Chamber of Commerce (including regional chambers of commerce), regional agencies/ foundations for SMEs support, Local Self-Governments, Union of Economic Chambers and other relevant institutions have a crucial role in providing assistance to small and medium-sized enterprises and in commencing the entrepreneurship process on a regional and local level.



2. Goal and the extent of the assessment

2.1. Goal of the assessment

The GTZ Project for Regional Economic Development of the eastern part of Macedonia (REDEM), began its implementation on the 1st of January, 2005. The main goal of the project is to support regional economic development and increase employment according to EU criteria. The objective of the regional economic development is to create economic opportunities resulting in employment creation and retention of existing jobs as well as promotion of new business and investments in the eastern part of Macedonia.

The challenge for the eastern part of Macedonia is to use the comparative advantages of the region and population, to use the potential of the private sector (mainly SMEs), to create new jobs on a permanent basis, and to make the eastern part of Macedonia an attractive location for investments.

Consequently, GTZ REDEM detected the need for an assessment of the level of competency and involvement of the public administration in the area of economic development (especially SME support) and employment in the East and South-east region of the Republic of Macedonia.

2.2. Methodology of the assessment

Interviews were conducted with the representatives of the Local Self-Governments (10), regional chambers of commerce (2), regional centres/foundations/agencies for entrepreneurship support and SMEs (3), business incubators (2), local offices for employment (3), and international organizations for cooperation and development (3) which implement programs for economic development in the eastern part of Macedonia.

The basic criteria for selection of local communities for interviews include: geographical location of the municipality (statistical region), urban and rural communities, existence and non-existence of LED offices, and existence of other relevant public institutions/ regional centres for SME support and entrepreneurship.

The questionnaire for interviews enabled detection of the capacities and involvement of public administration in the areas of economic development and employment, which can help determine the needs for further capacity building of the public administration/ public institutions in order to:

- Improve the financial and non-financial services for SMEs support and employment on a local and regional level;
- Improve the level of coordination of activities and exchange of information between different stakeholders on a regional level;
- Increase the promotion of entrepreneurship and support of the retention of existing enterprises on a regional level;



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-
- Needs assessment of vocational training and re-qualification of the public administration;
 - Improve the capacity of the public administration for provision of more efficient and effective services to the private sector;
 - Strengthen the capacity of the LED offices and their relations and cooperation with the regional centres/agencies for private sector support;
 - Improve the opportunities for establishment of an institutionalized body for SMEs support and employment support on a regional level.

The structured interviews were conducted through direct face-to-face meetings with the interviewees: representatives of the Municipalities and other public institutions.



3. Results of the realized structured interviews

A.1. Name of the organization/ institution

Total number of interviewed representatives of organizations/ institutions is 24.

A.2. Geographical area:

- Total number of realized interviews¹ in East (Bregalnicky) region is 14;
- Total number of realized interviews² in South-east (Gevgelisko-Strumicky) region is 6;
- Total number of realized interviews with international organizations for cooperation and development that implement programs for economic development in Eastern part of Macedonia is 4.

A.3. How many employees work in your institution for SME development and entrepreneurship?

Interviewed public institutions³ answered as follows:

- 1 (one) employee 30%
- 2 (two) employee 35%
- 3 (three) and more employees 35%

1.1. Is there an LED office in your municipality?

- 1. Yes 100%
- 2. No 0%

1.2. If yes, is the LED office integrated in the municipal organizational structure?

- 1. Yes 63%
- 2. No 16%
- 3. I do not know 21%⁴

1.3. How many employees work in the sector/ department for local economic development?

¹ Total number of 6 municipalities in East (Bregalnicky) region

² Total number of 4 municipalities in South-east (Gevgelisko-Strumicky) region

³ Municipalities, Regional chamber of commerce, Regional centres for entrepreneurship and SME support, Business incubators

⁴ Regional agencies/foundations for entrepreneurship and SME support and local offices for employment do not know about the integration of LED offices in the organizational structure of municipal administration.



The interviewed municipalities answered:

- 40% do not have employees⁵
- 20% have 1 (one) employee
- 30% have (2) employees
- 10% have 3 (three) or more employees

1.4. Do SME advisors in the systematization of jobs exist? If the answer is yes, how many SME advisors are planned?

- 20% exist
- 80% do not exist⁶

2. What is the percentage of finance resources you allocate from your budget aimed for economic development in your municipality?

- 40% of the municipalities allocate from 1,5% to 8% of the financial resources from the municipal budget intended for economic development stimulation
- 60% of the municipalities allocate from 15% to 60% of the financial resources from municipal budget dedicated to improvement of infrastructure on a local level for economic development.

3. Do you have already prepared strategic plan or action plan for local economic development?

- 1. 79% Yes
- 2. 16% No (but in process of preparation)

5% of the interviewees do not know or are not familiar with the existence of a strategy for local economic development.

4.1. Do already prepared plans/ programs exist in the frame of local self-government for: entrepreneurship support, business start ups, SMEs support and employment?

- 1. Yes 68%
- 2. No 32%

⁵ 75% of the mentioned group of municipalities have employees with a temporarily agreement because the systematization of job positions has not yet been prepared, and LED offices in 25% of the municipalities are still directly supported by a Donor (UNDP).

⁶ Do not have because systematization of job positions has not yet been prepared or there is a lack of fulfilment of job positions.



4.2 If they exist, what is their integration with National strategies, plans and programs?

- According to the received information for national plans and programs, partly they are implementation on a local level;
- Existence of coordination of national plans through Chamber of commerce from national to regional level;
- Regional agencies for entrepreneurship support implement a program for a voucher system in coordination with APPRM;
- The municipalities implement programs and plans for economic development according to the evaluated local needs.

5. In your opinion, are the specified policies, programs and measures implemented in a consistent and sustainable manner?

Graphic No.1. Consistent implementation of policies, programs and measures

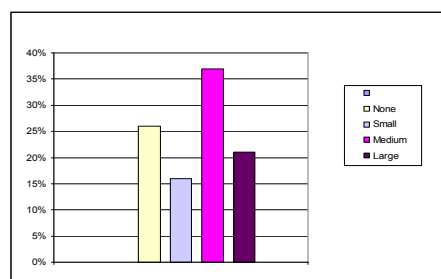
Elements of consistency	Not at all	Small	Medium	Large	Fully	Don't know
Coordination among various state bodies	0%	21 %	5 %	21 %	42 %	11 %
Personnel	11 %	16 %	11 %	11 %	37 %	14 %
Political support	5 %	5 %	11 %	21 %	42 %	16 %
Financial support	16 %	37 %	21 %	11 %	11 %	4 %
Other (please specify) _____						

6. Describe your level of involvement in undertaking the following activities for development of entrepreneurship and SMEs support in your municipality or region in the current period.

a) a) Entrepreneurship development and start-up businesses

1. Provision of conditions and technical support for starting new businesses

Graphic No.2. Level of technical support and provision of conditions for starting new business

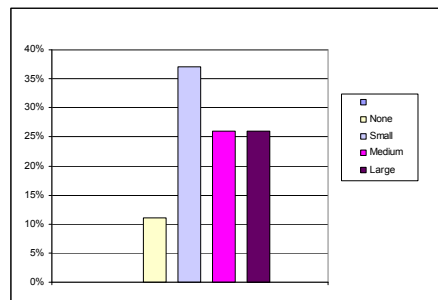


26% None; 16% Small; 37% Medium; 21% Large;



2. Provision of possibilities for training/ prequalification of unemployed citizens in your municipality for increasing employment

Graphic No. 3. Level of provision of possibilities for training/ prequalification of unemployed citizens for increasing employment

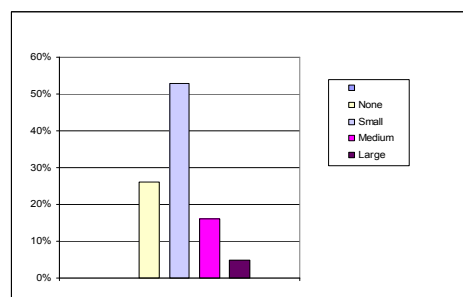


11% None; 37% Small; 26% Medium; 26% Large;

b) Support for the existing firms

1. Increasing the competitiveness of the private sector

Graphic No.4. Level of increasing the competitiveness of the private sector

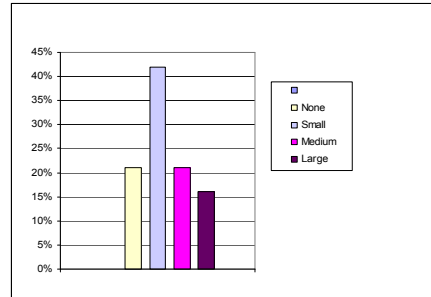


26% None; 53% Small; 16% Medium; 5% Large;

2. Alleviation of local companies related to local taxes and communal services



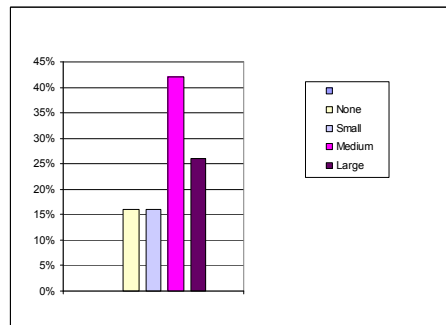
Graphic No.5. Alleviation of conditions



21% None; 42% Small; 21% Medium; 16% Large;

3. Improve access to financial sources aimed for SME development

Graphic No.6. Access to financial resources aimed for SME development

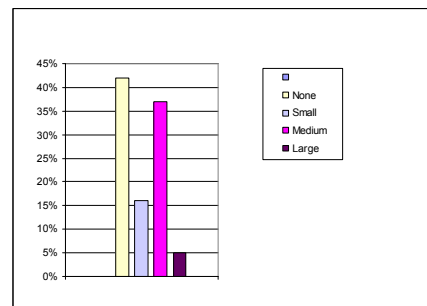


16% None; 16% Small; 42% Medium; 26% Large;

c) **Decreasing the administrative obstacles for start-up businesses**

1. Establishment of one-stop shop system in your municipality

Graphic No.7. Level of establishment of one-stop shop system

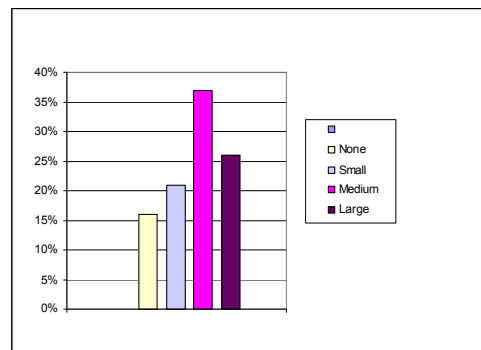


42% None; 16% Small; 37% Medium; 5% Large;



2. Reduction of bureaucratic obstacles faced by the private sector

Graphic No.8. Level of reduction of bureaucratic obstacles

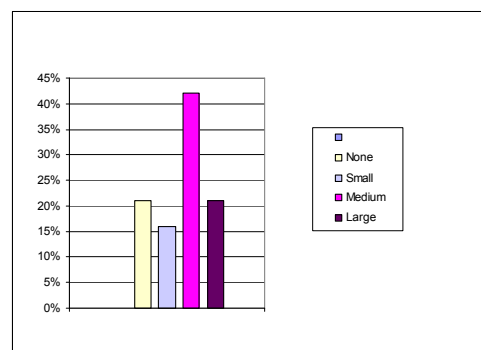


16% None; 21% Small; 37% Medium; 26% Large;

d) Other

1. Preparation of the local strategy to decrease unemployment

Graphic No. 9. Level of preparation of the local strategies to decrease unemployment

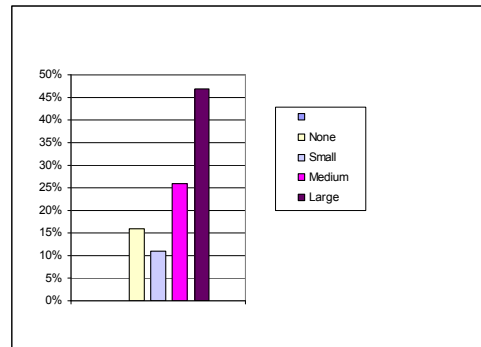


21% None; 16% Small; 42% Medium; 21% Large;

2. Increasing the attraction of the private sector for foreign investors



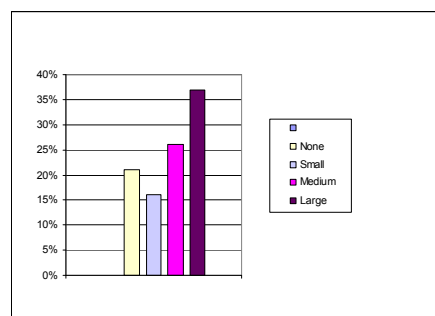
Graphic No.10. Level of increasing the attraction of the private sector



16% None; 11% Small; 26% Medium; 47% Large;

3. Improvement of the infrastructure in the region

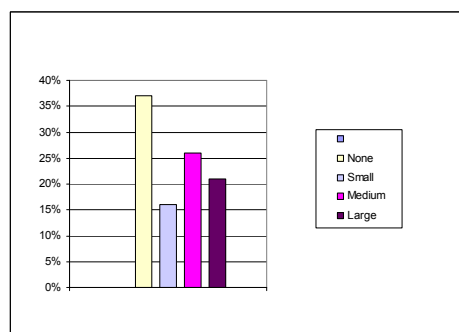
Graphic No.11. Level of improvement of the infrastructure



21% None; 16% Small; 26% Medium; 37% Large;

4. Provision of appropriate training for the local administration for more efficient and effective services for the private sector

Graphic No.12. Level of provision of appropriate training for local administration



37% None; 16% Small; 26% Medium; 21% Large;



7. Describe which of the following indicators you have taken into consideration for assessment of local economic development in your local community:

- 84 % Percentage of unemployed;
- 79 % Number of newly established businesses;
- 63% Quality of life (index for human development, life expectancy, literacy, average of continuing education, real income per capita, etc.);
- 58% Building of infrastructure
- 53% Number of new investments;
- 53 % Increase of the financial resources collected through local taxes;
- 42 % Number of trained/ re-qualified unemployed persons;
- 21 % Level of technological progress (research, development, innovations);
- Other:*
- 5% Structure of unemployed;*
- 5% Number of liquidated companies;*
- 5% Interested foreign investors;*

8. Describe which of the following sectors comprises the greatest number of employment in your region?

a) Industrial Sector

- 68 % Wood
- 11 % Steel production
- 100 % Textiles
- 5 % Engineering
- 0 % Electronics
- 58 % Food production
- 53 % Construction
- 0 % Petroleum industry
- Other:*
- 11 % Mining;*
- 5 % Pharmacy;*
- 11 % Shoes and leather;*



b) Agricultural Sector

63 % Agricultural production

42 % Herding/ animal farming

26 % Wine production

58 % Spring vegetables

Other:

5% Floriculture

5% Season tobacco production

c) Services Sector

74 % Service industry

21 % Tourism

32 % Crafts

79 % Wholesale and retail trade

9. Describe in which of these areas has the greatest necessity for investments to accelerate local economic development and employment?

- 1) 68% Promotion of the regional economy
- 2) 47 % Attraction of the investors in the region
- 3) 47 % Information
- 4) 42 % Entrepreneurship support
- 5) 42 % Support of the existing companies
- 6) 37% Training/technical assistance
- 7) 26 % Information Technology (computers, software, etc.)
- 8) 21 % Creation of new job positions
- 9) *Other: 5% Construction of industrial parks*

10. Describe with which of the following stakeholders you have established the largest level of cooperation for local and regional economic development and employment.



Public Sector:

- > 58 % of the interviewees answered that they have established **the biggest cooperation** with Local, Regional and National authorities;
- > 53% of the interviewees answered that have established **good cooperation** with Municipal Public Enterprises;
- > 32% of the interviewees answered that have established **little cooperation** with International organizations for cooperation and development;
- > 47% of the interviewees answered that **do not have any kind of cooperation** with the educational and training institutions;

Business and Social Partners

- > 68% of the interviewees answered that **they most emphasize cooperation** with private companies;
- > 35% of the interviewees answered that they have established **good cooperation** with Business associations/ agencies and chambers of commerce and representatives of SMEs;
- > 26% of the interviewees answered that have established **small cooperation** with Banks and other financial institutions and organizations for SMEs support;
- > 61% of the interviewees answered that **do not have any kind of cooperation** with Associations of craftsmen and Syndicates;

NGO and Volunteer Sector

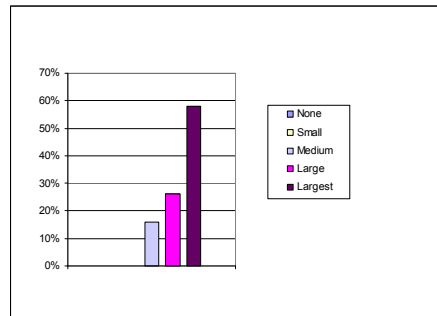
- > 42% of the interviewees answered that they have established the biggest cooperation with NGOs;
- > 21% of the interviewees answered that they have established good cooperation with representatives of neighbourhood units;
- > 34% of the interviewees answered that they have established little cooperation with individuals/ authoritative representatives in the community;
- > 63% of the interviewees answered that they do not have any kind of cooperation with youth organizations;

11. Describe how you motivate all stakeholders for involvement in the process of accelerating local economic development and employment on the local or regional level. What impact do you think the approaches have?

1. Provision of information on time



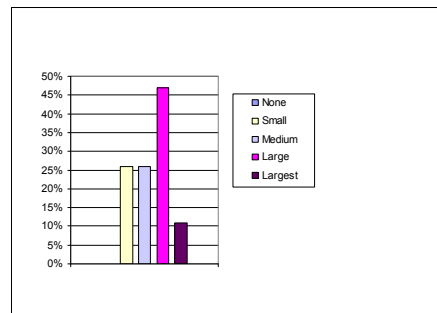
Graphic No.13. Information on time



0% None; 0% Small; 16% Medium; 26% Large; 58% The Largest;

2. Consultancy

Graphic No. 14. Level of consultancy

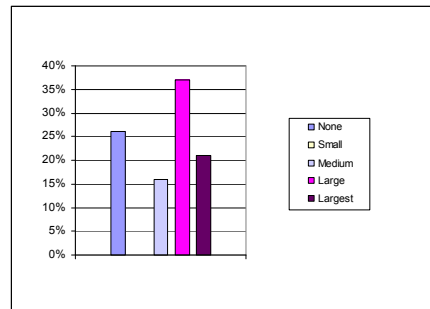


0% None; 26% Small; 26% Medium; 47% Large; 11% the Largest

3. Joint cooperation and involvement in all levels of the planning process and implementation process;



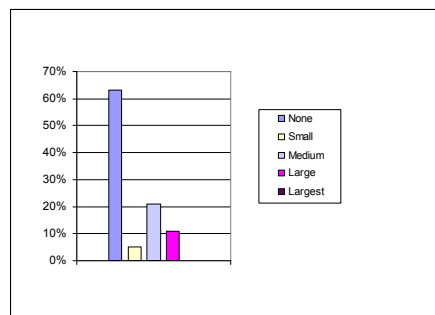
Graphic No.15. Level of joint cooperation



26% None; 0% Small; 16% Medium; 37% Large; 21% the Largest

4. Monitoring and support;

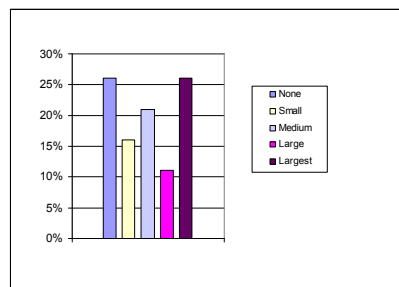
Graphic No.16. Level of monitoring and support



63% None; 5% Small; 21% Medium; 11% Large; 0% The Largest

5. Involvement in the formal organizational structure (managing boards, commissions, focus groups);

Graphic No.17. Level of involvement in the formal organizational structure



26% None; 16% Small; 21% Medium; 11% Large; 26% the Largest



6. Other:

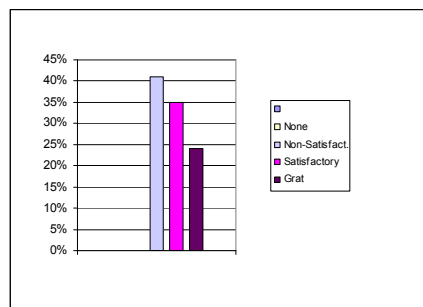
5% Provision of financial support to the private companies for re-qualification of employed

12. Please indicate the local or regional centers for support of SMEs and entrepreneurship?

- FOROP, Regional agency for SMEs support in Kocani region
- Regional Chamber of commerce, Business incubators (Stip and Strumica)
- LED offices
- Pro-business center - Stip (NGO oriented to SME)

13. Is there cooperation between LED offices and regional centers or institutions for entrepreneurship and SMEs support?

Graphic No. 18. Level of cooperation between LED offices and regional centres for entrepreneurship and SMEs support



0% None; 41% Non-satisfactory; 35% Satisfactory; 24% Great

14. In which areas does cooperation exist between LED offices and regional centers or institutions for entrepreneurship and SMEs support?

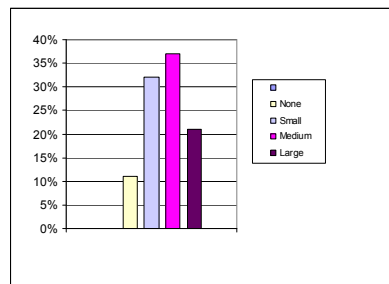
- 18 % Improvement of infrastructure for interest of the region;
- 18 % Innovation, research, and development;
- 41 % Building of incubators, technology parks, and industrial zones;
- 29 % Preparation of a regional strategy for marketing;
- 41% Promotion of the private sector on the domestic and international trade market;
- 47 % Maintaining the common forums on the regional level for exchange of experience and best practices in the area of economic development;
- 59 % Training/improvement of SME capacities;

Other: Establishment of contacts; Preparation of project for employment; Development of micro-regions (Zrnovci, Cesinovo-Oblesevo and Kocani) and (Strumica, Novo Selo, Vasilevo and Bosilovo)



15. Describe the level of power of municipalities in the current period for removal of bureaucratic obstacles faced by SMEs?

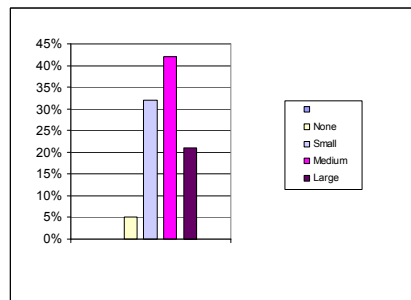
Graphic No. 19. Level of power of the municipalities for removal of bureaucratic obstacles faced by SME



11% None 32% Small 37% Medium 21% Large

16. What capacity do municipalities have in the current period to provide different kinds of services in their work for SMEs?

Graphic No. 20. Level of capacity of the municipalities to provide different kind of services for SME



5% None 32% Small 42% Medium 21% Large

17. On what should the technical and financial support focus in increasing the capacity of the public administration for private sector development and employment support on a local/regional level?

- Training of the public administration for increasing of the awareness related to providing more efficient services to the citizens;
- There is a necessity for financial support for providing technical equipment (computers);



- Training for increasing of public awareness;
- Financial support for LED;
- Financial support for preparation of promotional materials;
- Technical support for establishment of business association;
- Training for providing support and services to the private sector;
- Providing trainings related to the specific areas (basic, advance level, etc)
- Introduction of one-stop shop in the municipalities;
- Permanent trainings of the same employees;
- Training for access to funds, preparation of programs for employment;
- Trainings for LED employees;
- Preparation of strategic documents for employment support;
- Financial support for establishment of local center for SMEs support;

18. What non-financial support do you provide for private sector development?

58% Organization of public hearings, conferences, and business forums in order to exchange experience and improve cooperation among all agencies that support SME development;

53 % Business networking in the country and abroad;

53% Improvement of inter-business cooperation, cooperation with government institutions, chambers of commerce, and universities in the area of private sector development;

37% Improvement of the quality of research and education for private sector development;

74 % Collection, analysis, and sharing of information;

53% Needs assessment for the development of new start-up businesses;

21 % Introduction of European standards for quality;

58 % Programs for engaging student volunteers;

58 % Implementation of training programs for employment and self-employment of unemployed persons;

21 % Study tours for representatives of the private sector;

42 % Implementation of programs for cooperation with a foreign country for a common purpose;

32 % Implementation of other domestic development programs;

Other: *Engage of unemployed in public works.*



19. How do you assess the need for the following types of financial institutions/ services for SMEs support in your region?

Graphic No 21. Level of need for financial institutions/services for SME support

Type of institution/services	1	2	3	4	5	Don't know
Institution						
Bank for micro-financing			11%	21%	68%	
Guarantee fond(s)		5%	5%	16%	74%	
Investment fond(s)			11%	11%	73%	5%
Programs for startup businesses			5%	15%	80%	
Saving and crediting unions	5%	20%	38%	5%	27%	5%
Mechanisms						
Subsidized lending for development of specific industrial sectors		5%	5%	38%	47%	5%
Subsidized lending for employment				11%	79%	10%
Risk funds (for startup businesses and innovations)			11%	26%	53%	10%
Guarantee funds (state funds for existing credit lines)		5%	5%	5%	80%	5%

20. In your opinion, which activities related to SMEs support and promotion of employment on a local level should be transferred to and realized on a regional level?

- Common planning by institutions and evaluation of the common possibilities and priorities on micro-regional level and regional level.
- Establishment of business network;
- Organization of business forums and involvement of foreign companies;
- Organization of regional fairs with involvement of foreign companies;
- Signing Memorandum for cooperation between institutions on a regional level;
- Evaluation of the common possibilities and priorities on regional level and micro-region;
- Establishment of communication between social partners and exchange of information for: work force, raw materials and existing companies; exchange of data base for companies and establishment of labour market on regional level;
- Organization of trainings on regional level for starting new business;
- Preparation of strategic plans for economic development on regional level and micro-region;
- Preparation and implementation of common projects on regional level;
- Establishment of clusters on regional level;
- Establishment of regional network of LED offices and establishment of cooperation between public administration officials working in the LED offices;
- Establishment of cooperation with governmental institutions on regional level.



21. How do you envisage the optimal structure for SMEs support and promotion of employment on a regional level?

- Establishment of a regional office for economic development which will be institutionally supported;
- Establishment of a common office for economic development in a micro-region;
- Formation of coordinative body consisting of representatives of all municipalities of the region;
- Formation of local action groups which will be coordinated on a regional level and will exchange information;
- Establishment of functional offices for SMEs on regional level to coordinate the human resources and equipment;
- Establishment of office for SMEs support on local level, then office on regional level or micro region, then coordination with AEPRM.

22. Does a system for monitoring and evaluation for SME development and increasing employment exist on a local/ regional level?

26 % Yes

74% No

23. If the answer is yes, who is responsible for the system for monitoring and evaluation for SME development and increasing employment?

There is not a system in existence for monitoring and evaluation, but the following should be responsible:

- Local offices for employment on regional level;
- Municipalities on local and regional level;
- Regional offices for economic development on micro region;

24. Who is responsible for increasing the promotion of innovation, research and development and access to technology by SME on the local and regional level?

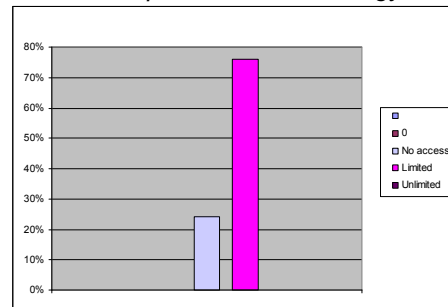
68% Regional centres for entrepreneurship and SME support;
26% Institutions from the central government: Ministry of economy, AEPRM, Agency for foreign investments;
21 % Local Self-Governments

Other: 5% NGO/ Center for innovation technology in Stip

25. Do SMEs have appropriate access to the results of innovations, research and development, and technology?



Graphic No.13. Level of access of SMEs to the results of innovations, research and development and technology



24% No access; 76% Limited access; 0% Unlimited access;

26. Please indicate with which of the following organizations you had contacts over the last three years to get information on technology, testing, R&D, licensing, patents etc.

- 42% Consultants
- 21% Universities
- 16% Research laboratories
- 16% Don't know/ don't answer
- 0% Patenting institutions
- 0% None

27. To what extent do you agree with the statement: Our educational system is able to produce educated and skilled entrepreneurs according to the needs of the private sector in your region?

- 74 % Disagree
- 16 % Agree
- 5 % Totally disagree
- 0 % Neutral
- 0 % Totally agree
- 0 % Don't know/ don't answer

28. Which of the following measures would bring the best improvement in the education?

- 42% More and longer practical education (on-the-job)
- 32% Needs assessment of private sector for work force through analysis of labour market;
- 21% More entrepreneurship education



- 5% Participation of the private sector in curricula elaboration
- 0% More theoretical education
- 0% Participation of the private sector in the final exams
- 0% None at all
- 0% Don't know/ don't answer

29. In which of the following areas are involved or will be involved international organizations for development and cooperation in the area of local/ regional economic development and employment?

1. Support for establishment of LED offices
74 % Yes 26% No
2. Development of strategic and action plans for LED
68 % Yes 32% No
3. Reviewing strategic and action plans for LED
32 % Yes 68% No
4. Increasing the capacity of local administrations/ training
74 % Yes 26% No
5. Reform of legal framework
21 % Yes 79% No
6. Increasing the quality of local public services
53 % Yes 47% No
7. Strategic plan for marketing and promotion of the local resources (FDI)
63 % Yes 37% No
8. Creation of initiatives for employment
68 % Yes 32% No
9. Development and support of SMEs and entrepreneurship
68 % Yes 32% No



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10. Strategic plans for regional economic development

74 % Yes 26% No

11. Networking of LED offices, business sector and educational centers

32 % Yes 68% No

12. *Other: 5% Marketing and promotion of products on European market*



4. Identified institutions and conclusions

4.1. Identified institutions

The project region of GTZ REDEM consists of two (2) regions: East (Bregalniski) and South-east (Strumicko-Gevgeliski) including 23 municipalities. The East (Bregalniski) region consists of 13 municipalities: Lozovo, Sveti Nikole, Probistip, Cesinovo-Oblesevo, Stip, Karbinci, Kocani, Zrnovci, Makedonska Kamenica, Vinica, Delcevo, Berovo and Pehcevo. The South-east (Strumicko-Gevgeliski) region is comprised of 10 municipalities: Valandovo, Bogdanci, Gevgelija, Dojran, Konce, Radovis, Bosilovo, and Vasilevo, Novo Selo and Strumica.

The following organizations currently function in the eastern parts of Macedonia:

- Eight (8) local offices for employment in: Sveti Nikole, Probishtip, Kocani, Vinica, Delcevo, Berovo, Gevgelija, Radovis and Valandovo, as well as two (2) regional offices for employment in: Stip and Strumica.
- Three (3) regional chambers of commerce in Stip, Kocani and Strumica, and two regional chambers of commerce will start with work in Berovo and Gevgelija.
- Three (3) regional centres for entrepreneurship support and SMEs in: Strumica, Kocani and Sveti Nikole.
- Two (2) business incubators in: Strumica and Stip, and two (2) business incubators who have not recently been in function in Makedonska Kamenica and Delcevo.

4.2. Conclusions

> Taking into the consideration the current process of decentralization and the new competencies undertaken by municipalities, it is remarkable that municipalities are mostly focused on the implementation of activities for stimulation and acceleration of the economic development on a local, micro region and regional level.

> LED offices exist in all municipalities in the eastern part of Macedonia. The current status of the LED offices vary from municipality to municipality, particularly in the number of employees and their status, the integration of the LED offices into the organizational structure of municipal administration, and the level of function (local level or micro-regional level).

> In the majority of municipalities (63%), the LED offices are integrated into the municipal organizational structure or are in the process of adoption of the acts for systematization of job positions. In the municipalities where the LED offices are still not integrated (16%), the status of employees is not determined. Consequently, employees are employed through a temporary contract or they are still supported by international organizations for cooperation and support, which indicates the weak side of the municipality for intensive local/ regional economic development. Some of the public



institutions⁷ that work on a local level (21%) do not know or have not been introduced to the new organizational structure of the municipalities or the status of the LED offices.

> In the Local Self-Governments where the LED offices are integrated in the organizational structure of the municipal administration, one or two persons are employed (60%). A larger number of employees work in the other municipalities⁸ which have already established an LED office with common administration on a micro regional level, for implementation of economic development activities.

> The priority development goals of the majority of municipalities focus on acceleration of the economic development through improvement of infrastructure and realization of the appropriate stimulation measures. In the majority of the municipalities (60%) the planned financial recourses of the budgets are used for improvement of the infrastructural environment, while the other municipalities (40%) divide (from the municipal budget) special financial recourses aimed for economic development stimulation.

> Most municipalities (79%) have and implement strategies for LED, and a small number of the municipalities (16%) are in the phase of preparation of the strategies for LED. In the municipalities in which LED strategies have been prepared, their strategic goals are nearly fully implemented, but in the current period they need to review the strategies and determinate new priorities.

> The small number of rural municipalities which have not prepared the strategies for LED are involved in the process of preparation of strategies for economic development on a micro region level in common cooperation with the neighbouring municipalities. On one hand, the existence of a strategy for economic development on a micro regional level has great importance, mostly in providing the opportunity to determine and solve common problems. However, the lack of LED strategies deprives municipalities of the opportunity to determine and realize their own specifically local priorities for incorporation on the micro/ regional/ national level.

> The municipalities that have prepared strategies for LED have determined their own priorities for economic development by assessing the needs on a local level, but there is no link or integration with the national programs and plans for economic development. There is somewhat greater integration of the programs and plans for economic development within the regional chamber of commerce, regional agencies/ foundations for SMEs and entrepreneurship support. These institutions establish coordination with the national programs and plans.

> The majority of municipalities (68%) have prepared the local plans and programs for SME development and employment, which are part of the prepared strategies for LED. 32% of the municipalities do not have any local action plans for SMEs development and

⁷ Local offices for employment, Regional centres/ foundations for entrepreneurship support and SME

⁸ Offices for economic development on a micro regional level (Strumica, Novo Selo, Vasilevo and Bosilovo)



employment. In the area of increasing the employment on a local level, the local offices for employment are mostly involved into the preparation and implementation of local action plans for employment.

> In the current period, the local offices for employment implement local action plans for increasing the employment in cooperation with the educational and vocational institutions by providing trainings for qualification and re-qualification of employees⁹, where the municipalities often take part only nominally.

> The local offices for employment are also involved in the implementation of active measures for employment of handicapped persons, and their activities are mostly implemented in cooperation with NGOs¹⁰.

> The activities that municipalities undertake in the area of increasing employment are focused on projects¹¹ to engage the unemployed in public works on a local level. Concerning implementation of plans and programs for entrepreneurship and SMEs support, the most active agents are regional centres/ foundations for SMEs development and business incubators. Activities include researching the needs of the private sector, providing technical assistance for rising new businesses, preparing business plans, consultation for new program of guarantee fund, introduction of quality standards, and composing a database of the existing enterprises in the region.

> The public institutions are mostly involved in activities for raising the attractiveness of the private sector, attracting foreign investments and reducing the bureaucratic obstacles faced by the private sector (73%), but they are significantly less involved in increasing the private sector competitiveness (53%) and capacity building of the public administration for providing more efficient and effective services to the private sector (47%).

> There is a low level of cooperation, exchange of information and coordination of activities between regional centres/ agencies for SMEs support, and there is no cooperation between local offices for employment nor between municipalities as key starters for support and provision of conditions for economic development and increasing employment. One positive factor that can be taken into consideration is the high level of positive political support (42%) for improvement of inter-cooperation and coordination between all local and regional public institutions, the public administration and the NGO sector in the implementation of programs and plans for economic development, which supports private sector development and employment. An important negative factor is the insufficiency of financial resources (53%) for full implementation of the planned programs and plans for development. The financial resources in the current period are mostly provided by international organizations via development grants, as

⁹ 1) Training for known employer, i.e., training on job position and re-qualification; 2) Training for unknown employer;

¹⁰ NGOs for handicapped persons

¹¹ Supported by UNDP



well as by the central budget for implementation of development measures planned in the national plans and programs.

> In the current period, the municipalities and local public institutions extend less effort toward alleviation of local taxes for private companies and starting business (37%). Alternately, municipalities (63%) make a large effort in establishing conditions for an acceptable infrastructural environment (creation of economic zones, road infrastructure, communal services and etc.) and in deliverance of the private sector from the compensation of the communal taxes or delaying the payment of the local taxes. The local offices for employment aiming to increase employment release the private companies from personal taxes payment, which on the other hand is financially complemented by the central budget¹² or donations.

> In measuring local economic development, the public institutions mostly take into consideration the following indicators: percentage of unemployment (84%), number of newly established businesses (79%), quality of life (63%), number of new investments and infrastructural environment (58%). The public institutions take into less consideration the following indicators: level of technical improvement (research, development and innovations) (21%), structure of unemployment (42%), number of liquidated companies (5%) and level of interested foreign investors (5%).

> In the eastern part of Macedonia, the largest percentage of employment is noticed in the following sectors: 1) industrial sector: textiles (100%), wood (68%) and food production (58%); 2) agricultural sector: agricultural production (63%), early vegetables (58%) and herding/animal farming (42%); 3) services sector: wholesale and retail trading (79%), service industry (74%) and crafts (32%).

> Stakeholders of the *public sector* establish the greatest degree of cooperation: with local, regional and national authorities (58%) and with municipal and governmental public organizations (53%). Stakeholders of the *private sector* establish the best cooperation with the: individual private companies (68%), business associations, regional chamber of commerce and agencies for SME support (35%) and the *NGO sector* establishes the most cooperation with the NGOs (42%) and representatives of the neighbouring units (21%). The most significant lack of cooperation is found with the banks and financial institutions (25%) and there were reports of no cooperation with the educational and training institutions (47%), as well as with the associations of the crafters and agricultures (61%).

> In aiming to accelerate local/ regional economic development in the eastern part of Macedonia, the attention should currently focus on providing technical and financial support for increasing regional economic promotion, attracting foreign investments in the region, exchanging information, supporting entrepreneurship and retaining the existing companies.

¹² If the private companies employ unemployed persons (who have been unemployed more than 1 year), they are exempt from payment of personal tax for 3 years



> The public institutions and public administration in the eastern part of Macedonia are mostly focused on establishing cooperation on a local level or via a micro region, and their cooperation and information about the existence of other public institutions that their activities concern is at a very low level. Weak communication and cooperation is noticed between regional agencies/institutions (41%) which are placed in the eastern part of Macedonia. The area where the public institutions establish some cooperation are: providing training to SMEs (59%), organising common forums on a regional level for exchange of experience (47%), and promoting the private sector on a regional level (41%).

> Municipalities currently have little power to remove the bureaucratic obstacles that are facing SMEs (43%), due to the fact that the existing legal framework which in specific segments restricts the municipal competencies, as well as the fact that not all competencies have yet been transferred from the central to the local level.

> In the current period, municipalities must work with limited capacities in providing different services for SMEs development (42%), and weaknesses are noticed relating to a lack of suitable training of public administration. The need for capacity building of the public administration is most remarkable in the: specific areas related with job positions, increasing public awareness for providing more efficient services to the citizens and private sector, access to funds, preparation of local action plans and programs for employment, technical assistance in organizational structure of the municipal administration, technical equipment, one-stop shop system, etc.

> In providing non-financial support to the private sector, the public institutions currently focus on: collection and distribution of information (74%), organization of public hearings, conferences and business forums for SMEs development (58%), implementation of programs for employment and self-employment (58%), improvement of the inter-business cooperation and cooperation with government institutions, regional chamber of commerce in the area of private sector development (53%) and business connections with private companies in the country and abroad (53%). The public institutions are less focused on providing non-financial support in the areas of: improvement of the quality of research and education for private sector development (37%), introduction of standards for quality (21%) and organization of study tours for representatives of the private sector (21%).

> The greatest need of existing and future services from the financial institutions in the eastern part of Macedonia are noticed in the implementation of programs for starting business through: risk funds (80%), usage of credit lines from guarantee (74%) and investment funds (73%) as well as subsidized crediting for employment (79%).

> Concerning the transfer of activities from the local to the regional level, public institutions, (i.e. public administrations) stress the need for the establishment of a network between private companies, LED offices and governmental institutions on a regional level, in order to establish common cooperation for an exchange of information and coordination of activities and common projects with a regional character. These activities might be implemented through: the signing of a Memorandum of understanding



and cooperation between local institutions on a regional level, institutionalization of regional offices which will establish the conditions for exchange of information, initiate meetings and encourage cooperation and coordination of the activities on regional level.

> A coordinative system does not exist in the eastern part of Macedonia for monitoring and evaluation of SMEs development and employment on a regional level (74%). There is a significantly high level of monitoring and evaluation on a local/regional level. For example: local offices for employment engage in monitoring and evaluation of the number of employed, number of unemployed and re-qualification of work force on a local level, and the data of the assessment of the labour market is then distributed to the regional offices for employment. There is monitoring and evaluation of SMEs conducted by regional agencies/ foundations for SMEs development (they have already composed a database of SMEs). However, cooperation does not exist between these institutions, particularly relating to exchange of information and improvement of results. In the entire eastern part of Macedonia there is a lack of responsible institutions for promotion of innovations, research and access to technology of SMEs, and because of this, the SMEs have little access to the information.

> Taking into the consideration the functions and activities regional centres implement for SME support, it is a logical conclusion that they should be the institutions responsible for increasing the access of SMEs to innovation, research and development and technology. As responsible institution does not exist on a regional level for provision of access to this information, the majority of public institutions (68%) were of the opinion that regional centres/ agencies for SME support should take that function. Until now, the most of the public institutions and SMEs get the necessary information through consultants (42%), and partly through Universities (21%).

> Related to the needs that the private sector has for an adequate work force, the representatives of the public institutions and centres for SMEs support (74%) emphasize that educational institutions do not implement adequate educational curriculum to meet the needs of private sector. In order to produce an adequate educated young work force which will meet the needs of the private sector, the representatives of the public institutions and centres for SMEs support suggest that education institutions introduce more extensive practical education (42%) for students as well as notice the needs of the private sector through analysis of the labour market (32%). Accordingly, some municipalities¹³ engage in concrete activities to adapt the educational curriculum of the high schools to the private sector needs for an adequate work force. Some municipalities have begun initiatives to provide rooms at the high schools on a local level for the universities (for example: University for agricultural science and food and Veterinary University) located in Skopje, aiming to provide for longer internship of the students.

> International organizations for cooperation and development which implement programs for local and regional economic development in the eastern part of Macedonia are mostly focused on: providing training for capacity building of the public administration (74%), establishment of LED offices (74%), preparation of strategies for economic

¹³ Sveti Nikole, Strumica, Stip, Vinica



development on a local/micro regional level (70%), creation of initiatives for employment (68%), development and support of SMEs and entrepreneurship (68%) as well as preparation of strategic plans for marketing and promotion of local resources (63%). The public administration declared that international organizations for cooperation and development are less involved in: increasing the quality of the services aimed to private sector (47%) and networking of the LED offices (68%).

> The international organizations comprehend the needs of their involvement in the next period for capacity building of the public administration in the areas of: entrepreneurship support, support for existing companies, networking of the LED offices, and implementation of the strategic goals according to the local action plans aiming to accelerate the creation of new jobs and increasing employment.

> International organizations evaluated the municipal power and capacity for reducing bureaucratic obstacles facing SMEs and for providing services to SMEs to be at a low level.

> These organizations emphasised that they mostly focus their activities and technical support on: organization of public hearings, conferences and business forums for exchange of information and experiences between regional agencies/ centres for SME support and entrepreneurship, improvement of business cooperation, cooperation between governmental institutions, regional centres/chamber of commerce and universities in the area of private sector development, and implementation of programs for employment and self-employment.

> Concerning activities for SMEs support and employment and their transfer from a local to a regional level, the international organizations comprehend the needs for the establishment of a network of SMEs on a regional level, regional support and development of tourism, analysis of common priorities on a regional level and establishment of regional management. All above-mentioned activities could be implemented through networking of the LED offices, regional centres/foundations for entrepreneurship and SMEs support and local offices for employment. Accordingly, institutionalization of a regional economic centre is recommended to implement all activities on a regional level and coordinate all above-mentioned institutions.



5. Recommendations

The research determined a need for strengthening the capacity of public administration in improvement of services aimed at private sector support and establishment of effective communication between public institutions on regional level resulting in acceleration of economic development and employment in eastern part of Macedonia.

The key recommendations of this research are:

- > Aiming to accelerate economic development on the local/ regional level and implement LED strategies, there is a necessity to intensify the integration of LED offices into the organizational structure of municipal administration. This will result in accelerating the process of strengthening the LED departments and solving the status of employees who work in LED offices in the current period.
- > Taking into the consideration the weak financial situation of the rural municipalities which are unable to increase the number of employees in local self governments, it is recommended that a method for establishment of common administration of a micro region (sub-region) should be applied in the area of economic development.
- > Concerning municipal budget, there is a need for planning and allocation of a larger part of financial resources for direct stimulation of economic development and implementation of LED strategies.
- > The municipalities that do not have or are in process of preparation of LED strategies have to accelerate the preparation process and start with implementation of strategic priorities/ goals for economic development. The other municipalities with already prepared strategies for LED have to review them and update them with the new situation/ environment and development goals.
- > Special attention must be dedicated to integrating LED strategies and national strategies, programs and plans for economic development which already exist or are in the process of preparation.
- > The public institutions, (i.e. local self-governments) have to pay special attention to the preparation of local action plans for SMEs development and employment on local and regional level.
- > For successful implementation of local programs and plans for SMEs support and employment, the municipalities have to establish effective cooperation with other relevant public institutions which function and are active in their local community or on a regional level.
- > Relating to the economic indicators which are already taken into consideration, the public institutions have to include additionally the following: level of technological



progress, structure of unemployed, number of liquidated companies in local level as well as level of interest by foreign investors.

> To accelerate economic development and employment in the eastern part of Macedonia, there is a need for special attention to be paid to the provision of technical assistance to public institutions/ public administration in: promotion of the business sector on the regional level, attraction of foreign investments, exchange of information, provision of more effective services to the private sector, needs assessment of the private companies, establishment of a one-stop shop system, entrepreneurship support and support of the existing companies.

> The cooperation among all stakeholders for economic development and employment on the local/ regional level is one of the most important factors for development, and as a result, public institutions need to improve and intensify their cooperation with banks and financial institutions, educational/training institutions and associations of craftsmen and farmers.

> In order to establish regional development in the eastern part of Macedonia, initiatives are necessary for institutionalization of regional offices through: 1) signing of a memorandum for cooperation between all public institutions for exchange of information, 2) the establishment of an effective cooperation and coordination between public administration/ institutions, 3) marketing and promotion of the private sector and natural resources and 4) implementation of projects on regional level.

> There is a need for an institution responsible for providing the private sector with information in a timely fashion on current innovations, research and development and new technology.

> Municipalities need to undertake greater initiatives to adapt educational curriculum implemented in high schools in order to meet the needs of private companies for a qualified work force.

> The international organizations for cooperation and development must focus more on strategic planning on a micro-region/ regional level, improvement of the quality of services provided by the public administration to the private sector, creation of initiatives for employment, networking of LED offices, entrepreneurship development and support of the existing companies.



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Annexes



Annex 1. List of the interviewed institutions in the period of February-April, 2006

No.	Place/Town	Institution	Person	Job position	Contact telephone/e-mail
1.	Kocani	Municipality of Kocani	Zoran Manasiev	Head of sector for planning and development	033/273-235 zoranma@mt.net.mk
2.	Kocani	Regional agency for SME support in Kocani region	Dragan Petrov	Member of LED team	033/273-235
3.	Kocani	Regional chamber of commerce	Slave Jordanov	President	033/297-115/116/117
4.	Vinica	Municipality of Vinica	Violeta Simova	Advisor for marketing and LED	033/361-945
5.	Vinica	Local office for employment	Ljupco Dovicinski	Director	033/363-301/363-299
6.	Mak. Kamenica	Municipality of Makedonska Kamenica	Pero Mitrevski	Mayor	033/432-741
7.	Radovis	Municipality of Radovis	Lazar Gazepov and Verica Temelkova	Employees in LED office	032/630-095
8.	Stip	Municipality of Stip	Lazar Sokolovski and Marina Jovanovska	LED office/ Coordinators	032/391-010
9.	Stip	Regional chamber of commerce	Maja Stojanovska	Administrator	032/390-380
10.	Stip	Business incubator "Turtel"	Snezana Basovska	Director	032 390 334
11.	Gevgelija	Municipality of Gevgelija	Toni Nikolov	LED office/ Coordinator	034/213-843



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International Weiterbildung
und Arbeitskräfte wandert
Capacity Building
International Business

12.	Sveti Nikole	FOROP/Foundation for development of Ovce Pole	Nikola Shalev	Director	032/440-910 forop@mt.net.mk
13.	Sveti Nikole	Local office for employment	Ljube Kostov	Director	032/443-920
14.	Sveti Nikole	Municipality of Sv. Nikole	Valentina Miteva	LED office/ member of LED team	032/444-169
15.	Strumica	Municipality of Strumica	Zoran ZaeV	Mayor	034/348-047
16.	Strumica	Regional center for entrepreneurship support	Marija Tasheva	Business advisor	034/349-320
17.	Strumica	Business Incubator - Strumica	Nikola Trendov	Director	034/330-220 /330-222
18.	Novo Selo	Municipality of Novo Selo	Tushe Stojanov	LED office/employee	034/355-031
19.	Berovo	Municipality of Berovo	Jasminka Pashaliska-Andonovska	LED office/UNDP	033/470-287 jasminka.pasaliska@undp.org
20.	Berovo	Local office for employment	Ljupco Dimitrovski	Director	033/471-153
21.	Skopje	USAID/PD	Nathaniel Bowditch	Adviser for municipal management	3113-188
22.	Skopje	USAID/PD	Rozalija Vasilevska	Specialist for municipal services	3113-188
23.	Skopje	VNG	Chris Terstegen	Team Leader	3232-789
24.	Skopje	UNDP	Vasko Karangelevski	Project for improvement of economic environment	02/3119-290 vasko.karangelevski@undp.org



Annex 2: Interview template

**Assessment of the level of competence and the involvement of the public administration in the area of economic development and employment in East (Bregalnicky) and South-east (Strumicko – Gevgeliski) regions
Prepared for
GTZ REDEM
Regional Economic Development of the Eastern part of Macedonia**

INTERVIEW

for assessment of the level of competence and the involvement of the public administration in the area of economic development and employment
(Maximum expected time for this interview is one hour)

Company name:

Contact address:

Contact person:

Position:

A. General Info on the organization/institution

A1. Geographical area:

- East (Bregalnicky) region
- South-east (Strumicko – Gevgeliski) region

A2. What is your organization?

- Local Self-Government
- Associat. of local self-governments of the R.M. - ZELS
- Business Incubator
- Regional Chamber of Commerce
- Regional Foundation/Agency for Entrepreneur Support
- International Organization for Develop. Cooperation
- Other (please specify) _____

A3. How many employees work in your institution for SME development and entrepreneurship?



1.1. Is there an LED office in your municipality?

Yes No

1.2. If yes, is the LED office integrated in the municipal organizational structure?

Yes No

1.3. How many employees work in the sector/department for local economic development?

1.4. Do SME advisors in the systematization of jobs exist? If the answer is yes, how many SME advisors are planned?

2. What is the percentage of finance resources you allocate from your budget aimed for economic development in your municipality?

3. Do you have an already prepared strategic plan or action plan for local economic development?

Yes No



4.1. Do already prepared plans/ programs exist in the frame of local self-government for entrepreneurship support, start up business, SME support and employment?

4.2. If they exist, what is their integration with National strategies, plans and programs?

5. In your opinion, are the specified policies, programs and measures implemented in a consistent and sustainable manner?

(please rank from 1 = not at all to 5 = fully)

Elements of consistency	1	2	3	4	5	Don't know
Coordination among various state bodies						
Staffing						
Political support						
Financial support						
Other (please specify) _____						

6. Describe your level of involvement in undertaking the following activities for entrepreneurship development and SME support in your municipality or region in the current period.

(Please rank: 1 = None 2= Small 3= Large 4 = Very Large)

b) Entrepreneurship development and start-up businesses

- Provision of conditions and technical support for starting new businesses
- Provision of possibilities for training/prequalification of unemployed citizens in your municipality for increasing employment



c) Support for existing firms

- Increasing the competitiveness of the private sector
- Alleviate conditions for local companies related to public services
- Improve access to financial sources aimed for SME development

d) Decreasing the administrative obstacles for start-up businesses

- Establishment of the one-stop shop system in your municipality
- Reduction of bureaucratic obstacles faced by the private sector

e) Other

- Preparation of the local strategy for decreasing unemployment
- Increasing the attraction of the private sector for foreign investors

- Improvement of the infrastructure environment in the region
- Provision of appropriate training for the local administration for more efficient and effective services for the private sector

7. Describe which of the following indicators you have taken into consideration for assessment of local economic development in your local community.

- Number of newly established businesses;
- Number of new investments;
- Number of trained/re-qualified unemployed persons;
- Percentage of unemployed;
- Quality of life (index for human development, life expectancy, literacy, average of continuing education, real income per capita, etc.);
- Building of infrastructure;



- Increase of the financial resources collected through local taxes;
- Level of technical improvement (research, development, innovations);
- Other _____

8. Describe which of the following sectors comprises the greatest number of employment in your region?

a) Industrial Sector

- Wood
- Steel production
- Textiles
- Engineering
- Electronics
- Food production
- Construction
- Petroleum industry
- Other : _____

b) Agricultural Sector

- Agricultural production
- Herding/animal farming
- Wine production
- Early vegetables
- Other : _____

c) Services Sector

- Service industry
- Tourism
- Crafts
- Small and large trading
- Other: _____



9. Describe which of these areas has the greatest necessity for investments to accelerate local economic development and employment?

(Rate by level of necessity 1 = small; 2 = medium; 3 = large)

- Information Technology (computers, software, etc.)
- Information
- Training/ Technical Assistance
- Promotion of the region economy
- Attraction of the investors in the region
- Support of the existing companies
- Entrepreneurship support
- Creation of new job positions
- Other _____

10. Describe with which of the following stakeholders you have established the largest level of cooperation for local and regional economic development and employment.

(Rate the level of cooperation:: 1 =non ; 2 = small; 3 =great; 4 =greatest)

Public Sector

- Local, regional, and national authorities
- Municipal and governmental public enterprises
- Health organizations
- Educational and training institutions
- International agencies for support
- Other _____

Business and Social Partners

- Private companies
- Business associations, agencies, and Chamber of Commerce
- Representatives from small, medium, and large enterprises
- Banks and other financial institutions
- Individual artisans and/or Association of Artisans
- Organization for business sector support
- Syndicates
- Other _____

NGO and Volunteer Sector

- Individual authorities in the local community
- Representatives from Neighbourhood Units
- NGOs – ecology, culture, arts, history, etc.
- Youth Organizations
- Other _____



11. Describe how you motivate all stakeholders for involvement in the process of accelerating local economic development and employment on the local or regional level. How impacts do you think the approaches have?

(1= none; 2= small; 3= medium; 4=big; 5= biggest)

- Provision of information on time;
- Consultancy;
- Joint cooperation and involvement in all level of the planning process and implementation process;
- Monitoring and support;
- Involvement in the formal organizational structure (managing boards, commissions, focus groups);
- Other _____

12. Please indicate the local or regional centers for support of SMEs and entrepreneurship?

13. Is there cooperation between LED offices and regional centers or institutions for entrepreneurship and SME support?

- None Non-satisfactory Satisfactory Great

14. If yes, describe the common activities which you currently undertake for regional economic development and employment?

- Improvement of infrastructure for interest of the region;
- Innovation, research, and development;
- Building of incubators, technology parks, and industrial zones;
- Preparation of a regional strategy for marketing;
- Promotion of the private sector on the domestic and international trade market;
- Maintaining the common forums on the regional level for exchange of experience and best practices in the area of economic development;
- Training/improvement of SME capacities;
- Other _____



15. Describe the level of power of municipalities in the current period for removal of bureaucratic obstacles faced by SMEs?

- None Small Medium Large

16. What capacity do municipalities have in the current period to provide different kinds of services in their work for SMEs?

- None Small Medium Large

17. On what should the technical and financial support focus in increasing the capacity of the public administration for private sector development and employment support on a local/regional level?

18. What non-financial support do you provide for private sector development?

- Organization of public hearings, conferences, and business forums in order to exchange experience and improve the cooperation among all agencies that support SME development;
- Business networking in the country and abroad;
- Improvement of inter-business cooperation, cooperation with government institutions, chamber of commerce, and universities in the area of private sector development;
- Improvement of the quality of research and education for private sector development;
- Collection, analysis, and sharing of information;
- Needs assessment for the development of new start-up businesses;
- Introduction of European standards for quality;
- Programs for engaging student volunteers;
- Implementation of training programs for employment and self-employment of unemployed persons;
- Study tours for representatives of the private sector;
- Implementation of programs for cooperation with a foreign country for a common purpose;
- Implementation of other domestic development programs;
- Other _____



19. How do you assess the need for the following types of financial institutions/ services for SME support in your region? (please rank between 1= unnecessary and 5= necessary)

Type of institution/ services	1	2	3	4	5	Don't know
Institutions						
Bank for micro-financing						
Guarantee fond(s)						
Investment fond(s)						
Programs for startup businesses						
Saving and crediting unions						
Other (please specify)_____						
Mechanisms						
Subsidized lending for development of specific industrial sectors						
Subsidized lending for employment						
Risk funds (for startup businesses and innovations)						
Guarantee funds (state funds for existing credit lines)						
Other (please specify)_____						

20. In your opinion, which activities related to SME support and promotion of employment on a local level should be transferred to and realized on a regional level?

21. How do you envisage the optimal structure for SME support and promotion of employment on a regional level?

22. Does a system for monitoring and evaluation for SME development and increasing employment exist on a local/ regional level?



Yes No

23. If the answer is yes, who is responsible for the system for monitoring and evaluation for SME development and increasing employment?

24. Who is responsible for increasing the promotion of innovation, research and development and access to technology by SMEs on the local and regional level?

- Local self-governments
- Regional centers for SME support and development of entrepreneurship;
- Central institutions (please specify) _____
- Other _____

25. Do SMEs have appropriate access to the results of innovations, research and development, and technology?

No access Limited access Unlimited access

26. Please indicate with which of the following organizations you had contacts over the last three years to get information on technology, testing, R&D, licensing, patents etc (you can give more than one answer)

- Universities
- Patenting institutions
- Research laboratories
- Consultants
- Other (please specify) _____
- None
- Don't know/ don't answer

27. To what extent do you agree with the statement: Our educational system is able to produce educated and skilled entrepreneurs according to the needs of the private sector in your region?

- Totally disagree
- Disagree
- Neutral
- Agree
- Totally agree
- Don't know/ don't answer



28. Which of the following measures would bring the best improvement in the education? (Please give only one answer)

- More and longer practice education
- More theoretical education
- More entrepreneurship education
- Needs assessment of private sector for work force through analysis of labour market
- Participation of the private sector in curricula elaboration
- Participation of the private sector in final exams
- Other (please specify) _____
- None at all
- Don't know/ don't answer

29. In which of the following areas are involved or will be involved international organizations for development cooperation in the area of local/regional economic development and employment?

Activity	Yes	No
Support for establishment of LED offices		
Development of strategic and action plans for LED		
Reviewing strategic and action plans for LED		
Increasing the capacity of local administrations/ training		
Reform of legal framework		
Increasing the quality of local public services		
Strategic plan for marketing and promotion of the local resources (FDI)		
Creation of initiatives for employment		
Development and support of SMEs and entrepreneurship		
Strategic plans for regional economic development		
Networking of LED offices, business sector and educational centers		
Other (Please specify) _____		