

SUMMARY OF CONSULTATIONS WITH CIVIL SOCIETY ORGANIZATIONS

regarding the challenges and priorities in the sector “**COMPETITIVENESS AND INNOVATION**”

The sector consultation organized within the action “IPA 2 mechanism for civil society organizations”(IPA2CSO) aimed to discuss the policies, programs, challenges as well as priorities in this sector¹.The opinions and attitudes will be presented to relevant stakeholders, including the Delegation of the EU in Macedonia as input for the draft country report of the European Commission for 2016. The consultation on this sector was conducted by e-mail, and the call for input was distributed via the database of CSO contacts of the IPA 2 mechanism, the TACSO office in Macedonia, and of the Secretariat of European Affairs; other contacts of CSOs working in this sector were also used. Due to the specificity of the sector, economic chambers were also contacted, in addition to the citizen associations and foundations. This summary includes the comments received between March 18 and April 7, 2016.

Key findings

Important progress has been made with the **adoption of the Competitiveness strategy** and action plan of the Republic of Macedonia, 2016–2020 –which was also initiated by some of the CSO working on this issue. The Competitiveness strategy stipulates realistic financial resources for implementation of the measures. Although a number of CSOs have been consulted during the preparation of the Strategy, and took part in the working groups, a considerable omission was made due to the exclusion of the consumer organizations from this process. The consumers, as an economic group which creates approximately 70% of the gross domestic product in Macedonia, are not encompassed in the SWOT analysis and the objectives of the Strategy, and are only indirectly mentioned in the measure on *Expanding export and internationalization*. Thus, the consumer organizations consider that the Strategy does not create conditions to address the worsening grade for Macedonia under the first pillar of the Global Competitiveness Index – which refers to the institutions that should build investor and consumer confidence.

Regarding the **implementation of the Innovation Strategy** of the Republic of Macedonia 2012–2020, CSOs distinguish as positive the successful functioning of the Fund for innovation and technological development, which in 2015 started providing support to companies, institutions of science and research as well as the higher education institutions. The other specified measures and activities of the Strategy are not deemed to be effectively implemented.

CSOs deem as insufficient the conducted consultations during the preparation of **the document on Local and Regional Competitiveness** within IPA 2014.

In 2015, CSOs recognize as **positive** the state’s activities for attracting foreign investors and creating a favourable climate for them, as well as the development of mechanisms for cooperation between

¹The sector is defined in the Indicative strategic document for the Republic of Macedonia, 2014–2020, available at: http://ec.europa.eu/enlargement/pdf/key_documents/2014/20140919-csp-former-yugoslav-republic-of-macedonia.pdf

the public and the private sector in the sphere of construction. **Positive developments are not noted** in the development of entrepreneurship and the productiveness of small and medium enterprises, the promotion of the export sector and its support, the access to appropriate advisory services, training and mentoring support to businesses, the strengthening of the research and development activities, the international exchange of knowledge and networking of businesses. **Effective measures and activities are lacking** to advance the knowledge and capacities of the labour force and the access to adequate finances for entrepreneurs, small and medium enterprises. Noticeable and effective measures and activities of the industrial policy are lacking.

No positive developments were noted in improving the legal and institutional framework, as well as the policies on state aid, financial services, licensing, company law, intellectual property, and investor protection. Regarding **consumer protection**, a new consumer protection law was not adopted in 2015 despite the commitment in the National programme for adoption of the acquis. Among other things, this prevented the creation of conditions for effective and efficient protection of collective consumer interests through out of court and court proceedings, and for ensuring better coordination and cooperation between retailers, service providers, state institutions and consumer organizations in fighting unfair commercial practices and strengthening confidence among consumers and companies.

A **Strategy for stimulating corporate social responsibility** was not adopted in 2015, despite the commitment made by the Government to do so. Among other things, the Strategy should have assisted in creating competitive advantages by improving companies' image and reducing reputational risks – including for foreign investors which decide to invest in Macedonia. In the absence of such strategic document, the public policy does not pay due attention to improving the quality of investors that are being attracted.