



Develop Enterprises Locally through Techniques and Alliances

DELTA

SURVEY ON LOCAL ENABLING BUSINESS ENVIRONMENT

- DURRES -

REPORT

INTRODUCTION

The survey this report is about was conducted during the period March April 2004. The purpose of the survey was to provide an additional information source for the process of Local Economic Development planning in the municipality of Durres. At the same time, the way the survey was carried over would provide an additional experience for the municipality, especially for the Development Office.

The report represents concisely the main findings of this survey. Additional to this report, a broader report is provided, where the performance of all five municipalities, participants to DELTA project, is compared. Moreover, the data collected during the survey are provided for the municipalities in an electronic file. This creates the opportunity to make further analysis according to the need of the respective municipality.

This survey was carried over in close collaboration with the Office of Economic Development in the Municipality of Durres. Mr. Indrit Puteci offered a special contribute in organization of this survey.

The Chamber of Commerce gave a precious contribute. Mr. Gani Buka, the Chairperson of the Chamber offered a direct help in contacting big businesses, which was crucial in carrying over the survey.

Statistical description of the interviewed businesses' sample

- There were interviewed 96 businesses, which make up about 3% of the registered businesses of the Berati Municipality (3019 businesses, based on the list provided by the municipality).
- The opinions were collected from the following persons: owner in 75 businesses, General Manager in 8 businesses and high ranked managers in 13 businesses.
- 23 of them had one owner, 73 from the interviewed businesses had more than one owner
- 26 of the businesses were manufacturing businesses, 25 were trading businesses, 31 were services and 14 construction businesses.
- The time span that the businesses were active varies from 1 to 13 years. Most of the businesses fall in the interval of 4 to 8 years activity.



- 52 of the businesses report that have less than five employees. 19 report that have 6-10 employees, 16 report that have 11-50 employees and 2 report 50-200 employees and 2 report more than 200 employees.

Main findings:

Opinions about the business climate in Durres.

- 46% of the businesses report that it is difficult for them to find qualified work force, while 50% report the opposite. (Question 9)
- Businesses declare that have shortages in all areas. The most distinguished are: 16% of the businesses report that they are short of sales & marketing skills, 15% declare shortage in technical abilities and 15% declare shortages in management. (Question 10)
- 60% of the businesses report that the main source of the competition comes from the local businesses. (Question 11)
- The known business associations in the city are the Chamber of Commerce 34,5% of interviewees and Constructors association 19% of them. (Question 12). Other associations are almost unknown. (Question 22)
- Three main factors that hinder the businesses to expand are: high taxes 45,3%, infrastructure 42,1% and energy 35,8%. (Question 15)
- 20% of the businesses declare that they need less than 10 days to renew their licenses for the next year. 40% of the businesses need 10-40 days. (Question 16)
- The relationship with the local government is seen as a problem almost in all aspects. The three biggest ones were: 90% corruption and illegal practices, 75% competition from the informal sector and 68% too much time is spent with local authorities. (Question 17)
- Over 90% of the businesses report that are inspected less than 3 times by the tax authority. 11% report that have paid fines and 5% report that have paid bribes to the tax authority. (Question 20)
- Only 22% of the businesses report that the business environment is worsened during the last three years. (Question 33)

Expectations of the businesses

- 36% of the businesses report that plan to invest without the municipality. 31% report that plan to invest within the municipality. (Question 8)
- Three most mentioned expectations were: 42,1% to improve the infrastructure, 24,2% to improve the procedures and 23,2% to reduce taxes. (Question 18)
- Over 90% of the businesses expect to spend less than 10 days to renew the licenses for the next year. (Question 16)

Awareness of the business about the municipality functions

- 70% and 67% of the businesses report that don't know about the role of the respectively LED and RED offices. (Question 22)
- 46% of the businesses report that they are not aware of the private professional services. (Question 22)
- Only 35% of the businesses participated when were asked about a department in the municipality that affects for good or bad their activity. (Question 22)



- Only 11% of the businesses mention a department in the municipality that deals with the Local Economic Development. (Question 26)

SWAT (as mentioned in the questionnaire)

Strengths

- Geographical position. This is related to being near the sea, abundance of the rich agricultural soil, touristy places, etc.
- Natural and touristy resources.
- Sea-port and the shore.
- Demographic growth.
- Climate.

Opportunities

- The city has strategic importance to the development of the country. It is entry port of the 8th Corridor.
- Most of the expectations of the businesses don't involve big costs to be met. Mainly improvement of the procedures.
- Presence of powerful and experienced businesses

Weaknesses

- Infrastructure.
- Shortage of the energy.
- Tax policy
- Vicinity to Tirana. Many businesses consider this as a hindering factor, others see it as a supportive factor.

Threats

- Informal economy. This one of the most important factors that affects for bad the registered businesses.
- A considerable number of businesses think to expand their activity outside the municipality.
- Corruption. This is mention many times in the questionnaire as a big constraint.
- The businesses may loose the desire to collaborate with the local government. This is linked to the poor image of the local government.