



**PRIVREDNA/GOSPODARSKA KOMORA
FEDERACIJE BOSNE I HERCEGOVINE**

CHAMBER OF ECONOMY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

**FOCUS GROUP REPORT:
QUALITY INFRASTRUCTURE**

in

Wood Processing Industry

Sarajevo, January 2021



**Project: "Improving the investment climate and access to markets"
Contract no. 7198074**

The Chamber of the Economy of the Federation of Bosnia and Herzegovina and IFC within the project "Improving the investment climate and market access" conducted a focus group discussion (FGD):

QUALITY INFRASTRUCTURE

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Wood Processing Industry

DISCLAIMER PAGE:

Chamber of the Economy of the Federation of Bosnia and Herzegovina declare that this research is original work and has not been submitted before to any institution for assessment purposes.



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ADDRESS:

Branislava Đurđeva 10
71000 Sarajevo
Bosnia and Herzegovina

TELEPHONE:

+38733 217 782

FAX:

+38733 217 783

EMAIL:

info@kfbih.com

WEB:

<http://www.kfbih.com/>
<https://www.facebook.com/PGKomora>



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1.0 INTRODUCTION

The Chamber of the Economy of the Federation of Bosnia and Herzegovina within the project "Improvement of the investment climate and access to markets" in cooperation with the International Finance Corporation (IFC), organized an online focus group with business representatives from the Wood Processing Industry in order to provide further input of key stakeholder for quality infrastructure strategy development in the mentioned sector of industry. In addition, as all segments of the economy are dealing with the challenges of the COVID-19 pandemic in varying degrees, this focus group discussion would also provide an opportunity to receive further input aimed at identifying priority actions to improve quality infrastructure in the Wood Processing Industry and promote business operation and recovery.

Focus group was conducted to probe for qualitative information of the main issues of quality infrastructure in the Wood Processing Industry, as well as to get concrete measures and recommendations from business entities in order to improve current quality infrastructure situation, encourage export companies and promote measures with relevant authorities.

Recognizing the importance of this topic for business entities and the economy of Bosnia and Herzegovina in general, the Chamber of the Economy of the Federation of Bosnia and Herzegovina has already conducted a survey about quality infrastructure. However, the conducted focus group provides the opportunity to garner this more in-depth feedback through open-ended questions. They also allow group interaction between members of the group, which may encourage participants to make connections to various concepts through the discussions that may not occur otherwise. This provides a more comprehensive understanding.

Focus Group Discussion (FGD) regarding the quality infrastructure in the Wood Processing industry is compared to the findings from previous conducted quantitative research (survey) and qualitative (focus group) of the impact of the pandemic Covid -19 on the economy of the Federation of Bosnia and Herzegovina in order to get comprehensive market analysis in quality infrastructure per sector, business dealing operations during the pandemic Covid-19 and the the impact of it.

This Focus Group Report summarizes the key findings of the quality infrastructure in the Wood Processing Industry, giving a situation overview, main issues and recommendations.



1.1 METHODOLOGY

Due to the safety reasons and preventive prescribed measures, the Focus group discussion was held online.

Participants were introduced that the discussion will be recorded, but only for research purposes and it will be deleted once the data has been analyzed. As participants in the group, their names will not be noted in any other documentation than this which is also only for the research purpose.

The group is interviewed following a semi-structured format in that they opened with introductions and information sharing about situation overview, main issues and recommendations about quality infrastructure in the Wood Processing Industry. Transition questions were also asked in order to get a broader picture of quality infrastructure in the Wood Processing Industry as well as to help participants discuss the issues on a broader scope.

Then specific questions were asked but not necessarily in the same order. This semi-structured format was used to ensure that the key topic is better understood, discussed among all participants of the focus group, allowing free flowing discussion so that information can later be compared.

The findings from the focus group were analyzed using a thematic analysis approach. The first step in this analysis involved playing back the recordings of the focus group, while concurrently reviewing and enhancing the summary notes.

The main questions addressed to the participants of the focus group is to describe the current situation regarding the quality infrastructure in the Wood Processing Industry, with the special emphasis on the main issues with which facing industry, and further steps and recommendations for the improvement.



1.2 PARTICIPANTS

Recruitment of the focus group participants took into consideration a sector of the Wood Processing Industry, mix of gender, participant's age and experience, company age and region.

The business entities involved in the focus group discussion were previously contacted and introduced with the topic. Although, they are all familiar with the focus group topic, have long-term experience, and agree to participate in the focus group discussion.

In total, in the focus group discussion participated 5 business entities from the different sectors of the Wood Processing industry and from the different regions of Bosnia and Herzegovina, in order to get a better understanding from all parts of the Federation of Bosnia and Herzegovina.

The processed sample of a focus group is a representative basis for the analysis of the quality infrastructure in the Wood Processing Industry.

PARTICIPANTS:

1. *MR. HRVOJE PAŠALIĆ, DOLAC, ŠUICA/TOMISLAVGRAD*
2. *MR. ČIZMO HARUN, PROMO, DONJI VAKUF*
3. *MR. DINKO MUJIĆ, UDRUŽENJE DRVNI KLASTER, SARAJEVO*
4. *MR. ZDRAVKO VOJVODIĆ, LIGNUM, MOSTAR*
5. *MRS. ALMA BEĆIROVIĆ, LIND LAB /ZEDA, ZENICA*
6. *MRS. AMERA PAŠIĆ - IFC*
7. *MR. MIRSAĐ HUBANIĆ – CHAMBER OF ECONOMY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA*
8. *MR. ALMIN MALIŠEVIĆ - CHAMBER OF ECONOMY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA*



2.0 KEY FINDINGS

In the following section represented are the key findings of the focus group discussion. Analyzed are: quality infrastructure situation overview in the Wood Processing Industry, the main issues and challenges with which this sector facing in terms of quality infrastructure, and concrete steps and measures that can improve quality infrastructure strategy in this sector.

2.1 SITUATION OVERVIEW

It is known that the Wood Processing Industry in B&H is one of the sectors that records significant export results. The Wood Processing Industry is assessed with great potential for further development, especially having in mind domestic resources.

If we look at the situation in the field of quality infrastructure in the Wood Processing Industry of B&H, then it can easily be concluded that the situation is not satisfactory, which also confirms all participants during the focus group discussion.

The total number of accredited bodies in the Wood Processing Industry of Bosnia and Herzegovina is one (1) and it is the Laboratory for testing the safety of wood products in Zenica. This Laboratory performs testing of wood products and equipment for children's playgrounds. They also participate in this focus group discussion and provide more details about quality infrastructure in the Wood Processing Industry in Bosnia and Herzegovina. This lab is accredited according to EU standards, 305/201, and they can perform tests for windows and doors that are mandatory for the CE mark. Thanks to this accreditation, they get many inquiries from the European Union for testing laboratories.

However, this accredited body has a significant number of accredited methods for testing wood products, but unfortunately due to the legislation barriers, they still do not have a sufficiently large width of the accreditation area.

This fact leads to the current situation where producers from the observed Industry have to address their testing requirements to other accredited laboratories outside B&H (most often in Croatia). In addition, the lack of upholstered furniture testing bodies according to EN ISO 17025 forces manufacturers to address the appropriate bodies in Croatia. This situation causes huge costs to the business entities from Bosnia and Herzegovina.

All participants said that they have ISO standards and certificates required for production and export to EU countries. At the same time new business opportunities, enforce companies to go in procedure of obtaining new certificates and standards.



Focus group participants were also asked if they knew the difference between jurisdictions of the Federal Bureau of Meteorology and Institute of Metrology of B&H. Mostly all participants except the representative of the lab from Zenica, answer negatively, even more they said that they are not interested and don't have a need to know the difference between mentioned institutions.

On the other hand, this sector faces a major shortage in the area of quality workforce. Of particular concern is the fact that in B&H, highly qualified labor force is continuously educated only at the Faculty of Mechanical Engineering in Sarajevo, and in the Republika Srpska at the Faculty of Forestry in Banja Luka, where the direction of mechanical wood processing has been formed.

The above facts, along with insufficiently educated consumers in the field of their own security, have influenced the condition of the quality infrastructure in the Wood Processing Industry to be at a very low level.



2.2. MAIN ISSUES AND CHALLENGES

The main issues and challenges about quality infrastructure in Wood Processing Industry about which focus group participants discussed and mentioned can be summarized as:

- Lack in number of accreditation bodies
- Inconsistent legal regulations at entity levels
- The issue of product certification in B&H for export
- The problem of uncontrolled imports which creates unfair competition
- The problem of the laboratory from Zenica is that they cannot be a certification body and cannot issue a certificate of conformity due to not signing the EU Directive on construction products at a state level
- Insufficient information and underdeveloped communication with B&H accreditation institutions
- Shortage of quality workforce
- High costs of certification in countries outside B&H
- Lack of technical regulations, which transpose the EU directive with harmonized EU standards
- Lack of an institution that would conduct training of staff employed in laboratories, certification bodies and inspection bodies;
- Due to the non-existence of technical regulations at the level of B&H and accompanying standards, as well as the non-existence of a database of valid technical regulations, products that are not safe for human, animal and environmental health are imported into B&H;

In general, per focus group discussion, the main issue that causes all other challenges in the Wood Processing Industry is lack of a quality infrastructure strategy, non-adoption of the agreement on compliance and all accompanying EU Directives by the Council of Ministers of B&H.

At the same time, this causes huge costs to businesses that have to use accreditation institutions in regions and other countries of the EU.



2.3 RECOMMENDATIONS by participants

The main recommendation by focus group participants that were mentioned as needed or even more as urgent in order to improve current quality infrastructure in Wood Processing Industry are:

- Adoption of a quality infrastructure strategy at the level of B&H
- Adoption of the EU Directive on construction products and general adoption of all EU Directives by the Council of Ministers of B&H
- Council of Ministers of B&H to sign an Agreement on conformity assessment of industrial products in accordance with Article 173, after which the establishment of certification bodies for the issuance of certificates can begin
- In general there is a need for improvement of quality infrastructure in Wood Processing Industry;
- Improvement of communication, legal cooperation, technical assistance with accreditation institutions in B&H
- More up-to-date and more downloads and translation of EU standards by institutions to make it easier for companies to understand
- Establishment of a conformity assessment body
- Increasing the capacity of the testing laboratories
- Providing the necessary human and adequate spatial-technical, IT and other resources necessary for the effective and efficient operation of the Institute for Accreditation of Bosnia and Herzegovina;
- Strengthening the competence of the staff employed at the Accreditation Institute of Bosnia and Herzegovina;
- Improving work procedures and training of staff in the field of market surveillance;
- Extending the number and scope of accredited methods for existing or new accredited bodies in the wood processing sector to: - testing area for upholstered furniture, - testing and certification area for wooden building elements, - certification area for doors and windows, - testing area and certification of wooden floors, - area of testing and certification of cots and other furniture for newborns, - area of testing kitchen, bathroom and other furniture based on free-standing and hanging elements;
- Appointment of an inter-ministerial, inter-entity working group with the aim of preparing a plan of activities aimed at strengthening and improving the quality infrastructure system



3. CONCLUSIONS AND RECOMMENDATIONS

3.1. CONCLUSIONS

Wood Processing Industry in B&H is one of the sectors that records significant export results. The Wood Processing Industry is assessed with great potential for further development, especially having in mind domestic resources.

Unfortunately, the quality infrastructure situation in the Wood Processing Industry in B&H is not satisfactory.

The total number of accredited bodies in the Wood Processing Industry of Bosnia and Herzegovina is one (1).

This fact leads to the current situation where producers from the observed Industry have to address their testing requirements to other accredited laboratories outside B&H (most often in Croatia). This situation causes huge costs to the business entities from Bosnia and Herzegovina.

All participants said that they have ISO standards and certificates required for production and export to EU countries. At the same time new business opportunities, enforce companies to go in procedure of obtaining new certificates and standards.

In general, per focus group discussion, the main issue that causes all other challenges in the Wood Processing Industry is lack of a quality infrastructure strategy, non-adoption of the agreement on compliance and all accompanying EU Directives by the Council of Ministers of B&H.

According to the above mentioned the first step and recommendation by focus group participations in improvement quality infrastructure in Wood Processing Industry is adoption of a quality infrastructure strategy at the level of B&H, adoption of the EU Directive on construction products and general adoption of all EU Directives by the Council of Ministers of B&H as well as signing an Agreement on conformity assessment of industrial products in accordance with Article 173 by Council of Ministers of B&H, after which the establishment of certification bodies for the issuance of certificates in Bosnia and Herzegovina can start.



3.2 RECOMMENDATIONS

According to the focus group discussion, there is a need for undertaking a set of measures and steps in order to improve quality infrastructure in the Wood Processing Industry in B&H.

However, after the total focus group discussion, below are the main important recommendations that need to be implemented to improve and upgrade quality infrastructure in general, but also in the Wood Processing Industry in B&H. Implementation of the following recommendations automatically reflects and withdraws all other measures and recommendations stated by the focus group participants.

- **Adoption of a quality infrastructure strategy at the level of B&H**

Adoption of the quality infrastructure strategy at the level of B&H will lead to harmonization of the legislation at the state level as the first step in improving quality infrastructure in the Wood Processing Industry and which leads also to the strengthening of the single economic space for business.

- **Adoption of the EU Directive on construction products and general adoption of all EU Directives by the Council of Ministers of B&H**
- **Signing an Agreement on conformity assessment of industrial products in accordance with Article 173 by Council of Ministers of B&H**

Above mentioned measures will enable: harmonization of EU standards with domestic legislation, establishment of certification bodies for the issuance of certificates in Wood Processing industry, make costs and time saving to business entities in B&H for issuing certificates in B&H, eliminate difficulties in public procurement procedures, due to outdated technical regulations that prescribe conditions for products that are outdated and unresponsive, improve access to information on EU standards and applicable regulations for individual product types, improve education and strength the competence of the staff employed at the Accreditation Institute of Bosnia and Herzegovina.

In the end it all leads to: larger number of accredited institutions in Wood Processing Industry, simplifies business, increase the capacity of the testing laboratories, provide the necessary human and adequate spatial-technical, IT and other necessary resources, as well as to appointment of an inter-ministerial, inter-entity working group with the aim of preparing a plan of activities aimed at strengthening and improving the quality infrastructure system in Bosnia and Herzegovina, which includes also quality infrastructure in Wood Processing Industry.



4. APPENDIX

4.1. MODERATOR'S GUIDE

Moderator: Mr. Mirsad Hubanić, Chamber of Economy of the Federation of Bosnia and Herzegovina;

Greeting

Welcome and thank you for being here today. We really appreciate you taking the time to participate in this research project. My name is Mirsad Hubanić and I will be the moderator for our discussion.

Purpose

Chamber of the Economy of the Federation of Bosnia and Herzegovina within the project "Improvement of the investment climate and access to markets" in cooperation with the International Finance Corporation (IFC), organized this online focus group related to the quality infrastructure in the Wood Processing Industry.

The main thing we are interested in today's hearing from you, the experts, about your ideas, opinions, and concerns as they relate quality infrastructure in the Wood Processing Industry. Your participation in today's focus group will help us gain valuable information and better understanding of the previous research results.

How to Participate

Today you will be participating in a focus group. This will be a group discussion. It's not an interview where I ask a question and each person answers the question and we move on to the next one. Instead, we'll be putting topics on the „table“ and the idea is for everyone to participate in the discussion with each other. It's particularly helpful if somebody says something and you're sitting here thinking, "Yeah, that's sort of the way I think about it or feel about it" and you share that. We also want to hear from you if you are thinking, "NO, that's not the way I do it. That's not how I think about it." We want to hear both similarities and differences within the group. There are no right or wrong answers to these questions.