CYPRUS: PROMOTING PRIVATE SECTOR DEVELOPMENT

FINAL REPORT

9 April 2013

This publication was produced for review by the United States Agency for International Development (USAID).

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CYPRUS

PROMOTING PRIVATE SECTOR DEVELOPMENT

Final Report

Contractor:	Deloitte Consulting LLP
Contract/Task Order:	EEM-I-01-00005-00, Task Order 01
Country:	Cyprus
Title of Task Order:	Promoting Private Sector Development (PPSD)
Reporting Period:	February 4, 2008 – March 31, 2013
USAID COTR:	Ms. Elizabeth Kassinis
USAID COTR Office:	Nicosia, Cyprus
Strategic Objective:	2.1
Intermediate Result:	Various

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Like all USAID-funded programs in Cyprus, EDGE is committed to strengthening conditions that foster a durable settlement. EDGE's activities work to enhance the Turkish Cypriot community's competitiveness in preparation for future settlement. This document is intended to facilitate EDGE's work. All references within it to the Turkish Cypriot authorities or governing entities and/or place names are for reference purposes only and are meant to convey meaning. They should not be interpreted as implying or indicating any political recognition or change in longstanding USAID policy.

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Introduction

With the Cyprus Partnership for Economic Growth (CyPEG), the United States Agency for International Development (USAID) set out to address disparities—in economic development, professional skills and interaction with global market forces—between the Greek Cypriot and Turkish Cypriot communities (GCC and TCC, respectively) on the divided island of Cyprus. In so doing and within the context of the U.S. policy toward Cyprus, CyPEG was designed to help increase economic parity, reduce the financial burden of integration, and bring about the conditions within which the two communities could achieve a lasting settlement.

Implemented by Deloitte Consulting LLP, the CyPEG Economic Development and Growth for Enterprises (EDGE) program promoted competitiveness, private sector development and economic growth in the TCC. It did so by improving business and banking practices, and by strengthening business associations—all of which played a critical role in growing stronger enterprises, promoting trade, and advocating for economic reform.

Since 2005, EDGE has helped the chambers of commerce and industry evolve into vibrant and dynamic organizations—capable of serving the needs of their members and advocating for the kind of change and innovation that spurs economic growth and development in the sectors they serve. EDGE has helped associations define their purpose and articulate their objectives—then chart a sustainable course for achieving them. With an infusion of support, training, know-how and ideas, EDGE brought together multiple and varied stakeholders who transformed their communities and improved their livelihoods and quality of life in the process. The introduction of alternative crops empowered Cypriots to stem environmental degradation while improving yields. EDGE introduced best practices and international standards to a wide variety of sectors that broadened the horizons and extended the reach of countless professionals, organizations and enterprises.

Although this Final Report documents the activities and achievements of the EDGE program through the contractual period from mid-2005 until early 2013, the real legacy and lasting impact of the EDGE program will continue to be realized for the decades to come. As stakeholders in both communities have frequently observed, the value of the EDGE program is not only in what it achieved while it was active, but the sustainability of what it left behind – skills, know-how and the means to continue to drive competitiveness, trade and economic growth leading to parity.

It is with this in mind that this report does not focus so much on the achievements, but rather the approach of the program and how this approach can and should be a model for future USAID programs. Some of the most important lessons that EDGE offers the development community lie in its practical, flexible program design that embedded sustainability into every activity from the outset; the commitment, continuity and agility of USAID on the ground whose deep understanding of the Cyprus environment guided the EDGE team in navigating its complexities and seizing its opportunities; and the collaborative technical approach that relied heavily on local resources and evidence-based planning, analysis and decision making.

Focus on Private Sector

From the beginning the EDGE program focused on the private sector as a natural partner. EDGE was designed on the premise that innovation, and the dynamism of the private sector are the engines of economic development and that investments made in private sector-led initiatives would yield the greatest and most enduring results.

Moreover, the fundamental goal of the EDGE program, which was to bring the GCC and TCC into closer harmony, rather than continuing down divergent paths, was closely aligned with the interests of the private sector. By partnering with the private sector, EDGE was able to help businesses and entrepreneurs identify market-based incentives and adjust their business practices to capitalize on them. The adoption of international standards, certifications, quality assurances and workforce education programs are just a few of the many ways business owners invested in increasing their competitiveness. EDGE also worked with market leaders who could drive change and influence others to do the same.

Nowhere was this more important than in facilitating intra-island trade over the Green Line (GL). After thirty years of separation, trade between the two communities had to begin with confidence building measures that could lead to trusted relationships over time. The reliability of the products and services that were traded, mutual faith in the authenticity of a certification, standards, payment, and the ease of doing business were all important confidence building measures that EDGE focused on at the outset. Working with the private sector could not and did not eliminate all the road blocks, but it mitigated many, and minimized the impact of others that remain.

BRINGING COMMUNITIES TOGETHER THROUGH PRIVATE SECTOR COOPERATION

In July 2011 Vassiliko, the main power station in Cyprus, was severely damaged by an explosion at a nearby military facility. As the source of over half of the GCC's electricity, the loss of Vassiliko put vulnerable populations at risk and electricity-reliant businesses in crisis until an alternative could be found. The most expedient solution lay to the north, and the TCC, whose grid could quickly and easily be linked – if only the two sides could talk and acceptable terms be reached. But there were no official channels of communication.

Meanwhile EDGE had been facilitating Commerce Roundtable Meetings between business leaders and the presidents of the chambers of commerce and industry from both communities since 2005. When the Vassiliko crises happened, it was the President of the Cyprus Chamber of Commerce and Industry (CCCI) who walked across the Green Line to meet with the President of the Turkish Cypriot Chamber of Commerce (TCCC) to forge a deal on the sale of electricity from the TCC to the GCC from July 2011 until March 2012. It was a bold initiative made possible by the trusted relationship these presidents had built over six years of participation in the Commerce Roundtable.

The Design

The EDGE program design began with the goal of sustainability – making sure that each activity had a pathway for being transferred from EDGE to a local entity and an institutional home. While the ultimate goals were clear, the design was not prescriptive. Rather, the method of achieving them was flexible and responsive, and grounded in the realism of what was possible, and practical, within a changing social and political climate. Program activities were developed on the basis of sector-specific analyses to determine where and how EDGE could have the greatest impact toward defined goals. Iterative

consultations with counterparts, stakeholders and local organizations helped EDGE understand their interests, priorities and capabilities, in addition to being an opportunity for EDGE to share the findings of its analysis. The activities that were designed as a result of these consultations were a perfect blend of evidence-based programming and local buy-in and ownership.

From this focus on local capabilities and interests, the EDGE team was able to understand what was possible at each phase of the implementation. The team set targets for outcomes, but knew that adjustments in timing or the method for getting to a result might be necessary once implementation was underway. Most importantly, USAID supported these adjustments in implementation, knowing that one calculated step backward (or sideways) could lead to two steps forward.

The EDGE program's open communication and collaborative style with local partners, business leaders, and professionals in the TCC during the planning phase, enabled the team to become trusted advisors to local partners relatively quickly. Partners had advisors who were actively listening to their concerns and the issues they faced, while giving practical advice on how to overcome challenges and be more competitive.

This established EDGE as a true partner in the community and encouraged beneficiary organizations and actors to both seek its help and champion its activities. The nature of the relationship also enabled EDGE to hear honest and real-time feedback about the viability of activities, so it could adjust and improve its approach accordingly.

Perhaps most unusual for a USAID program, was the willingness of the USAID mission to support walking away from activities that were not working, shifting assistance to other activities that could have greater impact and make more progress toward the stated objective. This flexibility in program design combined with nimbleness in implementation, allowed the program team to focus on high-impact activities that were locally relevant, practical, enjoyed local support and buy-in and that were ultimately sustainable.

DESIGN FROM THE ENDPOINT – THE COMPETITIVENESS REPORT CASE

In an effort to widen the aperture of TC businesses to understand their own competitiveness as benchmarked against the broader global economy, in 2009 EDGE introduced the idea of a Competitiveness Report.

It was the first study of its kind in the TCC – and a revolutionary concept to raise awareness about the strengths and weaknesses of the TC economy, and the changes the TCC would need to adopt to increase their competitiveness and spur economic growth.

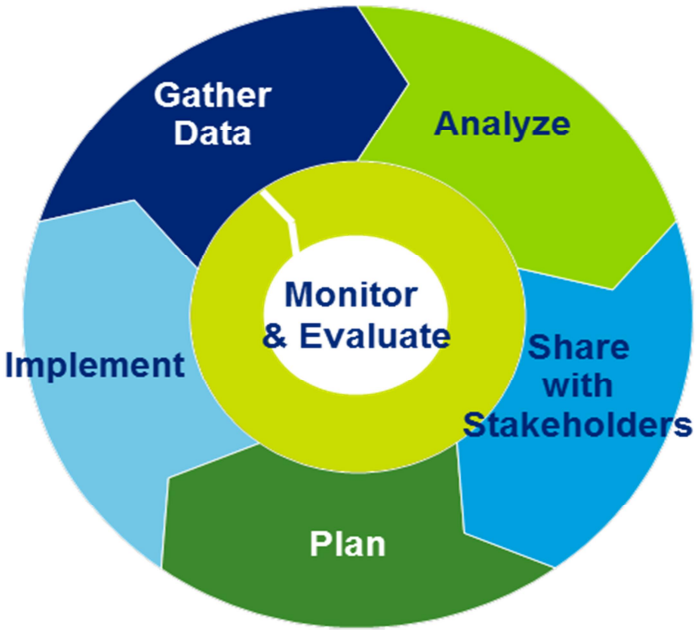
Two years after it was introduced, the Turkish Cypriot Chamber of Commerce (TCCC) began producing the report, initially with the help of EDGE consultants as mentors for the analysis, preparation, marketing, and distribution of the report. In later years the TCCC assumed full responsibility for the report – from research to distribution, using its own resources.

The full transfer of responsibility from EDGE to the TCCC was only possible because EDGE took the time to understand what the business community needed, how it could be done, identified an institutional home with a vested long-term interest in continuation, built their skills, and got out of the way to let them run with it.

The Approach

The best designs are only as good as their implementation. For EDGE, every intervention was part of a larger system that needed to be considered: Who are the right partners to localize the effort? Which institutions or organizations can assume the activities once the EDGE program finished? Is there a market-based mechanism for sustainability and if so, how can we build it in? What are the steps - and how and when should they be sequenced, timed, incubated, and transferred for maximum impact? Finally, how do we measure success?

EDGE considered the whole system when developing a specific intervention; seeking the right partners, incubating the process, building the skills, and then stepping back to allow local actors to take the lead.



The EDGE approach was heavily data-driven rather than intuitive or anecdotal. The team was therefore able to show numbers, a language that all business leaders can understand quickly, to support the recommended activities. The EDGE team did not stop with just sharing the information and showing the analysis, but worked with local partners to develop their capacity to do future analysis themselves. This approach fed a virtuous cycle where the data that was gathered could be analyzed and shared, which would inform the plan, and its implementation. Ongoing monitoring and evaluation fed into program outcomes as the next round of data was gathered for new or adjusted activities.

EDGE activities were initiated by gathering data in the target technical area. The data was analyzed and shared with stakeholders for input, and to begin the planning process with local actors. Once a plan of action was established, the EDGE team began to implement activities according to that initial plan, with ongoing monitoring and evaluation work to feed the next round of data gathering, adaptation, and planning and implementation.

SELECTED PROGRAM RESULTS

- CTCI supported 37 companies to exhibit at 11 international fairs
- More than 40 Commerce Roundtables, focused on trade facilitation over the Green Line, were facilitated
- Researched and disseminated an in-depth analysis on the Constraints to Green Line Trade that became the basis for bi-communal action to improve trade
- 48 farmers received GlobalGAP certification
- More than 200 food handlers received Safe Food Certification training and 27 food establishments are Safe Food Certified
- Introduced the competitiveness report for the TC economy, which is now compiled and produced by the TCCC
- Incubated the agricultural extension service, which resulted in trained agricultural consultants available to the agriculture community
- Introduced the idea of alternative crops, including identifying more than 20 highly viable alternative crops. Working with interested farmers, five alternative crops were introduced: salicornia, prickly pear, capers, passion fruit and pomegranate
- 22 agricultural producers introduced pomegranate farming to their production, thereby increasing revenue while decreasing water consumption; sales of lucrative pomegranates topped 500 tons in 2012, up from only 12 tons in 2008
- More than 15,000 visitors attended the 2012 Eco Day Festival where only locally produced products were sold
- More than 270 bankers have been trained by the TCBA
- More than 150 insurance agents were certified
- 13 professionals were certified as Anti-Money Laundering Specialists
- Seven strategic CSR projects were completed or in progress at the end of 2012 with EDGE assistance. One project even won the 2012 award for best CSR initiative via the parent Turkish company of the private sector participant in the TCC.

With each iteration, local professionals and organizations gain understanding and confidence, and are soon running activities independently. This process also allows for continuous improvement, and the type of flexibility attributed to success in program design.

The EDGE approach stressed the importance of the process as well as results. Just as *the program design* was characterized by localization and sustainability, *the approach* put local actors together with their needs, perspectives and capabilities at the very center of the process. More than anything else, this led to local ownership and buy-in that worked in tandem with results and sustainability.

The Program Team

If the program design and approach are two legs of the stool, the third is the EDGE team itself. The EDGE team established, nourished and grew its credibility in the community over the almost eight years of the program on the basis of its ability to listen, learn, and apply its considerable subject matter expertise in relevant ways that yielded measurable results in the practical lives of the people and professionals EDGE called partners. Moreover the EDGE team was creative, and above all else, committed to building the capacity of others.

The program team also benefited immensely from local professionals. Not only did these experts know the local context, they were heavily invested in the success of EDGE, as community members as well as professionals. Their active participation on the team, in lead roles and in positions of responsibly added tremendous credibility to the program. Community leaders recognized and respected the professional skills and experience that this team of consultants acquired during their tenure with EDGE. They applauded the fact that these resources were 'some of their own,' and that they would continue to be available to the professional community of Cyprus long after EDGE closed its doors.

Indeed, USAID through the EDGE program invested heavily in these local consultants, over forty in all. Working initially under the tutelage of international experts with high expectations, EDGE's local consultants learned quickly. They received rigorous training in consulting methodology and project management, some eventually completing the PMP certification program and in that way "walking the walk" of professionalization and certification. Over time, international consultants gave way to local consultants who were by then well trained and capable of planning and executing activities, managing teams, and engaging clients and counterparts. During the last 18 months of the EDGE program, the entire full-time team of leaders and consultants were Cypriot.

As a result, capacity now exists in the TCC for professional consultancy services that the private sector can call upon. By being exposed to the services provided by EDGE, the private sector has seen the value that can come from these services and have demonstrated a willingness to pay for such advice.

Results

Because of the team's relentless emphasis on localization, sustainability and professionalism, and the value it placed on listening and aligning its activities to the needs of Cyprus, EDGE earned the respect of leaders and the private sector. It distinguished itself among the many donor funded programs on the island. EDGE's results can be measured in the statistics of how trade improved, how many certifications were issued and how many people were trained. But perhaps the most impressive results can be seen in the institutionalization of the work that EDGE undertook. Cyprus will continue to benefit, exponentially, from the impact of what was achieved with USAID's assistance, funded through EDGE and implemented by Deloitte.

Next Steps

Too often in development, technical assistance programs are closely prescribed. Activities, sometimes even outcomes and metrics, are predetermined in places far removed from the complex reality on the ground. Contracts specify targets and implementing partners execute a list of activities to meet them. Metrics are met but may not be relevant to the local reality. While successful against some measure, there is little incentive for continuous improvement or innovation. True localization and sustainability is difficult to achieve because local partners rarely become owners of activities that have been defined by others in advance.

As we have tried to present in this report, the EDGE team took a different approach to sustainability from the start. It did this by investing time at the outset to find the right local partners, to understand their capabilities and goals, to include them in the planning process to foster buy-in and ownership, and to build their skills so they could own the project "for life." The EDGE team also recognized that while local partners may not run the projects perfectly, it is best to step out of the way once the partner organization has the capacity and will to undertake the activities. It is only through practice that an organization can continue to perfect the process. So, recognizing this moment was the strength of the EDGE team. Once the local will and capacity was there, partners 'graduated' and EDGE shifted its focus and support to other organizations.

As the EDGE program drew to a close, the team spent the final months working with local partners to see if additional support would be needed to truly transfer the activities. In some cases the team held strategy sessions with these partners, which were focused on reinforcing the tools and skillsets left behind. In other cases, the team did succession planning around how important areas of work started under the program – such as the competitiveness report and international certification programs – would continue after the conclusion of formal assistance.

The results of these sessions – further detailed in the sector specific annexes following this introduction – speak to the true power of localization and long-term sustainability that was at the heart of EDGE's design and implementation.

Annexes

The annexes of this report include the brief summary on some of the initiatives that were implemented by the EDGE team in Cyprus. They not only provide information on how activities were implemented and what the higher level achievements were but also provide recommendations on how to further the developments achieved throughout EDGE's tenure.

I. Competitiveness and Global Market Access
II. Global Standards and Certification
III. Alternative Agriculture
IV. Community Based Development
V. Business Association Development
VI. Fostering Intra-Island Trade
VII. Financial Sector Strengthening
VIII. Insurance Sector Capacity Development
IX. Strategic Corporate Social Responsibility

Annex I: Competitiveness and Global Market Access

Improving the overall competitiveness of the private sector was the bedrock of EDGE activities, forming the basis for overall economic development and global market connections. One of the legacies of the real and perceived isolation of the Turkish Cypriot (TC) business community was the limited interaction between TC producers and global customers. Consequently, innovation, quality and standards suffered from the limited exposure and understanding of the buyers' expectations.

To combat this, the EDGE team focused on raising the TC business community's awareness of global market demands. The first undertaking of EDGE was to broaden the horizon of the TCC. At the start of the program, the EDGE team conducted an ambitious exercise of benchmarking the TC economy against regional and similar economies and identified the issues and constraints that must be addressed to enable TC businesses to compete in a globalized world. Next, EDGE supported the Cyprus Turkish Chamber of Industry (CTCI) in promoting TC businesses' participation in international exhibitions. The resulting exposure of TC businesses to competitive market realities helped them have a greater appreciation for international standards of quality, requirements and regulations. Many of the TC businesses, for the first time, were provided with a chance to meet, mingle, share information, explore opportunities, and exchange contact information with buyers from markets as diverse as the Middle East, Africa, Russia, and the European Union.

Activity Review

Building the understanding of competitiveness and the place of the TC economy within broader global competitiveness began with the ground-breaking work undertaken by EDGE with the Competitiveness Report on the TC economy. Before EDGE introduced the first competitiveness report in 2009, there were few studies and no benchmarking of the TC economy against any other economies. "Flying blind," the TCC could not see where it was competitive and where improvements were needed. Recognizing this, the EDGE team facilitated the publication and dissemination of the first two (2009 and 2010) Competitiveness Reports on the TC economy.

First Competitiveness Report on the Turkish Cypriot community

From the start EDGE worked with the Turkish Cypriot Chamber of Commerce (TCCC) to prepare the competitiveness report, adopting the benchmarking methodology of the Global Competitiveness Index (published by the World Economic Forum). Based on the assessment, the first ever Competitiveness Report of the TC economy was completed. It compared the local economy with the rest of the world, identified gaps and structural deficiencies, and provided recommendations for narrowing these gaps. The first Competitiveness Forum was then held to introduce the report and promote a broader

discussion among experts, business leaders, journalists and intellectuals on the need for change. Through the media, the Competitiveness Forum became an efficient mechanism to spread awareness to the public at large and foster a dialogue with diverse stakeholders including over the Green Line. One result was the initiation of a broad-based dialogue—including political, business and labor leaders—on the lack of private sector competitiveness. The impact of such a dialog is difficult to overestimate. As a result of these meetings, a constituency for business climate initiatives was built, and the participants were driven to promote better diagnosis of sectoral problems, and to promote policy reforms.

CTCI and producers at a global fair

In addition to the analysis and publication of the Competitiveness Report with the TCCC, EDGE also worked with CTCI to access global markets through having members attend international exhibitions. EDGE provided vital technical and logistical support, assisted with pavilion design, provided pre- and post-exhibition marketing advice, orchestrated press coverage, and helped produce world-class catalogs and brochures. Significant mentoring and advice was provided to CTCI for furthering its professionalism and increasing its ability to promote TC products in the global marketplace. As a result, the Chamber built sustainable, internal capacity for facilitating effective participation of TC businesses in international exhibitions.

"This is the most important report that our Chamber publishes and we will always be doing it." - **Gunay Cerkez, Turkish Cypriot Chamber of Commerce,** discussing the benefits of the Competitiveness Report.

Overview of Results

As a result of the Competitiveness Reports, the EDGE team introduced the global notion of what competitiveness is and how an economy should gauge itself versus the rest of the world. The reports were prepared according to the World Economic Forum's Global Competitiveness Index methodology, which reinforced the idea that standards for competitiveness are globally understood and expected. The EDGE team also worked to foster an open and transparent dialogue on issues of competitiveness, bringing an understanding of how an industry as a whole can benefit from sharing certain information.

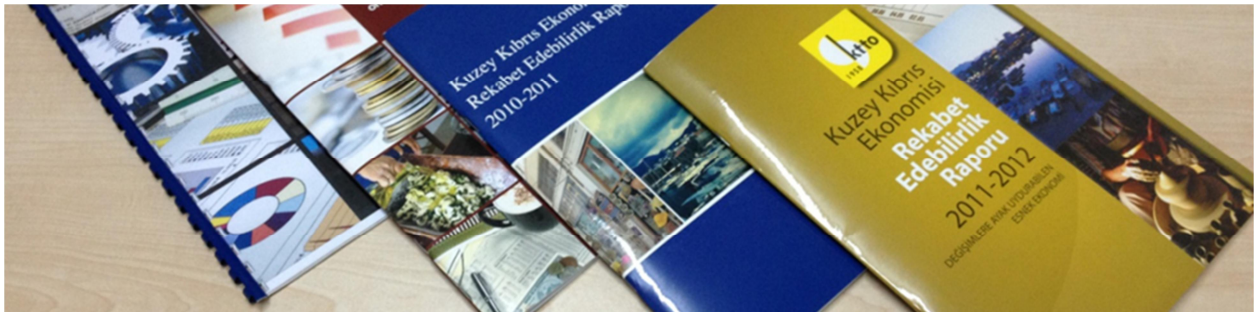
By building a strong understanding of competitiveness and global demands, as well as an understanding of the requirements for access to global markets, the project was able to broaden the horizons of the TC business community. To date, the CTCI assisted 37 companies to exhibit at 11 international trade fairs.

Resulting data is inherently difficult to capture but anecdotal evidence suggest that nearly all firms have generated increased sales as a result of participation in the trade exhibitions.

Institutionalization and Next Steps

The EDGE team worked with the TCCC on the production of the Competitiveness Reports, institutionalizing not just the publication of the report itself, but also the understanding of and concepts around competitiveness. The TCCC published the Competitiveness Report in February 2013 and has indicated its intention to continue publishing the valuable information as their members and the private sector have shown a strong interest in it. The TCCC has made dramatic strides since 2007 – it is now a more active and focused advocate for its members and for sound economic decision making in the TCC. The Chamber takes great pride in leading public policy advocacy in economic issues and preparing and printing economic reports in addition to the Competitiveness Report. These reports utilize globally accepted methodologies and focus on important subjects, such as the unregistered economy. On November 27, 2012, the TCCC hosted a panel discussion addressing economic advocacy and the respective roles of the media and the Chamber. This event brought together the main actors in this area from the TCC, including economic journalists, business leaders, and policy experts, reaffirming its role in promoting competitiveness and policy reforms within the TC economy.

EDGE also institutionalized the support of businesses attending international trade fairs. The CTCI has a dedicated unit that works with members to attend trade fairs in Europe and the Middle East. In fact, just one week after the project ended, the CTCI supported traders in attending the Berlin Fruit Logistica Trade Fair, which is just one of many CTCI-driven trade visits to come.



Competitiveness Reports produced and published by TCCC

Annex II: Global Standards and Certification

When EDGE began in 2005, a central challenge was to increase economic competitiveness of the Turkish Cypriot (TC) business community through increased interaction with global markets. For decades prior to the EDGE program, economic growth in the Turkish Cypriot community (TCC) was limited by real and perceived barriers, including limited market access. Having such a narrow market kept innovation at a minimum and development low, to the disadvantage of local consumers and business alike. Companies suffered from not recognizing the potential that access to global markets could provide.

EDGE determined that there were three main barriers to increased trade. The first barrier can be seen as the root of the other two – namely the perception that the TCC could not expand trade beyond the narrow market that had defined the business community for decades. Because trade had been so limited for so long, two other barriers had built up – (1) lack of understanding of what the market demands; and (2) products that did not have the consistency or trust that standards and certifications can provide to meet market requirements. The EDGE team set about addressing these barriers and expanding the market scope for the TCC. But in tandem, it was important that the TCC be ready and able to provide products and services the global market demands – standards and certifications were a necessity. To meet this need, the EDGE team introduced certifications such as GlobalGAP. With these certifications in hand, the TC agricultural producers could access more markets, meet the requirements of global consumers, sell in larger quantities and realize higher profit margins for their goods.

Ultimately, however, global standards and certifications are not only valued for products. The EDGE team recognized that standards and certifications for the higher-value services industry could provide similar gains to the TC economy. The team worked with the Chamber of Food Engineers to establish a safe food training and certification program for food establishments and with young professionals to provide much needed support allowing them to attain project management professional certification (PMP) through the global network of the Project Management Institute (PMI).

By broadening and expanding the market for TC businesses and professionals through adhering to standards and becoming certified, the TC private sector is now more competitive, innovative, and is producing consistent, quality products and services that are easily recognized in the global marketplace.

Activity Review

When the EDGE team began working with the TC businesses and producers, it was clear that products were either lacking quality standards or lacking the certifications needed to satisfy global buyers' requirements. Even more importantly, most companies had not assessed the market demand for their product and so were not producing to the market needs, nor packaging for optimal sales and profit.

GlobalGAP certification ceremony

Beginning at the firm level, the EDGE team worked with private sector companies to identify target market and demand. At the same time, by industry, the EDGE team identified the products that were suitable for global and Green Line (GL) trade and the standards and certifications that would be needed if the

products were to be offered in these markets. The EDGE team worked methodically through the steps of effective market analysis. As an early example, the EDGE team worked with a GC trader and a TC producer to facilitate a potato deal across the GL in 2007. The deal almost fell apart when the trader insisted on GlobalGAP certification for the potatoes. The producer had never sold potatoes with this certification before and at first thought that the requirement was being placed on him as an administrative burden. In fact, he saw it as a cost that would not be recovered. The EDGE team spent time explaining that this new market had different demands and requirements. The EDGE team worked with the producer, showing the potential profits in this new and broader market and then explaining how to attain GlobalGAP certification. Having recognized the benefits of this certification, the producer has kept his GlobalGAP certification current through the time of this report. Following this initial success, the EDGE team worked with a number of other producer groups such as pomegranate and citrus fruit producers, replicating the process. These early adopters then served as models for others, demonstrating the benefits of attaining certifications to overall growth and profit.

The success of GlobalGAP certification for the agricultural sector convinced the EDGE team that a similar program could and should be applied in other sectors – namely the professional services sector and the food service industry. For the professional services sector, the EDGE team worked with the Project Management Institute to raise awareness of the benefits of being a certified project management professional (PMP). EDGE developed a training program for interested professionals that consisted of eight weekly three-hour study sessions and a variety of examination practice sessions. The team also devised supplemental study materials and supported the logistics of taking the exams.

> *"We did not know the value of our program until we worked with EDGE on the financial sustainability and the cost model."* – **Chamber of Food Engineers** on the Safe Food Certification

In addition to the project management professional program, the team worked with the Chamber of Food Engineers to promote a Safe Food Certification Program for food establishments. While the program itself had already been developed through another USAID supported project, lack of awareness of its value had kept the certification from being utilized. The project team worked with the Chamber of Food Engineers to design an awareness program through news articles, interviews, and brochures at food establishments. In addition, the Chamber conducted a public opinion survey to understand the perceptions of the public regarding food safety and hygiene so that they could better explain the benefits of the certification.

Overview of Results

By exposing the TC producers and businesses to the benefits of standards and certifications, the EDGE team was able to improve the quality of products and services in the TCC and the competitiveness of those same products and services and the businesses in the broader global marketplace. Certifications allowed local producers, companies, and professionals to not just give consumers the confidence

that they were purchasing a quality product, but also – and more importantly – ensured that those within the TCC were speaking the same international language as their peers on issues of quality and standardization.

The GlobalGAP certification program resulted in 48 certified farmers, all of whom now use this certification to access regional and global markets, increasing the price that they can demand for their products. As a testament to the value of this certification, all the producers have continued to obtain the certification on their own without EDGE assistance.

The safe food certification program trained more than 210 food handlers at more than 50 different food establishments. By having a clear brand and logo, tourists and locals can select establishments that adhere to proper food handling and hygiene standards. This brand recognition has increased competitiveness for these certified locations and elevated standards in the sector overall.

For the PMP certification program, the examination pass rate exceeded the international average.

Institutionalization and Next Steps

Across the board, it has become clear that receiving a certification and realizing its benefits are the best impetus among TC producers and professionals for seeking and maintaining the standards required for membership or accreditation. As noted above, all TC producers who attained GlobalGAP certification with EDGE assistance have independently continued this certification. Likewise, those professionals receiving PMP certification have renewed their PMI membership and are continuing the education required to maintain good standing in the PMI and, in the process, continuing to learn management techniques and skills that are globally recognized. Meanwhile, the Chamber of Food Engineers have partnered with the Cyprus Turkish Chamber of Industry's (CTCI) Life Long Learning Center to continue providing the technical trainings for the Safe Food Certification Program. This model of partnership between business associations for the provision of important industry trainings has proven a successful example to be replicated for future professional trainings within the TCC.

As a result of EDGE assistance, professionals, producers and companies in the TCC are now better able to compete in the global marketplace. Not only does this work to close the gap between the Turkish Cypriots and Greek Cypriots, but it also contributes to a common vocabulary for professional exchange. Over time, producers and professionals within the community have recognized that adhering to international standards represents not just a nuisance cost of doing business, but instead is a small fee to access the opportunities of a vibrant and growing international marketplace, growing their own business and profits as a result.

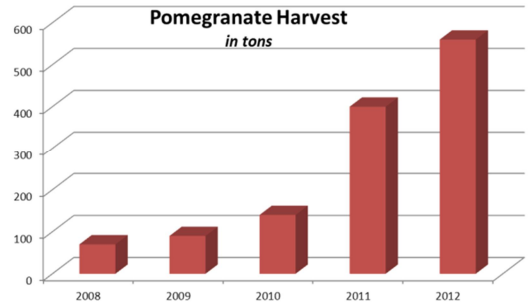
Annex III: Alternative Agriculture

Historically, agribusiness accounted for only about ten percent of the Turkish Cypriot community (TCC)'s gross output. EDGE recognized that there was significant potential for growth in the sector if pursued more strategically and with an eye towards achieving greater competitiveness. Additionally, the team believed this could be accomplished while decreasing the sector's demands on the environment. The team began its work with extensive research, including an analysis of environmental, market and infrastructure factors. This analysis indicated that there was great potential in introducing high–value alternative agricultural crops to offset declining demand for citrus. Crops such as pomegranates, passion fruit, capers, prickly pear, and salicornia continue to enjoy growing international demand and are better aligned with Cyprus' ecological realities, as they utilize less water and can better withstand Cyprus' multi-year droughts.

EDGE's research into the alternative crops identified pomegranates as the most promising crop to pilot. The EDGE team met with a group of citrus producers who were eager and willing to consider growing and marketing a new, higher value and more environmentally sustainable product. The team helped with the purchase of the seedlings, demonstrated the planting and related care that would need to be taken for pomegranates, supported GlobalGAP certification, and even trained four professionals who are now providing agricultural extension services as independent advisors. By the end of the program, the pomegranate pilot had matured through its full life cycle. Producers are selling the whole fruit to markets as far away as Holland and Sweden. Recognizing that more value could be had from second and third quality fruits, producers launched a freshly squeezed juice line made from arils of these fruits. This new product was launched in December 2012.

Activity Review

EDGE's research showed skyrocketing international demand for pomegranate juice since the identification and global marketing of its health benefits. Environmentally, pomegranate trees are well aligned with Cyprus's ecosystem, as they can endure greater water salination than citrus trees and require less water overall. This prompted EDGE to begin raising awareness with regard to alternative agriculture possibilities resulting in a pomegranate pilot project that would demonstrate the value of investing in an alternative crop. By nature, such a pilot project would necessarily last several years – from purchase of the seedlings, to selling the first harvest, and to developing and marketing other, higher value products. Along the way, capacity would need to be built since this was an unfamiliar crop with potentially new markets and new value-added product potential.



The EDGE team sought to build a strong foundation for other alternative crops to follow the pomegranate example through training a group of agricultural engineers to be able to provide agricultural extension services, by widely publicizing the results of the pomegranate cooperative – the

success of the juice and the sales to global markets, and by working with other farmers on smaller scale alternative crop production such as passion fruit. For the pilot itself, the project focused on five aspects:

Introduction of New Varieties. The project began with the introduction of new varieties of pomegranates that provided seasonal advantage for Cypriot farmers. EDGE facilitated the acquisition of seedlings of high-quality pomegranate variety, called Wonderful, for TC producers. These had the dual benefit of being globally in high demand and also being highly suitable for the climate, which allows for the product to be grown and available over a longer period each season.

Strengthening of Human Capital. A group of 22 growers expressed an interest in joining the pilot program. EDGE provided comprehensive training and highly-specialized international and local direct technical assistance to these interested growers. On-site and off-site training and demonstrations were conducted in orchard management, financial management, planting, irrigation, fertilization, winter pruning and pest management.

> *"What ALNAR has achieved by producing locally something as high-value and beneficial as pomegranate juice should be a model for other producers in the TCC to follow."* – **Ali Cirali**, President, CTCI discussing the importance of the ALNAR Pomi juice launch in December 2012

Technological Innovation. EDGE introduced new technologies and helped farmers to develop the techniques needed to grow pomegranates. An unintentional experiment was conducted by some of the growers that did not follow the EDGE-introduced technology of production, pest and weed control and harvesting techniques. In 2009, the yield of those "negligent" growers was 1.6 times less than those that followed the program recommendations precisely.

Promotion of International Standards. EDGE worked with agri-businesses, including pomegranate growers, to meet standards required for trade. This included introduction of GlobalGAP, which is required for access to the European Union, United States, and other large markets. EDGE supported the GlobalGAP certification process by assisting with the identification of the pests and related pesticides that were required under the certification guidelines as well as with the preparation of the certification documents and delivery of training programs. Thirteen of the pomegranate growers were GlobalGAP certified in 2009; all growers in the pilot program were certified in 2010.

Enhancement of Business Opportunities. Without an informed market, this pilot program could not be successful. EDGE helped forge the initial business deals, which had a catalyzing effect on the industry afterward. Pomegranate growers participated in targeted international exhibitions that helped to establish an international network and contacts and exposed the producers to competitive market realities. In the final months of the project, the team worked with the producers to successfully market their newest high-value product – freshly squeezed pomegranate juice. Branded "ALNAR Pomi" the first run of production of the juice was purchased by several local up-scale food establishments.

Overview of Results

Over the course of the project, 22 growers planted more than 22,000 pomegranate trees with technical assistance through EDGE. Additionally, even more than that number of producers started producing Wonderful pomegranates from the seedlings they obtained from EDGE-assisted producers. The overall sales volume for the fruit from these trees topped more than 12 tons in 2008. By 2012, the harvest was in excess of 500 tons, allowing for sales to diverse markets, including over the GL as well as to other European nations, including Sweden and Holland. Originaly, the pomegrantes were only sold as whole fruit. However, in 2012, a group of pomegranate producers were able to procure a juice machine and requested assistance from EDGE on the marketing and packaging of the juice. This juice is made from third quality fruit, reducing agricultural waste and adding a high-value product to the production chain in the TCC.

Most importantly, agricultural producers now have an example and a roadmap for how investing in a change such as a higher-value and more ecologoically friendly crop can result in significant economic gain.

Institutionalization and Next Steps

As a direct result of the work that EDGE undertook in alternative agriculture there are now four agricultural consultants who are available to provide agricultural extension services to producers. In addition, there are pomegranate and passion fruit producers who are thriving as a result of the alternative crops. The TC producers now understand how to conduct market analysis and successfully market their products to meet global demand. Producers are also continuing to certify under GlobalGAP to access those global markets and meet the standards that are demanded by customers.

In addition to these direct results, the work that EDGE demonstrated so successfully served as an example for other producers. In fact, there were almost as many parallel plantings as those undertaken with EDGE assistance.

EDGE Economic Development and Growth for Enterprises
The EDGE Program is implemented by Deloitte. Consulting LLP and funded by USAID FROM THE AMERICAN PEOPLE

Annex IV: Community Based Development

Lasting and sustainable economic development cannot come from the largest companies alone. Small and even micro enterprises are huge engines for growth, especially in Cyprus. Therefore, in 2006, EDGE began providing technical assistance to several local communities to support them in transforming their quality of life through small-scale, local economic development. This community based development (CBD) initiative helped communities identify their unique natural and cultural advantages and learn to manage and use these assets for economic and social benefit. The CBD initiative supported community organizations to build their capacity to advocate and act in accordance with their strategic vision for themselves.

Over the life of the program, EDGE worked with five different destinations (Buyukkonuk/Komi Kebir, Famagusta walled city, Yesilirmak/Limnitis, Lefke/Lefka and Camlibel/Myrtou) to introduce the CBD methodology and provide customized technical assistance to support the successful implementation of the methodology. Through EDGE, these communities and a broader audience of related stakeholders benefited from training, branding and strategy development activities.

As a result of EDGE's seven years of support, three community-specific associations (NGOs) were established to implement CBD efforts. The most visible results of the CBD work have been the numerous events – for example, Eco Days, Outdoor Festivals, and Children's Festivals. More important and meaningful have been the changes that the communities have been able to achieve through coming together. Women found a way to contribute to household income and have at the same time found a voice in the family and in the village. Likewise, communities were able to rally and influence decision making. The awareness of the history, culture, and environment of Cyprus were also all raised through the activities, promoting the destinations and leading to an improved experience for visitors and customers.

Activity Review

The CBD initiative was introduced to improve sound and community driven development EDGE introduced the CBD initiative in five different destinations, following a methodology consisting of three steps: awareness, product development, and promotion and marketing.

Step One - Awareness created a common understanding of CBD and its importance, along with an appreciation for the community's unique cultural, historical, and/or ecological assets, as well as the community's economic development potential. This step included community leaders and activists who were engaged in a consultative process. Involving the broader community early on and at every phase ensured buy-in and a sense of ownership, which in turn contributed to the longer term sustainability of efforts.

Step Two - Product Development enhanced or upgraded infrastructure, including physical infrastructure related to the assets of interest, and supported the development of human resource capacity through training activities.

Step Three - Marketing and Promotion created a "brand" for the community and also supported development of an appropriate and informed marketing strategy.

The EDGE team introduced the CBD methodology to five destinations and supported pilot implementation in two destinations, namely Buyukkonuk/Komi Kebir village and the Famagusta Walled City.

Buyukkonuk/Komi Kebir Destination Development Project: At the beginning, village residents were enthusiastic about the concept of becoming a pilot destination, but skeptical of that they could succeed in generating income or much interest. Using international, regional and island-specific best practices, EDGE inspired a group of leaders from the community to begin to work in earnest. This committee identified local assets and began to envision ways to improve conditions for residents and visitors. After several workshops, the location - "gateway to the Karpaz" - and the environment were identified as the most marketable assets for the village. In addition, the community members recognized that the quaintness of everyday life in the village could also be viewed as an asset. The fact that many of the Cypriot traditions that have fallen aside in the cities are still active and alive in the village could serve as a draw for visitors. Complementing this, handicrafts and local homemade foods made it a destination for those interested in Cypriot traditions.

BÜYÜKKONUK
ECO-TOURISM ASSOCIATION

During the second phase of the project, local products – e.g. food, handicrafts - were diversified and new products introduced. Ways to refurbish a historic olive mill, demarcate a nature trail network, and enhance the village center were found. As popularity for the village has grown, so too have the facilities to support that interest - for example five new bed and breakfast (B&B) facilities opened, complementing one facility that already existed in the region. Over the years, quality and diversity of products available in the village have also increased, as a direct result of the efforts of the villagers. These product improvements increased the reputation of the community and the pride of the community members, making them all the more committed to becoming good stewards of their village and its environs. The development of an association was in and of itself a unique product—something that has provided a sustainable mechanism to continue the community's development.

The third phase of the project focused on improving the capacity of the destination to organize and manage events as a way to promote and market the village and its culturally and environmentally rich environs. The "Eco-Day" event, first held in October 2007, attracted over 12,000 visitors when it was last held in October 2012. Attracting additional visitors for special events such as an Outdoor Fest is a clear testament to the community's ability to attract visitors and an indicator of potential sustainability going forward.

Development of this rural pilot project served to increase understanding, commitment, and ultimately the economic development of local artisans and entrepreneurs, who now see a market for their products that did not exist prior to this effort. Private investment and related economic development have let to better living standards.

Famagusta Walled City Destination Development Project: Complementing its work with rural communities, the EDGE program undertook a second destination development project for the walled city of Famagusta. The Famagusta walled city represents one of the most visible and interesting historical attractions in the TCC. The Famagusta walled city is endowed with an unparalleled wealth of cultural heritage and is an "open air museum" that documents Cyprus' rich, diverse, and multicultural past. The project was implemented based on the CBD methodology and by following the same phased approach as the project in Buyukkonuk/ Komi Kebir.

A group of community leaders actively involved in the Famagusta walled city identified the city's unique historical assets as its source for an overall better future for the community. By improving the experience of those who visit the city, people would then be more likely to visit again, stay longer, and spend more. EDGE worked with the community leaders to create an NGO, the Famagusta Walled City Association (MASDER), to be the formal organization that could drive the initiative forward. EDGE assisted this group to develop a logo as a visual brand for the community, which highlights the historical assets within the walled city.

Identified early on as an important component to any economic development initiative in the walled city, MASDER began to raise public awareness and work to improve the visitor's experience. MASDER supported the development of a walking trail and brochures/maps for visitors. One of these was translated into six different languages and included a children's companion map. . MASDER also organized several events that were designed to attract people to the walled city and expose them to the historical and cultural sights there. The association continues to plan and host events within the walled city to attract visitors to the historical city center.

MASDER has continued to strengthen its ability as an association to promote civic involvement in the walled city. They have secured office space in the center of the walled city that they use for classes and workshops, as well as for exhibits by local artists and historians. These classes and workshops have not only attracted support for the mission and activities of the association, but also have generated fees that support the administration of the association.

Overview of Results

By improving the local capacity to foster economic development in communities that could in turn support economic development as a whole, the CBD initiative has delivered a broad range of results in support of greater economic development in the communities where it has been implemented and has demonstrated how following the CBD methodology could enhance the development in other communities with the will and interest to implement it.

Over the six years of implementation, the first pilot destination, Buyukkonuk/Komi Kebir has managed to transform itself tremendously. Through their participation to the community based development initiative, the women in the community have become more empowered – running their own businesses and selling local products. Women now have a source of income and a voice within the family and the

community. The community in Buyukkonuk/Komi Kebir takes pride in their role as a trail blazer of CBD. They are now active in sharing their experiences with other interested, potential destinations.

In the Famagusta walled city, the local association, MASDER, is now an established and credible local organization, creating positive change within the community. MASDER has been asked to play the role of a "stewardship council" for the walled city by the local authority, contributing to the decision making process on issues related to the walled city. One recent example of MASDER's efforts in this area is the organization's support for cleanup for the Othello Castle area. One of the major historical sites for visitors to Famagusta, the castle area had suffered from neglect in upkeep for a period of years. MASDER lobbied hard to secure attention and resources for the area, which is now being revitalized to enhance the allure of Famagusta as a destination.

Institutionalization and Next Steps

Through the initiative, the EDGE team created a CBD model that communities can use to create economic opportunities for themselves by using their natural and cultural assets.

During the last few years of EDGE program, the CBD destinations have become self-sufficient in their implementation of the CBD methodology. The CBD model piloted in Buyukkonuk/Komi Kebir and Famagusta walled city serves as a model for other communities within the TCC. As the model has proven successful with destinations of various sizes and demographic compositions, it can be implemented in a variety of destinations in the future.

With an eye towards sustainability of the initiative, the EDGE team conducted a training of trainers program and trained local experts to become CBD trainers for destinations that are interested in the methodology. Additionally, EDGE organized a workshop to provide practical steps to various destinations on how to both use the methodology and how to conduct follow-on activities such as using the internet and social media in order to support the economic development strategies of local communities.

Throughout the implementation, EDGE also put special emphasis on bringing together members of all destinations who worked with EDGE, in order to create a network among the destinations to continue to exchange ideas and experiences as well as the resources. The network can further institutionalize their efforts by establishing a community based initiative platform to advocate for policy and economic reforms.

Annex V: Business Association Development

The goal of the EDGE program was to promote competitiveness, private sector development and economic growth in the Turkish Cypriot community (TCC). To accomplish this, the program team initially focused on supporting enterprises and firms directly through the business development services and assistance with marketing to and accessing of global markets. While some excellent progress was made, USAID and the EDGE team soon realized that providing support firm by firm would be too resource intensive and time consuming to be fully effective for a program of EDGE's size and duration. Adjusting quickly, the program shifted support to the business associations, which have the benefit of reaching a broad spectrum of the private sector firms, allowing the program team to work with a smaller number of people to reach a wider group of beneficiaries. The associations have a critical role to play in supporting enterprises, promoting trade, and advocating for economic reform. Additionally, these associations represented a natural institutional home for many of the development activities that the program was undertaking. And by providing assistance in this way, individual Turkish Cypriot (TC) businesses were encouraged to share sector and industry information to further the overall competitiveness of the private sector in the TCC.

From 2005 through the conclusion of the program in 2013, EDGE helped the three main chambers in the TCCC – the Turkish Cypriot Chamber of Commerce (TCCC), Cyprus Turkish Chamber of Industry (CTCI), Turkish Cypriot Chamber of Shopkeepers and Artisans (TCCSA) – evolve into vibrant and dynamic providers of services to their members and advocates of change and innovation. The team assisted associations to define their purpose, articulate their objectives and then chart a sustainable course forward by introducing fee-based services that add value to members and contribute to sector development and competitiveness.

Activity Review

EDGE began working with the three major business chambers in the TCC – the TCCC, CTCI, and TCCSA. As the project progressed, the team also worked with the Chamber of Food Engineers (CFE), the Turkish Cypriot Banks Association (TCBA), the Union of the Chambers of Cyprus Turkish Engineers and Architects (KTMMOB) and the Turkish Cypriot Insurance and Reinsurance Association (TCIRA). When the EDGE Program first started working with these Chambers and business associations, they were offering only basic services such as issuing necessary documentation for their members and answering questions when asked directly. Additionally, the Chambers were primarily operating on revenue collected from mandatory membership fees, which kept the Chambers from being an active force in the business community.

> *"On behalf of the Turkish Cypriot business community I would like to thank the EDGE Program and their staff for supporting, in fact pioneering, many projects from the KOBI Center to Competitiveness, from Institutional Capacity development to the support to increase the Green Line Trade."*
>
> -- **Ms. Seda Yavas**, Vice President, TCCC

EDGE worked with the Chambers and business associations to implement international best practices in areas of

project management, governance and communications, as well as to develop new programs and services that the associations have since offered to their members - many are now generating revenue that the associations can use to increase services and capabilities. EDGE helped build the professional capacities of associations in planning, governance, management, service delivery, and advocacy to promote competitiveness and build sustainable strategies for serving the private sector.

EDGE approached the development of the capacity and capabilities of the business Chambers (TCCC, CTCI and TCCSA) by focusing on improving the governance structure, developing programs and enhancing communications as building blocks to sustainability. To begin, the EDGE team conducted an organizational assessment of each Chamber supported, so that the Chamber leaders could better understand the current organizational culture and structure and provide recommendations for improving efficiency and effectiveness. Based on the findings of this assessment, the EDGE team worked with Chamber staff to develop a work plan to address those areas identified as needing improvements or changes. This work plan covering areas such as strategic plans, organizational chart, work flow improvements, membership surveys, governance improvements, communications, IT projects, and new member services, were developed in consultation with the organization. The EDGE team then advised staff and leadership from each organization on ways to improve the organization's responsiveness to member needs.

Based on recommendations of the EDGE team, Chamber leadership initiated training programs and fee-based services that were driven by the demand of members (as determined by surveys). The Chambers then realized that by understanding the needs of their members, they could not only better serve them, but also generate non-dues revenues that can then be used further improve the organization. All of the three main TC Chambers launched Business Development Services, which improved business practices and increased access to credit within the TC private sector. The TCCC, CTCI and TCCSA all signed protocols with local banks to improve members' access to credit at more competitive rates and/or with additional benefits.

Beyond these general areas of assistance, the EDGE team also supported each target organization in specific areas, as determined both by organizational priorities and areas of need identified through the assessment process:

CTCI: The EDGE team supported trade development activities and the organization's life-long learning initiative.

TCCC: The EDGE team assisted the organization with initiating awareness and understanding of competitiveness issues, and supported the organization in developing an active role as a public policy advocate for members.

TCCSA: The EDGE team provided support for development of vocational training capabilities as a new realm of member services.

Food Engineers: The EDGE team provided support for the development of Safe Food Certification training and launched an awareness program for the certification itself among the local food services.

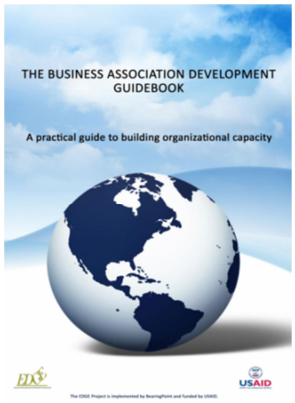
TCIRA: The EDGE team assisted TCIRA to develop training and a certification program for insurance agents. Through the organizational capacity developed with program support, the TCIRA also established an information database that includes detailed information on policy holders for auto insurance. The information provided allows companies to measure the risk of policy purchasers and price accordingly.

TCBA: EDGE supported TCBA to develop a training program and the capacity to create more training modules for bankers. The team also supported TCBA to launch an e-learning platform for this training. This has given TC banking professionals access to training that otherwise would be difficult to attend.

KTMMOB: EDGE assisted KTMMOB in surveying its members regarding training needs. On the basis of survey results, EDGE supported training in contract management (FIDIC) and project management.

Overview of Results

While working with each Chamber and association individually, the EDGE team took a consistent approach to strengthening of the organizations. The team implemented the activities and reforms with the Chamber staff and leadership, taking the time to make sure that the ability to continue to innovate and deliver for members was institutionalized within the organization. To facilitate this, the team created the Business Association Development Guidebook, a one-stop-shop tool for practical information on international best practices as well as examples from around the world, which could be used by any new staff to these associations or by associations that might not have the benefit of this collaborative learning process.



Furthering the human capacity development of the Business Associations in the TCC, the EDGE team created 22 training modules – nine for business association development, three that focus on business development services, and ten economic development training modules – in order to share international best practices on specific topics. EDGE then took these business association development modules and published them in an electronic format. More than 200 copies were distributed to private sector leaders across the island - in both the TCC and the Greek Cypriot community (GCC). This moved the training program from a simple skill building exercise limited to the TCC, to a foundation for a common understanding of best practices for Chambers and business associations for all communities in Cyprus.

While the training programs were quite helpful in building capacity and skills, the EDGE team recognized that learning is best internalized when it is interactive and applied. For this reason, EDGE also facilitated nine interactive workshops for Chamber and business association staff members on topics such as Business Association Development, Organizational Communications, Programs and Services, Public Policy Advocacy, Business Development Services, Economic Development, Presentation and Facilitation

Skills. In total, more than 100 participants from over 12 Chambers and business associations attended workshops and training events.

In addition to the events, EDGE designed and implemented several customized training and capacity building programs. These included the Business Association Executive Exchange Program (BA EEP) and the Economic Development Fellowship Program (EDFP). These programs were designed to provide targeted organizational executives with the opportunity to observe first-hand organizations that operate according to international best practices, gain experience, develop skills and practical tools, and develop a wide professional network. EDGE also organized the first comprehensive bi-communal Chamber and business association networking event, which was attended by 50 executives from TC and GC organizations.

Again, beyond broad support for associations as a sector, EDGE also saw meaningful results of assistance to targeted association-specific priorities:

> *"Seeing is believing! EDGE provided a way for our members to attend international trade exhibitions and it changed their perspective."*
>
> -- **Mustafa Gunduz**, Former Secretary General, CTCI

CTCI: As a result of EDGE assistance, CTCI established a "Lifelong Learning Center" to contribute to personal and career development of the workforce in addition to helping the businesses develop further by meeting their training needs. Additionally, CTCI – in its role as representative of TC manufacturing entities – established an exhibition services unit, supporting better and more effective access to global markets for members. CTCI began promoting participation in targeted international exhibitions in 2007 and as a result of EDGE assistance, 27 companies attended 11 international exhibitions between 2007 and 2010.

TCCC: As the representative of most business in the TCC, the TCCC now serves as a public policy advocate for economic reform. As an outgrowth of the original EDGE-supported development, research and publishing of the first Competitiveness Report for the TCC, the TCCC now researches and publishes the Competitiveness Report annually, benchmarking the TC economy against other international players. The TCCC also assists in the publication of many other economic reports of tremendous economic value to businesses in the TCC.

TCCSA: The TCCSA chose to focus on vocational training as its primary service priority because of its role representing small businesses and artisans. As a result of EDGE assistance, the TCCSA established a multi-purpose training center and a vocational training program to educate young craftsmen and apprentices and to provide continuing education for existing craftsmen, fulfilling a critical staff development need for TCCSA member organizations. This program also targets at-risk youth who now have a place to go and learn a vocation that is of use to the TCC and will provide them with much-needed income.

Food Engineers: At the conclusion of EDGE assistance, the Food Engineers have successfully developed the Safe Food Certification program, ensuring TC food establishments have a recognized symbol of quality that could serve in attracting customers or buyers, and further ensuring that TC businesses are speaking the same international language as their peers in food safety standards. Additionally, the food engineers began support for CSR-related activities as a result of another EDGE program initiative, deepening their member service and networking options, as well as solidifying their brand within the community.

TCIRA: Through EDGE support, TCIRA created the training capacity for TC insurance agents, set standards through certification, and thereby have given a professional standard for these "faces of the industry," that is in line with international best practices. Through the organizational capacity developed with EDGE assistance, they were also able to develop an information database that will be critical for companies and enhance their capacities in risk-based pricing, therefore improving competitiveness. The database was operational as of the writing of this report.

TCBA: EDGE supported TCBA to develop the first fully operational e-learning platform in the TCC. This provides critical infrastructure to long-term support for ongoing professional development needs within the TC banking community.

Institutionalization and Next Steps

As with all of EDGE's areas of work, the program team took great steps to ensure that long-term sustainability of activities and institutionalization within the local community were key parts of activity development and implementation.

In addition to overall stronger governance structures within the targeted associations themselves, the CTCI, TCCSA and TCIRA's learning centers along with the TCBA's e-learning platform serve important training and development functions for organization members and will serve as foundations for continued development and expansion of training-focused member services well into the future.

In its particular role as a trade facilitator for TC manufacturing firms, CTCI has excelled in delivering fee-based exhibition services and at the time of project conclusion continued to facilitate and support participation of its members in approximately five international exhibitions per year, greatly increasing their interaction with international buyers and markets. Understanding its important role in promoting trade, CTCI is invested in planning its new activities towards further trade development just before the conclusion of the EDGE program.

A major success of EDGE support, the Competitiveness Report, will continue to serve as an important guide in identifying areas for development in TC economy and competitiveness issues. After the conclusion of EDGE support, the TCCC supported publication of the 2013 report, launched in February 2013, and will continue to prepare this important guide on an annual basis in the future.

Annex VI: Fostering Intra-Island Trade

Cyprus acceded to the European Union as a de facto divided island on May 1, 2004. The European Union (EU) law was suspended in the north and the suspension made it necessary for special rules concerning the crossing of goods, services and persons across the Green Line (GL), the line dividing the two communities. Council Regulation (EC) No 866/2004 of 29th April 2004 (Green Line Regulation) entered into force on 1st of May 2004 and lays down special rules concerning goods, services and persons crossing the line between the Greek Cypriot community (GCC) and the Turkish Cypriot community (TCC). The regulation aims to control the movement of goods and persons across the Green Line and also aims to promote the Turkish Cypriot (TC) economy.

At the launch of the EDGE Program in 2005, trade across the GL constituted only a trickle of transactions. Most were consumer transactions for the purchase of retail goods. Enterprises from both communities eschewed open trade for political reasons, citing that customer knowledge of bi-communal relationships would ruin their businesses. Those that were interested in trade across the GL encountered both real and perceived barriers, including the challenges of accessing the benefits of newly enacted and not yet well-understood EU regulations on GL trade. By focusing on improving intra-island trade the EDGE team sought to increase the economic performance of the private sector in Cyprus, and at the same time to build trust and understanding between the business communities on the island.

Activity Review

As a first step, EDGE designed and facilitated meetings between and among the Turkish Cypriot Chamber of Commerce (TCCC), the Cyprus Turkish Chamber of Industry (CTCI), from the TCC, and the Cyprus Chamber of Commerce and Industry (CCCI), from the GCC, to address intra-island trade constraints. The goal was ambitious; the meetings, later branded as Commerce Roundtable meetings, were to promote mutual familiarity and cooperation between the communities and become a forum for discussion of business and trade barriers, advocacy issues, application of the GL Regulation, points of commercial-oriented contention, and other topics relevant to both business communities.

By the end of the project, a total of 34 Commerce Roundtable meetings had been organized and facilitated by EDGE. While the first meetings concentrated on finding individual solutions and removing specific constraints to transactions across the GL, the main focus of the meetings is now on creating bi-communal opportunities and increasing GL trade more broadly. One such activity was the establishment of the Cyprus Producers Network (CPN), a web-based network for connecting buyers and sellers from both communities. EDGE worked with the Chambers to implement a series of activities, including the CPN, with funding from the United Nations Development Program-Action for Cooperation

and Trust Program. The CPN increased cooperation and business linkages across the GL. Another activity was publication of a GL trade brochure that mapped, by product, the regulatory steps that Turkish Cypriot (TC) and Greek Cypriot (GC) producers are required to take in order to trade across the GL.

Significant effort was taken to support TC businesses in understanding the EU and other market standards and regulations that need to be met for trading across the GL. The EDGE team worked with the Chambers to develop the capacity internally to facilitate GL trade, troubleshoot and track the trends by sector for trade. The resulting reports, compiled by EDGE from data supplied by the Chambers, serve as a useful barometer of where improvements in regulations might be made. Each Chamber now has dedicated personnel with the knowledge and capacity to facilitate GL trade. They also have had the opportunity over the years to build strong relationships with each other. This development of trust, understanding, and cooperation among the business communities has been one of the most important outcomes of the EDGE-organized initiative around intra-island trade.

Overview of Results

During the first week of December 2012, EDGE facilitated its final Commerce Roundtable meeting, marking 34 Commerce Roundtable meetings during EDGE's tenure. These meetings successfully resolved more than 40 trade-related issues. Additionally, during EDGE's tenure, the total value of GL trade (not including sale of electricity) increased from approximately 1 million Euros in 2004 to an average annual amount of 8.5 million Euros in 2008. Even during the current economic crisis environment, GL trade still averages over 400,000 Euros per month. More than just a forum to discuss issues of mutual concern regarding trade across the GL, the Commerce Roundtable meetings had a tremendous impact on the overall business climate on the island. To be sure, the Chambers now have professionals with the experience and knowledge to support GL trade and trade more broadly. Beyond this, though, the courage and commitment of the Chambers and the people within those Chambers resulted in a mind shift on the benefits of increased interaction over the dividing line. Trusted relationships built through the forum have enabled the sharing of knowledge and information on a variety of issues of common interest, including changes to GL trade rules and regulations, monitoring and analysis of trade trends, new opportunities for trade, and analysis on markets and competitiveness. Through the relationships developed, 10 TC companies were also able to gain access to attend and exhibit at the Cyprus International Fair between 2006 and 2008, an important new channel for linkages to international trade opportunities. Additionally, a user-friendly guide for traders in both communities to quickly understand the steps and procedures required for GL trade was jointly produced and published by the participating Chambers.

Another major success of greater interaction between the chambers and communities was the Cyprus Producers' Network (CPN) project, which evolved into the Interdependence Project.

CPN/Interdependence supported five sector-specific business-to-business meetings with traders from both the TCC and GCC (covering Food and Beverage; Furniture; Building Materials; Paper, Plastic & Chemical Products; and Information & Communications Technology). These meetings were attended by a total of 54 GCC and 71 TC companies, and yielded new partnerships between at least 10 of the participating firms within the first five months of operation. The total value of assisted transactions reported to the Chambers during this period was approximately 150,000 Euros.

One notable successful example of collaboration between the two communities can be seen in the response to a looming electricity crisis in the GCC in 2011. When this crisis hit, the participating Chambers were able to work out an arrangement resulting in 28.8 million Euros of electricity trade between the communities between July 2011 and March 2012, an outcome that would have been unlikely without the regular, sustained and constructive collaboration facilitated by EDGE .

> *"If it wasn't for the Roundtable meetings that EDGE organized, and the relationship and trust that I developed with Günay during those meetings, the "electricity deal" would not have happened."*
>
> **– Manthos Mavrommatis, Cyprus Chamber of Commerce and Industry** referring to the transfer of electricity from the TCC to the GCC after the explosion at Mari

Institutionalization and Next Steps

In December 2012, EDGE facilitated a discussion of the Commerce Roundtable focused on how best to continue the positive collaboration. All three Chambers expressed an interest in continuing to hold the meetings. As EDGE will no longer facilitate, the hosting responsibilities will rotate through the Chambers. In addition, the GL trade reports and data will continue to be collected and shared between the Chambers' GL trade specialists. Having worked together for so many years, the three Chambers could not envision a future that did not involve their active collaboration. The effort begun by EDGE to bring the business communities closer together is now firmly rooted within the Chambers themselves.

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Annex VII: Financial Sector Strengthening

The financial sector plays a critical role in stimulating private sector growth and economic competitiveness anywhere. Recognizing this, EDGE was designed at the outset to focus on improving the services and products provided by the financial sector, specifically the Turkish Cypriot banking sector, in order to support economic development and greater private sector access to credit as well as contributing to combating money laundering through enhancing capacity, transparency and reporting standards.

At the beginning of the EDGE program, it was recognized that the Turkish Cypriot (TC) banking sector had limited access to the global financial markets. This presented many challenges for local businesses looking to access financial resources. The EDGE team determined that the best way to develop the sector and connect to global financial markets would be to move in parallel with the public and private sector to effect lasting change. While working with the regulatory authority to put a framework in place that aligned with international standards, the team also worked with the banks and related associations, such as the Turkish Cypriot Banks Association (TCBA), to develop core competencies and how to advocate for future reforms and innovations. Included in these efforts, but important enough to warrant separate mention, was the team's work with anti-money laundering (AML) efforts in the TCC. This work involved a combined effort – training and capacity development – to improve local capacity to identify and resolve suspicious transactions through better procedures and processes.

As a result of EDGE assistance, the TCBA evolved into a stronger association that can advocate for improvements in the sector and can deliver the information, training, and support for increasing the skills and abilities of the professionals in the sector. The TCBA now has an increasingly visible role in advocating for and shaping public policy promoting banking sector reform and adoption of AML measures. TCBA, for example, worked in collaboration with the international community to advocate for the necessary improvements needed to warrant review of the TCC designation on international watch lists. At the same time, through EDGE assistance, the TC banking regulator fully adopted a risk-based supervision framework and practices that improved efficiency and effectiveness in the face of increasing limitations on available resources.

Activity Review

The EDGE team organized activities to support the strengthening of the financial sector into three main areas: support of the policies and procedures that govern the sector; development of anti-money laundering capacity, strengthening the overall human capacity; and association capacity to further innovation in the sector. These activities are detailed here below:

Support of Sector Policies and Procedures

The EDGE team worked with the regulatory authority, providing advice and technical assistance to better align banking and anti-money laundering provisions with global best practices. One important goal was to improve banking supervision practices in order to enhance transparency and effectiveness through establishing a risk-based supervision program.

Revising the rules was only one small aspect of this change. The EDGE team then turned to providing technical assistance to establish the practical procedures and information needed for implementing the risk-based supervision framework. This framework was of particular importance since the regulator has limited resources. Knowing where to focus these resources is important as not all institutions are of equal risk. Utilizing this framework effectively allows the regulator to accomplish more with fewer resources; the supervisory resources can be allocated based on the riskiness of the institution involved, rather than evenly divided.

> *"EDGE helped me better understand the importance of risk-based supervision especially in the case of a regulator with limited resources".* **Turker Deler,** bank supervision professional

EDGE also sponsored the participation of three professionals in an Advanced Risk-Responsive Operating Framework course, organized by the United Kingdom's Financial Services Authority. This course was informative, giving the experts more information about international standards and best practices in an international setting. While attendance in the course allowed the participants to develop a greater understanding of the international norms in the sector, more importantly, they were able to meet and interact with their peers in the industry who are dealing with similar regulatory challenges. They now have a network of colleagues with whom they can share information and questions and through whom they can stay in touch with trends in the industry.

Anti-Money Laundering Efforts

Money laundering is a major concern for the international financial community. It is of particular concern in a financial market that has had limited exposure to international financial markets. At the beginning of the EDGE program, the TC authorities were beginning to upgrade regulatory frameworks, something that presented EDGE with the opportunity to assist in ensuring that the Turkish Cypriots were aligning with international best practice.

The EDGE team knew that for the financial sector of the TCC to improve its reputation and to be better able to serve a growing private sector, this issue would need to be addressed quickly. As a result, the EDGE team came up with some specific areas of technical assistance that could improve the local capacity to combat money laundering. In particular, EDGE consultants provided recommendations for the upgrading of the regulatory framework; and sponsored a study visit to other similar jurisdictions to provide a first-hand experience of observing efforts to combat money laundering. Furthermore, EDGE supported the establishment of a technologically advanced capacity for receiving and analyzing reports from the obligated institutions. The process started with receiving the monthly reports from the banking sector and then further expanded to include the insurance sector.

Additionally, EDGE collaborated with another USAID-funded project—Capacity Development Project—to initiate a certification program for AML specialists. Specifically, a group of professionals were trained in

the curriculum of the internationally recognized Certified Anti-Money Laundering Specialists (CAMS). Thirteen professionals received certification from the Association of Certified Anti-Money Laundering Specialists. The program had benefits beyond the obvious certification of individual professionals. It provided information about international standards and principles to a group of over one hundred and gave the participants the opportunity to interact and network with other professionals working on AML issues globally.

Capacity Building and Training Development

Like in other areas, the EDGE team recognized the importance of having a local organization or association sustain any training programs and to be a voice for continued change and innovation in the sector. For this reason, the EDGE program partnered with the TCBA to design training programs collaboratively - international subject matter experts providing global best practices working with local professionals who could tailor the information to the local reality. This partnership created better and more relevant content for the training program. More importantly, this approach trained a cadre of local professionals to be trainers, but also taught them how to design training programs so that the ability to continue to develop and implement training is now institutionalized in the TCC.

The training capacity developed through EDGE's assistance was the first sector-specific training program that focused on the needs identified by a particular sector. For this reason, the approach was almost as important as the content of the training program. The EDGE team began by identifying qualified and committed local professionals who could support implementation and growth of the training program was essential to the success and institutionalization of the program. In particular, the team was focused on finding professionals who could both serve as trainers and support design and localization of the training content. A group of 21 local subject matter experts were identified as having the right mixture of expertise, interest and drive to be successful partners in developing the courses. These professionals were involved in the process from the outset so that they could, with EDGE team, design the courses and then deliver them.

> *"I strongly believe that you have to be trained to train. I have learned a great deal from participation in EDGE's bank training program, both as a participant and an instructor".*
>
> **Tolga Cagakan**, Assistant General Manager, Kibris Vakiflar Bank

This group began by conducting a rigorous training needs assessment, which showed those areas most in need of increased skills and understanding. Armed with this list, the group worked with international experts in these areas to design, develop and deliver training modules that addressed the gaps. This approach enabled the inclusion of international best practices in the course content, while the local subject matter experts adjusted and added content to make sure that it was fully relevant in the local environment. As a result, the EDGE team was able to introduce 13 locally developed training courses targeted to improve the capacity and skills of the TC banking sector. Courses developed and delivered with EDGE assistance included: Basic Principles of Human Resources Management; Introduction to

IAS/IFRS for Bank Accountants; Accounting for Non-Accountants; International Banking Law and Regulation; Strategic Marketing and the Banking Sector; Credit Management and Risk Analysis; Customer Oriented Services; International Trade Finance; Train-the-Trainer; Bank Accounting and Financial Reporting; Problem Solving and Effective Decision Making; Basic Banking; and, Credit Analysis.

As the program continued, EDGE built on the bank training program, creating a learner-centered, blended learning program consisting of a combination of electronically based and workshop-style courses that will better meet the needs of the TC banking community. By moving away from a purely classroom-based approach, the courses became more broadly accessible and convenient. Many financial sector professions can now access courses on demand, using the e-learning platform; through the platform they may also register, review and choose courses, enroll, and pay online. The e-learning platform provided the participants flexibility of access and therefore enables a wider reach for the content. This is in line with the approach of the EDGE team, which was to tailor the training to the target group, in this case focusing on using adult training methodologies and providing maximum flexibility for busy professionals . This adult training methodology was then used to develop training programs for other sector specific needs, including in the dairy and insurance sectors.

Overview of Results

At the start of EDGE assistance, the team ran an initial assessment of compliance with the *Basel Core Principles for Effective Banking Supervision* in order to better determine the gaps with the international best practices and therefore design the program accordingly. The result of the assessment showed that the sector scored only 126 out of a possible 180 points. Armed with this information, EDGE was able to better target its assistance. Specifically, those areas most in need of adjustment to align with international best practices and standards were those related to corporate governance, risk, internal control and internal audit and the anti-money laundering policies and practices. After these improvements, the score increased to 134 points at the end of first three years – a 6 % increase.

With EDGE assistance, the banking sector and related organizations were able to realize a number of achievements. In the realm of banking sector training and capacity development, 21 local subject matter experts were trained as banking sector trainers. These trainers in turn designed and developed 13 separate training courses to cover all aspects of capacity development for the sector. By the project's conclusion, over 270 bankers were trained through these courses. Additionally, EDGE supported TCBA to develop an e-learning platform, to complement workshop-style training courses.

In the area of overall financial sector policies and procedures, EDGE supported the regulator in the development and roll-out of risk-based supervision practices. Likewise, EDGE assisted the regulator in better combating money laundering by supporting development of technological capacity to underpin efforts. Additionally, 13 professionals were successfully certified as CAMS, further increasing human resource capacity and global confidence and trust in this area. Development of the sector as a result of EDGE efforts also encouraged more inclusive reporting, branching just beyond the main banking sector, to include ancillary activities such as insurance and exchange bureaus.

Institutionalization and Next Steps

The EDGE program efforts in financial sector strengthening were structured from the beginning with an eye towards long-term sustainability. For example, the TCBA now has the training capacity developed – trainers, content, an understanding of the process – for the banking sector. Policies and practices developed with EDGE support have a natural home with the professionals engaged in the sector, most of whom have now been exposed to international best practices. In the area of AML efforts, the professionals certified with EDGE support are preparing to develop a formal structure where they can continue to develop programs for this important area of the banking sector, including supporting and facilitating future workshops and trainings for compliance officers.

As with other sectors where EDGE provided support, finalization of efforts within the banking sector focused on leaving the sector at a point where representatives and sector specific organizations were well informed about the international best practices and what improvements are needed to further their competitiveness and transparency.

Annex VIII: Insurance Sector Capacity Development

Beginning in early 2008, the EDGE team recognized the need to expand support for the financial sector beyond banking and into the second largest subsector, insurance. Deep and broad financial markets, particularly those that allow for quality risk mitigation through sound insurance products, help the private sector and individuals leverage their assets while at the same time protecting against accidents, disaster, and other unforeseen forces. This secure access to capital and financial services benefits the wider economy, especially small and medium sized enterprises (SMEs), which are often constrained in their financing and have little reserves for risk-taking. The banking and non-banking financial sectors both need to be strong, as they are key elements in the development of a sound financial system.

The TC financial sector has struggled historically with being dominated by a few large players who are subject to little to no oversight or regulation. When the EDGE team began work with the insurance sector, they identified a clear set of priorities and developed an action plan to include support for policy reform; sector alignment with international best practices; capacity building and governance support for sector-specific organizations; and support of human capital capacity in the sector.

The EDGE program focused on bringing the insurance sector in line with international and particularly European Union (EU) standards and best practices. Systematically addressing the legislative framework, certification, and the human capacity, the team was able to enhance the overall sector's competitiveness. As a result of these efforts, the insurance sector now has products, practices and certifications that are more in line with international standards. Almost more importantly, the Turkish Cypriot Insurance and Reinsurance Association (TCIRA) has taken the lead in developing the human capacity of the sector and is continuing to enhance the ability of the sector to deliver products and services that are in line with global best practices and that meet local demand .

Activity Review

The EDGE team began its work with the insurance sector in 2008 and immediately conducted a thorough assessment of the sector, publishing the findings in a guideline report. This report included practical recommendations for regulating and supervising the insurance sector and defining the next steps to prepare the sector as a whole for the alignment to the best practices. This report served as a roadmap for EDGE's engagement the sector.

EDGE's assistance targeted both the improvement of regulatory framework and helping the private sector actors to adjust and adapt accordingly. The EDGE team did more than just share findings with the sector participants and leaders, but brought them in as partners to design and implement activities.

Providing Technical Assistance for the Insurance Companies Legislative Framework:

When EDGE started to work with the insurance sector the insurance sector legislative framework was not well developed, nor was it aligned with the international best practices. The EDGE team provided technical assistance to harmonize the legislative framework with EU and international best practices. As a result of this effort, insurance services legislation was enacted that supported improvement of the sector. Additionally, six secondary "regulations"—insurance agents, insurance information center, insurance companies' establishment and operational principles, technical reserves, solvency and

guarantees regulation—were issued. The secondary "regulations" provided the detailed principles on the abovementioned topics.

> *"We are now one step closer to international standards; it will be a lot easier to harmonize the industry when the solution is found".*
> -- **Ibrahim Kavcin**, Secretary General of the Turkish Cypriot Insurance and Reinsurance Association

Capacity Building for the Turkish Cypriot Insurance and Reinsurance Companies Association:

Beginning in 2008, EDGE supported the TCIRA's efforts to build capacity and increase the services offered to members and to be an effective advocate for improving the sector. Through EDGE's support, the association became better equipped to continue to contribute to the development of the sector. One such service is a database for policy information as well as a searchable site for sharing that information. They have also institutionalized the training program developed with EDGE's assistance and now run agent training and certification classes that generate income while improving the capacity of the sector. TCIRA is now a stronger advocate for policy reforms.

Building the Capacity of the Sector to be more prepared for the implementation of Solvency principles:

As a component of overall sector support, the EDGE team provided technical assistance on meeting the requirements of Solvency, which will bring the TCC in line with international best practices and more importantly those that are in place in the GCC and in the EU. Introduction of Solvency requirements in the insurance sector naturally leads to risk-based actuarial calculation, which is the next step for the sector. Having this actuarial information will allow companies to better understand and diversify their risks. The EDGE team provided workshops and training courses on Solvency principles, in collaboration with TCIRA, to various experts in the sector, including accountants and auditors. These discussions and training courses deepened the understanding of the Solvency principles and associated requirements and how they should be applied. It also helped activate dialogue among all that would help the sector in implementing the new and technically advanced Solvency principles.

EDGE also introduced some other best-practice concepts such as arbitration and mediation mechanisms and worked to demonstrate how these mechanisms can support overall improvements to the sector. Additionally, the team worked directly with agents, who are the "face" of the insurance industry, to ensure that they had knowledge of the sector-specific efforts and to improve overall professionalization of the sector.

> "EDGE helped us devise a road map towards the adoption of international best practices by specifically pointing out what we are lacking, why we are lacking it, and how we can fix it." – Banking regulation professional

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Providing Technical Assistance for the Development of Agent Certification and Training Program:

EDGE also supported TCIRA to develop an agent training capacity and framework. TCIRA now has the capacity to augment initial training modules with other training courses that will support continuous improvement of human resource capacities within the sector. Through this activity, a training capacity was developed based on EDGE's demand-driven training methodology that covers topics from international best practices. As part of this effort, EDGE implemented a Train the Trainers program for local insurance experts to work with TCIRA to develop the training content around international best practices, while localizing content to local realities and needs. Through the process, the local experts had the chance to work with EDGE's international expert who provided support for the inclusion of the international perspective within the training modules. The training content established through EDGE support, can further be developed by the local trainers to offer additional learning options to the sector.

Overview of Results

EDGE's efforts helped the insurance sector better understand the international practices and standards associated with their industry so that it can better align itself with international standards and become more competitive. The lasting and most meaningful result of the work done in the insurance sector is the creation of the capacity within the sector itself to be able to continue to adjust, adapt, grow and improve. The regulator and the TCIRA have the experience now that will allow them to design their own road map for furthering the competitiveness of the sector by adopting new practices, standards, and policies. For example, through the training capacity developed within the sector, 156 agents were trained and licensed as agents. In order to ensure the sustainability of the efforts in this regard EDGE supported establishing a training facility as the home for the training.

The EDGE team also provided assistance to the regulator in upgrading the regulatory framework in line with the International Association of Insurance Supervisors (IAIS) Insurance Core Principles (ICP) framework. Near the program's conclusion, the team worked with the regulator to conduct the IAIS International Core Principles Assessment of the sector's supervisors. This assessment was meant to serve as a guide to help the supervisor develop a roadmap for future improvements after the conclusion of EDGE assistance.

Institutionalization and Next Steps

Today, TCIRA is an established leader for the insurance sector in the TCC. Though much progress has been made, there is a continuous need to adapt to global developments and innovations that would bring greater efficiency to the sector. TCIRA is well-positioned to serve as a leader in advocating for these changes. In addition, the TCIRA has the training capacity to create and deliver training programs that would allow the sector to be effective under any new regulation. Additionally, the organization is

focused on making further investments to continue to provide services to its members and value to the insured community.

The training facility for agents established with EDGE assistance will continue to grow. In addition to refresher courses and ongoing professional development opportunities, the center is developing plans to add courses and further expand the number of training programs offered.

Annex IX: Strategic Corporate Social Responsibility

With the end goal of sustainability in mind, EDGE undertook its 2012 initiative to raise awareness and understanding of strategic corporate social responsibility (CSR) as a way of supporting the civil society organizations (CSOs) and non-governmental organizations (NGOs) that would need to tap private sector resources to survive as donor funding in Cyprus decreased. Besides providing services to CSOs, EDGE simultaneously introduced the private sector to the concept of strategic CSR—something that can provide a competitive advantage in the marketplace. NGOs and CSOs were accustomed to receiving general donations for their causes; likewise, the private sector was accustomed to giving charitable donations quietly and without asking for any reports or feedback on how the money was spent or what result was achieved. The EDGE team focused its efforts on changing this status quo, encouraging both sides to ask more about and of the funds used for solving a social issue.

Thanks to EDGE's broad-based efforts to raise public awareness, including through small pilot projects, the TC private sector now has a better understanding of the difference between philanthropy and strategic CSR. Sponsoring firms are asking for more information on results from the money 'invested' rather than donated. At the same time, NGOs and CSOs have gained a better understanding of how to develop a cause-based project plan and how to measure results, not only to attract more corporate funding, but also to maximize the impact of funds spent.

Activity Review

The EDGE team worked with CSOs to develop the capacity and tools needed to properly propose project plans that companies could fund as part of corporate social responsibility. At the same time, the team met with several private sector companies to raise awareness about the potential for CSR to create benefits in the society as well as for the company's bottom line. Having laid the groundwork of awareness, the team then prepared several workshops and presentations to "kick off" the initiative in the community. The team delivered two seminars: one oriented towards the NGO and CSO community and another oriented towards the private sector.

Following this initial awareness raising effort, EDGE consultants worked one-on-one with those private sector companies and NGOs/CSOs that expressed an interest in CSR to develop and design projects that could create those win-win partnerships. The EDGE team decided to harness the existing philanthropic culture in the TC private sector, refocusing the attention from the cause to the result. By putting in a real project plan with goals, targets, measurements and feedback, the private sector could see the benefits of supporting a particular NGO or CSO through results. The first projects focused mainly on health and youth as these are issues that the private sector has traditionally supported through pure philanthropy.

The EDGE team worked with these early pioneers to monitor and report on success and make changes where certain activities were not having the desired results. The team also worked with the partnership teams on how to communicate their efforts and achievements, in order to create rising public interest in CSR In the community at large. By January 2013, there was enough interest to host a second group of events. The centerpiece this time was a panel event where three partnerships discussed what worked and what could be improved for their project implementation. The team also distributed a handbook

for private sector actors as well as CSOs/NGOs that included practical steps to take in designing and implementing a successful CSR initiative.

Overview of Results

In less than one year, the EDGE team facilitated six matches, supporting implementation of seven CSR projects:

Children Eat Well – *The Turkish Cypriot Diabetics Association and Metgin Trading Ltd.*
The Diabetics Association designed a four-day curriculum for primary students at summer schools, which was funded and assisted by project partner Metgin Ltd., an importer of food products, including healthy foods that children enjoy. The Association sought to promote healthy eating and exercise in children as a way to combat the rise of diabetes and obesity in the TCC. Metgin provided resources for printing the materials used, which featured their import products. Metgin Ltd. also sponsored the certificate ceremony at the end of the program and also gave samples of their healthy, kid-friendly food products. The partners then worked on the second phase which expanded the program into primary schools where they had a wider audience.

Children Graduating from Children Eat Well program

Food Safety Information – *Food Engineers and Oero Trading Ltd.*
The Chamber of Food Engineers had an idea to supply area grocery stores and supermarkets with informative brochures for the public about how to make informed food purchasing decisions and how to handle food properly for health and safety. The Chamber wanted to raise awareness for this important issue on World Food Day. While the food engineers had the idea and the information developed for the brochures, they needed funding and support in developing a full project plan. A major importer, Oero Trading, agreed that the project fit with their corporate goals. Oero agreed to fund the printing cost of the brochure, while artfully placing their products in the brochure as positive examples of safe and healthy food, thus promoting their food products in a subtle, positive way. They also were able to use the distribution networks they already had established to place the brochures in local grocery stores. As a result of this project, more than 10,000 copies of brochures and 500 matching posters were distributed and both parties were pleased by the results that they agreed to work on a second project (see below).

Child practices proper hand washing technique

Dove Hand Washing Campaign – *Food Engineers and Oero Trading Ltd.*
After the successful implementation of the World Food Day information campaign, the two groups agreed to team up again to provide information and awareness to children about the benefits and importance of hand washing. Through this CSR program, the food engineers were able to teach the children in area kindergartens about the importance of proper hand washing through an interactive workshop. Oero, an importer of Dove products, distributed sample packets of Dove soap products. They implemented the program in three kindergartens and reached more than 200 children through the workshops, increasing awareness of the importance of hand washing

to prevent the spread of disease, while at the same time promoting the use of Dove soap products.

Eat Right, Live Healthy – *Turkish Cypriot Dieticians Association (TCDA) and Atakom Trading Ltd.*

Meeting between the TCDA and Atakom for planning the Eat Right, Live Healthy program

The "Eat Right, Live Healthy" CSR project was designed by the TCDA to raise awareness of healthy eating and exercise choices that can positively impact overall wellness. Atakom Ltd., a major TC trader of primarily food products including a line of competitive high-fiber food products, teamed up with TCDA to engage local leaders from seven target areas The first phase involved a survey to understand the awareness level of healthy living in the target villages. The TCDA members also took measurements, introduced the basics of healthy eating habits and the benefits of physical exercise on overall health. Phase two will entail a series of follow-up visit after several months to track awareness and behavior change as well as to distribute additional information. The CSR project was awarded with "Best CSR Idea" award by the producer company of the high-fiber food products from Turkey.

Outdoor Fest – *Buyukkonuk Eco-Village Association and Turk Bank*
The Buyukkonuk Eco-Village Association, already an EDGE partner focused on community based development (CBD) activities, partnered with Turk Bank to design a successful event that was different from its previous CBD activities. This event focused on bringing young professionals to the village. The festival focused on outdoor activities that could be enjoyed by all generations, and allowed participants to experience the natural beauty of the Buyukkonuk/ Komi Kebir region. Meanwhile, Turk Bank was able to engage and motivate employees while at the same time creating positive press for their company. The Association learned from this experience how to market their events and activities to the private sector for funding. As a result, they were able to attract other private companies to partner with them for the following Eco Day.

Human Resource Capacity Development in the TCC – *Management Center and Turkcell*
The Management Center's mission is to expand the skills of those seeking jobs in the private sector. While general unemployment is an issue in the TCC, the private sector still has difficulty finding and retaining talented employees with the right skillset. In addition, providing training does not always solve the issue, as there is a high turnover rate in the private sector as many people prefer jobs in the public sector. For this reason, Turkcell and the Management Center partnered to try to address this through raising the overall human-resource capacity in the private sector. The two have come together with a plan to implement a project that will establish a human resource network. The ultimate goal of this network is to improve human resource management capacity and therefore contribute to the competitiveness of the private sector as an employer. This project is still in the planning phase.

My Money; My Future – *Young Bankers Association and CardPlus*
This project is designed to teach responsible financial management to young people. A local credit processor, CardPlus, determined that such a program would be helpful for youth between

15 and 18 years old, many of whom are just starting to develop the saving and credit habits that will decide their financial future. They reached out to an NGO, the Young Bankers Association, whose stated mission is to assist young people to have a greater understanding of and an interest in the banking industry. The Association agreed to provide the network needed to connect the trainers for the program and they will also help to tailor the content that has been developed already by a similar project in Turkey. CardPlus will fund the CSR and thus gain more responsible future or current customers, able to pay their bills on time. This project is still at the design phase.

Institutionalization and Next Steps

Panelists discuss lessons learned and best practices

Activities to date have been small in scale and short in duration. They were meant to allow the private sector to test the waters, trying structured and planned CSR activities for the first time. Meanwhile NGOs have seen the usefulness of developing a project plan and how to forge trusted partnerships with the private sector. Now that the private sector has an established level of comfort with CSR as a practical and strategic business opportunity, larger projects are beginning to be planned. To date, each project facilitated with EDGE support has resulted in ongoing commitments from all partners to work together on new, even larger projects.

With the impending conclusion of the EDGE program and the end of the EDGE team's role as a "matchmaker" for CSR partnerships, EDGE realized that CSR would still need support to continue to gain traction in the TCC. Support for CSR in the community would need to find a new home. In September 2012, the Cyprus Turkish Chamber of Industry (CTCI) expressed a strong interest in setting up a CSR fund. This turned into a solid concept where CTCI would not only pool the resources of members to fund specific CSR projects, but would also provide a service to members around CSR. This concept is slowly being put into action and with a young and active staff that believes in the power of CSR to transform private sector competitiveness while promoting social good.