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*Building Cross-sector Partnerships and Linkages through the TREALBEXPO event/Tirana/April 2011*

# Rritje Albania / Competitive Enterprise Development Project

**ANNUAL REPORT OCTOBER 2010 – SEPTEMBER 2011  
(INCLUDES QUARTERLY REPORT JULY- SEPTEMBER 2011)**

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# ACRONYMS AND ABBREVIATIONS

|         |  |
|---------|--|
| A2F     | Access to Finance  |
| AADF    | Albanian-American Development Foundation                       |
| AAQM    | Authentic Albania Quality Mark Program                         |
| ACIT    | Albanian Center for International Trade                        |
| ACMR    | Albanian Center for Marine Research                            |
| AFS     | Albanian Factoring Services                                    |
| AITA    | Albanian IT Association  |
| AmCham  | American Chamber of Commerce                                   |
| APS     | Annual Program Statement                                       |
| ARG     | Albanian Rafting Group   |
| ASC     | Albanian Software Cluster                                      |
| ASCG    | AEGIS Strategic Consulting Group                               |
| ATA     | Albanian Tourism Association                                   |
| ATACT   | Association of Traditional and Artistic Crafts and Trades      |
| ATOU    | Albanian Tour Operators Union                                  |
| B2B     | Business to Business   |
| CDS     | Citizen's Development Corps Development Solutions              |
| CED     | Competitive Enterprise Development                             |
| CFA     | Chamber of Fassion Albania                                     |
| CGP     | Client Growth Plan   |
| CIFF    | Copenhagen International Fashion Fair                          |
| CMMI    | Capability Maturity Model Integration                          |
| dTS     | Development & Training Services                                |
| EBRD    | European Bank for Reconstruction and Development               |
| EG      | Economic Growth  |
| ETI     | Education and Training Institutions                            |
| EU      | European Union   |
| FAM     | Familiarization (tour)   |
| GDP     | Gross Domestic Product   |
| GoA     | Government of Albania  |
| GIZ     | <i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> |
| GSTC    | Global Sustainable Tourism Council                             |
| ICT-TRC | ICT Training and Resource Center                               |
| KPI     | Key Performance Indicator                                      |
| KRA     | Key Results Area   |
| METE    | Ministry of Economy, Trade, and Energy                         |
| MICTI   | Ministry of ICT and Innovation                                 |
| MoU     | Memorandum of Understanding                                    |
| MTCYS   | Ministry of Tourism, Culture, Youth, and Sports                |
| NAIS    | National Agency for Information Society                        |
| NCGFM   | National Chamber of Garment and Footwear Manufacturers         |
| NTA     | National Tourism Agency  |
| PBMP    | Performance-Based Monitoring Plan                              |
| PEP     | Productivity Enhancement Program                               |
| PFS     | USAID's Partners for Financial Stability                       |
| PIR     | Project Intermediate Result                                    |
| PMI     | Project Management Institute                                   |

|         |   |
|---------|---|
| PMP     | Project Management Professionals  |
| PMU     | Project Management Unit   |
| PPD     | Public-Private Dialogue   |
| PPP     | Public-Private Partnership  |
| PUT     | Polytechnic University of Tirana  |
| RCI     | USAID's Regional Competitiveness Initiative                                       |
| SEE     | South Eastern European  |
| SIPPO   | Swiss Import Promotion Program  |
| SNV     | <i>Stichting Nederlandse Vrijwilligers</i> (Netherlands Development Organization) |
| SPI     | Software Process Improvement  |
| STIKK   | Kosovo ICT Association  |
| STTA    | Short-Term Technical Assistance   |
| TAM-BAS | Turn Around Management – Business Advisory Services                               |
| ToT     | Training-of-trainers  |
| UNDP    | United Nations Development Program  |
| UNESCO  | United Nations Educational, Scientific and Cultural Organization                  |
| UNWTO   | United Nations World Tourism Organization   |
| VET     | Vocational Education Training   |
| WEF     | World Economic Forum  |
| WTTC    | World Travel and Tourism Council  |

# SECTION I

## A. EXECUTIVE SUMMARY

On March 18, 2009, USAID/Albania awarded Chemonics International and subcontractor partners Development & Training Services (dTS) and Citizen's Development Corps Development Solutions (CDS) the Albania Competitive Enterprise Development (CED) contract, a five-year activity with a value of \$9,774,154 USD. To better resonate with the local client enterprises and Albanian partners, the project team proposed the name *Rritje Albania/Competitive Enterprise Development* and throughout the remainder of this report, the project will be referred to as Rritje Albania. The report covers project activities which took place during the period of October 1, 2010 - September 30, 2011, hereinafter referred to as FY2011, in-line with USAID's fiscal reporting year.

During FY2011, Rritje Albania's implementation approach to activities across target sectors and components was informed by current contractual obligations, as well as lessons learned through project implementation, shifting USAID strategic priorities, and contextual changes in Albania's political and economic landscape. This discussion summarizes the accomplishments of our efforts first by sector and then by component.

From the start of the project through September 30, 2011, Rritje Albania has interacted with at least 530 businesses, 343 of which belong to the project's target sectors of garment, footwear, tourism, information and communications technology (ICT), and recycling. The remaining 187 companies<sup>1</sup> took part in multi-client and cross-cutting industry events such as business-to-business (B2B) meetings, conferences, trade fairs, access to finance (A2F) factoring roundtables, and a grants awareness workshop. During FY2011, Rritje Albania reached more than 200 new enterprises, promoting better management practices and productivity-enhancement tools, catalyzing business opportunities, and improving linkages between project beneficiaries and other industry stakeholders and public partners. Furthermore, Rritje Albania signed 74 new Client Growth Plans (CGP) with individual businesses, thus formalizing our provision of direct technical assistance and cooperation over the life of the project. In order to effect broad improvements in the competitiveness of Albania's key economic sectors and maximize the reach of short-term technical assistance (STTA) and other project activities, firm-level support was complemented by project work at the meso and macro levels, resulting in greater numbers of firms reached and predictably higher impact at the industry level.

During FY2011, meso and macro efforts focused on advancing improvements in Albania's business environment and regulatory framework; facilitating private-public dialogue and partnerships on shared and cross-cutting industry concern; strengthening the organizational, financial, and lobbying capacities of key business associations to better represent and serve interests of members; and lastly, proactively participating in regional initiatives. As a result, the project delivered a significantly higher number of industry-wide activities, including but not limited to: the provision of technical assistance to draft a revised Albanian tourism law; the vigorous promotion of the Authentic Albania Quality Mark (AAQM) and SPI - IT Mark programs to help Albanian tourism and ICT industries meet international certification standards; active participation in Albania's Vocational Education Training (VET) Subsector Working Group and the Tourism Stakeholder Meetings; the creation of the Garment and Footwear Stakeholders Working Group as a public-private forum where competitiveness constraints at the macro, meso, and micro levels are raised; the launch of the garment and footwear industry websites; the organization of Albanian Textiles Week in October 2010 in collaboration with GIZ<sup>2</sup>; the completion of a Business Plan to

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<sup>1</sup> The industry/sector was either not noted or the company profile belongs to a non-target sector.

<sup>2</sup> German International Assistance Agency formed in 2011 by the unification of GTZ, DED, and Inwent.

establish the Albania ICT Training and Resource Center (ICT-TRC); technical support for and collaboration with target industry associations, such as the Albanian Tourism Association (ATA), Albanian Tour Operators Union (ATOEU), Albanian IT Association (AITA), Albanian Software Cluster (ASC), National Chamber of Garment and Footwear Manufacturers (NCGFM), Chamber of Fashion Albania (CFA), as well as mentoring of their member companies through trade fairs and sales and marketing programs; support to the Ministry of Tourism, Youth, Culture and Sports (MTYCS) in the organization of the United Nations World Tourism Organization (UNWTO) Conference on “Tourism as a Tool for Sustainable Regional Development” addressed by the UNWTO Secretary General in Tirana in November 2010; and regional cooperation through USAID’s Regional Competitiveness Initiative (RCI) on the National Geographic Western Balkans Website and GeoMap Project, the Regional Tourism Summit held in Sarajevo in September 2011, and regional ICT initiatives.

The knowledge and feedback gained through firm- and industry-level activities conducted in FY2011 were utilized by the Rritje Albania staff in designing and developing our implementation approach and activities for the forthcoming year, which are covered in the FY2012 Work Plan to be submitted on October 30, 2011.

As prescribed in the project’s contract, Rritje Albania addresses constraints to competitiveness and stimulates the growth of target sectors through three cross-cutting components, namely trade and investment, enterprise productivity, and workforce development. In FY2011, Rritje Albania met and exceeded 24 of its 26 contract indicators, as shown in the table below.

| Level of Achievement   | Number of Indicators |
|------------------------|----------------------|
| Result > 200%          | 11                   |
| 100% = < Result < 200% | 13                   |
| Result < 100%          | 2                    |

In FY2011, project activities in support of expanding trade and access to new markets trained 343 people representing 129 companies and 6 key industry associations driving the tourism, garment and footwear, and ICT sectors. These beneficiaries received a range of technical assistance delivered through 20 events covering improvement of sales and marketing skills; development of corporate identity packages and industry websites; set-up, management, and follow-up of business leads generated through B2B meetings; and participation in trade fairs and industry conferences.

Rritje Albania activities in support of improved enterprise productivity and increased competitiveness of Albanian products provided direct firm-level assistance to 96 companies through 18 different events, and 595 people representing 244 companies received assistance and training to improve management practices. This assistance was primarily delivered through our Productivity Enhancement Program (PEP), which was designed by an international short-term expert and implemented in collaboration with two local professors at the Polytechnic University of Tirana (PUT). Other activities counted under this component include the launch of the small grants program and approval of 6 applicants; 3 Access to Finance (A2F) Roundtables on Factoring; and several workshops on e-commerce and website training and development.

Under the workforce development component, a variety of activities and one-on-one mentoring occurred across target sectors that saw the participation of 740 people. Of these, 395 people completed these programs in FY2011. Rritje Albania’s activities this year, included but were not limited to the promotion and implementation of the PEP at garment and footwear companies; the internship pilot program at PUT; the AAQM program in tourism; the SPI - IT Mark program in ICT; the Amcham Job Fair; and various training-of-trainers (ToT) for PUT professors and tourism professionals. In total in FY2011, 293 people

gained employment or better employment as a result of participation in workforce development programs supported by Rritje Albania.

The next section highlights key project initiatives launched and/or implemented during FY2011. Many of these activities build on previous project work, the explorations of new opportunities at national and regional levels, as well as the lessons learned along the way. Section III of this annual report outlines initiatives and results across the three project components, and Section IV covers the context, challenges, and lessons learned of this reporting period as we look forward to the next year of implementation.

## **B. Project Goals and Implementation Principles**

The goal of Rritje Albania is to enable Albanian private enterprises to expand their business and improve competitiveness, thus contributing to the country's continued, broad-based economic growth. The project's main objectives are to support the sustained expansion of non-agricultural enterprises, increase household income and create gainful employment by developing and strengthening the competitiveness of existing enterprises and start-ups in targeted municipalities in Albania. The project works to achieve these objectives through three component areas of intervention:

- Trade and Investment Capacity Strengthened (PIR 1)
- Private Sector Productivity Increased (PIR 2)
- Workforce Development Improved (PIR 3)

Rritje Albania works first and foremost to identify competitiveness constraints at firm and industry levels in order to deliver a combination of appropriate technical assistance, training, targeted grants and/or linkages to financing in order to help businesses overcome these constraints. The aim is to increase sales and create new and better jobs in five target industry sectors, which include tourism, garment, footwear, ICT and other/recycling. In addition, when feasible and necessary, Rritje Albania interacts, supports and collaborates with various stakeholders at the meso and macro levels of the industries in order to support and encourage long-lasting developments and sustainable economic growth.

The project's work in the above areas is guided by the following principles:

- Implement market-based and demand-driven interventions
- Foster local ownership and participation
- Leverage resources and prioritize interventions through partnerships
- Focus on results and lessons learned to guide the implementation process

### **B1. Key Industries and Regions**

Rritje Albania works with entrepreneurs, investors, and other economic actors involved in selected industries and enterprises, not including agriculture-related industries and enterprises that fall within the scope of USAID's Albanian Agriculture Competitiveness project. Following the process described in the original technical proposal, a short-list of industries that make up a large portion of Albania's gross domestic product (GDP) and hold the greatest potential to substantially increase in size were identified as follows: garment, footwear, tourism, ICT, and recycling. In our FY2012 work plan, the project proposes to continue its efforts in the garment, footwear, tourism, and ICT sectors, but to withdraw recycling as a target industry. In this annual report, project activities in all sectors are described.

The following table provides an overall summary of the number of companies, by industry sector, with which Rritje Albania had engaged to date, either through industry events, one-to-one visits, or signed CGP agreements.

**Table I-B.1 – Enterprises Appraised and/or Supported by Rritje Albania**

| Sector/ Industry | Visited/Multi-client Event | CGPs Signed |
|------------------|----------------------------|-------------|
| <b>Garment</b>   | 97                         | 34          |
| <b>Footwear</b>  | 30                         | 15          |
| <b>Tourism</b>   | 168                        | 14          |
| <b>ICT</b>       | 42                         | 9           |
| <b>Recycling</b> | 6                          | 2           |
| <b>Other</b>     | 187 <sup>3</sup>           | 0           |
| <b>TOTAL</b>     | <b>530</b>                 | <b>74</b>   |

With regard to geographic coverage, at its start, Rritje Albania commenced work in the 10 municipalities of Shkoder, Kukes, Fier, Korce, Pogradec, Vlore, Tirana, Elbasan, Durres, and Gjirokaster. However, through September 30, 2011, the project had responded to requests for assistance from firms in 12 other municipalities: Bajram Curri, Berat, Golem, Himara, Kavaja, Kruja, Lac, Lezha, Librazhd, Lushnja, Puka, and Saranda. When prioritizing the needs and constraints to address, Rritje Albania is guided by the location of companies by industry rather than the municipality. Project events described elsewhere in this document will bring together project stakeholders in the localities where Rritje Albania works and serve as “viral marketing” opportunities for the project.

## **B2. Results Framework**

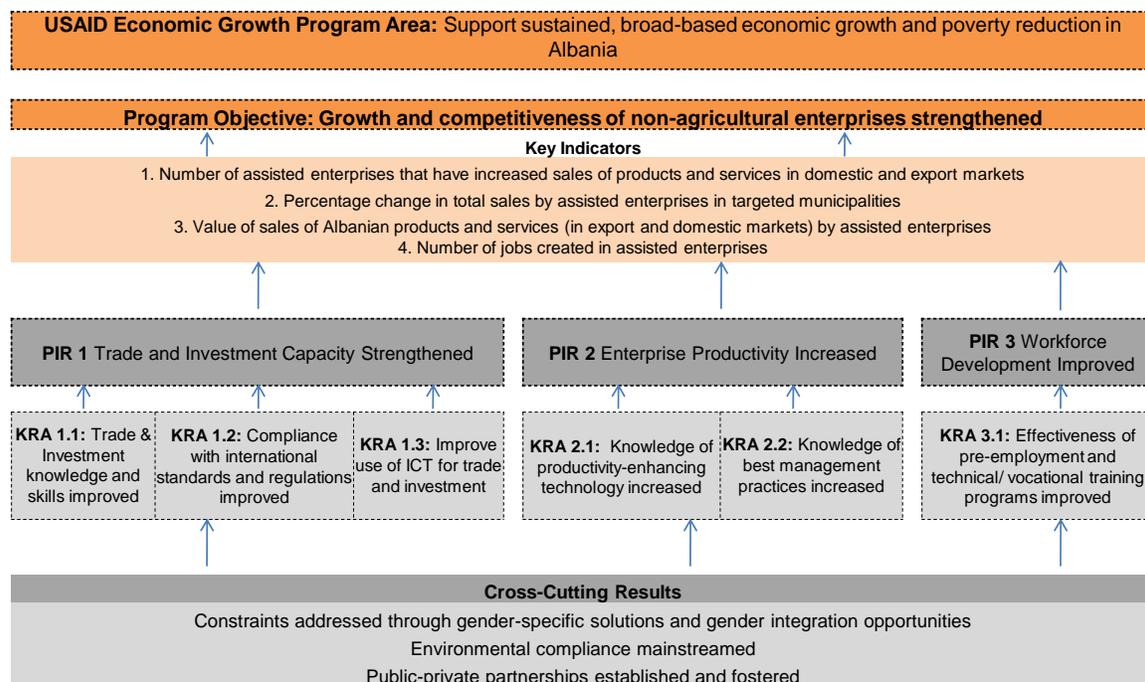
During the development of the technical proposal for Rritje Albania in 2009, the project team designed a framework that aligned the activities, outputs, and outcomes with the current USAID/Albania’s Economic Growth (EG) Development Objective. All work conducted in this framework supports sustained, broad-based economic growth and poverty reduction. Rritje Albania contributes to this result through its program objective of strengthening the growth and competitiveness of non-agricultural enterprises. The causal models underlying USAID’s EG strategy guided the development of the project’s Year 1 and Year 2 work plans.

In early 2011, USAID/Albania began to draft a new EG strategy that is nearing the final stages of internal USAID review and approval. Early indications, shared with Rritje Albania during the development of its contract Year 3 work plan in February 2011, indicated that USAID/Albania’s new strategy will shift emphasis from the firm level to supporting the establishment of improved conditions for growth at the meso and macro levels. With this in mind, the project increased its activities at these levels of its target sectors while remaining faithful to the achievement of the goals and objectives of its contract. The strategic decision to work at all industry levels is proving to be highly advantageous because constraints to competitiveness are often due to information asymmetries and unequal relationships between private and public sector value chain actors, as well as weak or absent public-private-dialogue (PPD) venues. By working at all levels through its network of implementation partners, the project is able to leverage its resources for the short-, medium- and long-term benefit of Albanian businesses.

<sup>3</sup> This number includes companies outside the project’s target sectors that were included in multi-clients events or came into contact with the project staff.

Based on our experience in the first year and ea half of project implementation, in November 2010 Rritje Albania proposed a revision to its results framework to streamline the direct and indirect results with the program elements and sub-elements of USAID Albania’s current EG area. The requested changes were submitted with supporting rationales in a revised Performance-Based Monitoring Plan (PBMP) covering April 1, 2011-March 17, 2014. The revisions requiring a contract modification were approved in February 2011, and are reflected below.

## Rritje Albania Year 3 Results Framework



Because any one technical assistance activity can often be scored under different components when recording the indicator targets achieved, the project developed its annual work plan by first analyzing the target sectors and determining what was needed to achieve goals and objectives. The specific inputs and outputs for each component and Key Results Area (KRA) are described by Project Intermediate Result (PIR) and laid out in greater detail in the FY2011 Annual Performance Report in Annex B. Please note that the results framework also recognizes the importance of the cross-cutting themes of gender, the environment, and public-private partnerships (PPP). Steps will continue to be taken to ensure that they are integrated into all our interventions.

### B3. Results-Based Management

*Planning, monitoring, and evaluation.* In order to plan for and manage results, the process of monitoring and evaluation is consistently integrated into all facets of implementing Rritje Albania. A web-based database records, manages, analyzes, and shares on a monthly basis the considerable volume of qualitative and quantitative information collected through various project activities. The regular collection, analysis, and review of results contribute to:

- **Best Practices** – Identifying and replicating successful approaches to improve the performance and effectiveness of specific activities
- **Lessons Learned** – Documenting results of interventions and revising the approach as needed, as well as planning new objectives, results packages, and activities based on results. This area also includes management decisions on whether to abandon under-performing activities, strategies, or objectives
- **Reporting and Communications** – Documenting and reporting on findings on the impact of assistance for internal and external purposes

*Performance-Based Monitoring Plan (PBMP)*. The monitoring and evaluation system comprises several components. In addition to including the targets for the period, the PBMP is the overarching framework that ties together the following elements to ensure successful results-based management:

- Baseline data from CGPs and AAQM applicants
- Enterprise quarterly reports detailing sales, jobs, and qualitative improvements/changes
- Event reports detailing participant lists, pre-workshop questionnaires, evaluation forms, and B2B meeting forms
- STTA reports on industry-level and multi-client initiatives

Data collected and analyzed through these tools is included in quarterly and annual reports and used to adapt planning and management accordingly.

## **C. Administration and Finance**

This section describes the administrative and financial management aspects of the Rritje Albania project, which drove technical implementation during FY2011. In addition to the field office staff positions described below, the project team is backstopped by a Project Management Unit (PMU) at the Chemonics headquarters in Washington D.C. At the close of FY2011, Rritje Albania is fully staffed in all positions, including the four key personnel positions of: Chief of Party, Trade and Investment Specialist, and two Competitiveness Specialists (Business Advisors). Other technical positions include the Monitoring and Evaluation (M&E)/Communications Officer, M&E/Communications Assistant, Tourism Advisor, ICT Advisor/Workforce Specialist, and Grants Manager. These persons are supported by an administration staff consisting of an Office Manager, Accountant, Translator/Administrative Assistant and two drivers. For an organizational chart of the Rritje Albania team, please see Annex E.

## SECTION II - TECHNICAL ACTIVITIES BY SECTOR

Although Rritje Albania's contractual results framework is structured along three intervention components focusing on trade and investment, productivity, and workforce development, a look at the major initiatives and groups of activities by target sector is helpful in understanding the project's rationale for choosing these activities in response to both market-demand and the context of industry development.

In FY2011, Rritje Albania continued to expand its outreach and assist an increasing number of enterprises. Project activities occurred at both firm and industry levels as Rritje Albania organized, hosted, sponsored, and actively participated in a very large number of events, including workshops and training seminars, multi-industry roundtables, stakeholder working groups, communications and awareness raising activities, and presentations at local and regional conferences. The majority of these activities were organized in close collaboration with an increasing number of strategic partners from private sector organizations, public institutions, and/or members of the donor community in Albania. These partnerships are outlined in detail in Section IV-B of this report.

### A. Tourism Technical Activities

#### A1. Snapshot of the Tourism Industry

In 2010, the Albanian tourism industry generated \$841 million USD in sales, which represents 6.8 percent of Albania's GDP, and the sector employed 69,000 people, which represents 5.5 percent of total employment in the country. According to official Government statistics, the number of visitors to Albania in 2010 was 29 percent greater than in 2009. This trend continued in 2011, as the Ministry of Tourism, Culture, Youth, and Sports (MTCYS) reported a 40 percent increase in the number of visitors during the first six months of 2011, in comparison to the same period in 2010.

This year, the Lonely Planet guidebook stimulated particular interest in Albania when it listed it as the number one destination to visit in 2011. CNN soon followed suit by listing Albania sixth in its list of top ten travel destinations of the year, and prominent British newspapers such as the Telegraph and the Independent stirred further interest by illustrating Albania's best travel assets, including its culture, history, and cuisine, with special articles and photographs in their summer travel section. Albania's generous hospitality is no urban legend considering that World Economic Forum (WEF) deemed Albania one of the top three countries in the world, after Lebanon and Barbados, to display great openness to foreign travelers and to boast a business community which places great value on its tourism<sup>4</sup>. In 2011, the Government of Albania (GoA) declared the travel and tourism industry as one of its priority sectors. And in view of Albania's forthcoming centennial year of independence, the MTCYS developed and launched a promotional campaign under the catchphrase "2012: Visit Albania Year."

The impact of the travel and tourism industry in any country's economy bears no dispute, and as the World Travel and Tourism Council (WTTC) argues, the breadth and depth of that impact can be much wider and deeper than what is apparent<sup>5</sup>. Therefore, Rritje Albania is confident that many of its initiatives

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<sup>4</sup> WEF: *The Travel & Tourism Competitiveness Report 2011* can be found at [http://www3.weforum.org/docs/WEF\\_TravelTourismCompetitiveness\\_Report\\_2011.pdf](http://www3.weforum.org/docs/WEF_TravelTourismCompetitiveness_Report_2011.pdf).

<sup>5</sup> The World Travel and Tourism Council compares the visible and hidden aspects of tourism's impact in other sectors of a country's economy to the parts visible and hidden parts of an iceberg, suggesting that any positive interventions in the tourism sector are bound to have deeper and multiplying effects in the overall development and growth of an economy. For more on this argument, please check out the following link: [http://www.wttc.org/eng/Tourism\\_Research/Tourism\\_Impact\\_Data\\_and\\_Forecast\\_Tool/](http://www.wttc.org/eng/Tourism_Research/Tourism_Impact_Data_and_Forecast_Tool/).

in support of sustainable tourism development in Albania will have a positive impact on the country's economic growth across sectors and long after the project closes in March 2014.

Until recently, Albania's tourism industry was oriented towards the "sun, sand, and sea" travelers, attracting the majority of tourists from neighboring Kosovo and Macedonia. As Albania's tourism businesses look to expand their customer base in the South Eastern European (SEE) region and elsewhere, Greece, Montenegro, Bulgaria, and Turkey represent tough competition<sup>6</sup>, as they offer better products and services at competitive rates. Furthermore, the European Union's (EU) liberalization of the visa regime with Albania is influencing the country's outgoing tourism patterns, as more Albanians are more easily able to visit relatives and travel to EU holiday destinations.

Looking ahead, Albania's best chance to expand its tourism industry is to promote sustainable development initiatives that make the most of the country's natural and cultural assets, including its mountainous areas and rural villages, its historical and archeological sites, its cultural traditions, and the hospitality of its people. These potential products can be linked to tourism markets that are less sensitive to seasons and involve travelers who are likely to visit longer and spend more in order to have that elusive authentic experience. Although Albania is starting to get noticed, the country has still much to accomplish in terms of improving the quality of its tourism products and services, and the effectiveness of its marketing and branding strategy to attract tourists<sup>7</sup>.

## **A2. Rritje Albania's Strategy for the Tourism Industry**

Against this backdrop of challenges and opportunities, Rritje Albania has remained alert to the existing needs of the tourism sector through close and regular collaboration with key local and regional actors, donor agencies, and foreign tour operators. Given that the very nature of the tourism sector warrants a meso-macro level approach, our 2011 initiatives and activities were built around three strategic aims to:

- Promote Albania as a desirable tourism destination
- Improve the quality of Albania's tourism product and related services
- Support and promote sustainable tourism initiatives that improve firm-level competitiveness through continuous dialogue and key partnerships with both public and private stakeholders

Rritje Albania's roll-out of the AAQM program in FY2011 is helping to build local technical capacities and improve the quality of tourism products and services to international standards. Other activities to promote Albania as a desirable tourism destination were implemented in cooperation with the USAID's RCI project and the National Geographic Society to develop a Western Balkans supplement to the National Geographic Traveler magazine and the inclusion of Albania in a new National Geographic Geo-tourism website for the Western Balkans.

In addition, the project became an integral member of an MTCYS working group to revise Albania's tourism law after stakeholders concluded that an improved regulatory framework was needed to create an enabling environment for the development of a competitive, sustainable, and prosperous tourism sector.

Significantly, our tourism activities this year, whether training workshops, networking events, trade shows, stakeholder gatherings, or B2B meetings, were often undertaken in collaboration with many partners, including but not limited to ATA, National Tourism Agency (NTA), SNV<sup>8</sup>, GIZ, United Nations

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<sup>6</sup> According to the *WEF: Travel & Tourism Competitiveness Report 2011*, Albania is listed in the 35<sup>th</sup> place in the European region, 14 places behind Greece, 10 places behind Montenegro, 8 places behind Bulgaria, and 6 places behind Turkey.

<sup>7</sup> Ibid 4, Albania's effectiveness of marketing and branding to attract tourist was ranked 71 out of 139 countries.

<sup>8</sup> Netherlands Development Organization called Stichting Nederlandse Vrijwilligers.

Development Program (UNDP), United Nations World Tourism Organization (UNWTO), and European Bank for Reconstruction and Development's (EBRD) Turn Around Management – Business Advisory Services (TAM-BAS). Our philosophy of implementation seeks to foster local ownership and synergistic collaboration in order to ensure future sustainable impact beyond the life of the project.

### A3. Authentic Albania Quality Mark Program

Rritje Albania's aforementioned tourism sector strategies are infused throughout every aspect of the AAQM program, which at its core seeks to improve the quality of Albania's tourism product and services to match internationally recognized standards and global principles of sustainable tourism. The AAQM program was designed to tackle several issues which impede tourism development, including: (1) the lack of a credible standardization or accreditation system, (2) poor product development and marketing, based on limited understanding of tourism trends and market demands, (3) limited networking opportunities to exchange knowledge and best practices among different actors, and (4) little recognition of Albania's image as a tourist destination in the world marketplace.

The AAQM program is based on a model initially pioneered in New Zealand and later adapted to USAID programs in Croatia, Bulgaria, and recently Macedonia. The program assists accommodation providers with improving their product, services, business practices, and market focus, while supporting overall sector competitiveness and sustainability. AAQM processes and systems are training tools for continuous business improvement, which elevate the market profile of a given accommodation/restaurant through industry-wide publicity and marketing campaigns.

To date, 20 hotels have been awarded AAQM ratings, and an additional 20 will join in the first quarter of FY2012. This is no small feat when one considers that before AAQM, the Albanian tourism industry had no standards by which to measure the quality of its product and services. Getting to this point required enormous efforts in FY2011 to raise awareness, attract interest, and incentivize businesses to seek out the AAQM program. The project has trained assessors, established the AAQM Awards Committee, and educated the Albanian media and public through events, interviews and press releases. Part of this initiative involved the creation of an AAQM brand identity, which is based on local cultural images that resonate with local and foreign travelers in pursuit of authentic travel experiences (see logo below).

Since AAQM was launched in mid-2010, Rritje Albania has mentored the ATA to own this initiative and manage the program for the benefit of its paying members which are eligible to join AAQM. Another important partner in the program has been EBRD's TAM-BAS program<sup>9</sup> that co-funded training of tourism consultants, including the pool of

**AAQM: The Industry Standard for Albanian Hotels**

"In a new market like ours, where there is no system of standards to distinguish hotels from each other (...) the Authentic Albania Quality Mark has become the one and only "standard" by which to measure the quality of Albanian accommodations. It is an indispensable reference for both the tour operators and individual hotel customers, as it guides them in the selection of the proper hotel out of our tour & travel packages."

*Kliton Gerxhani, Director of Albania Holidays DMC*



<sup>9</sup> The EBRD's TAM-BAS program is implemented in Albania with funding from the Government of Netherlands.

approved AAQM assessors. This cooperation is an excellent example of Rritje Albania's vision of and ability to engage various stakeholders on joint initiatives, and to leverage synergies and resources. As a result, ATA uses the AAQM program to increase its paying membership and raise industry standards; the trained AAQM assessors provide consultation to businesses on how to improve their business and the quality of their services; and the TAM-BAS program offers technical resources and local consultants to deliver targeted assistance to hotels and accommodations interested in implementing these improvements. Under this arrangement, the TAM-BAS program funded firm-level technical assistance to four tourism businesses<sup>10</sup> and is preparing to assist another nine companies. TAM-BAS finances 50 percent of the technical assistance cost and the businesses cover the remaining 50 percent.

The tripartite cooperation between Rritje Albania, ATA, and the TAM-BAS program organized three ToT modules<sup>11</sup> on tourism management for 38 tourism companies in June 2011. The AAQM assessors were the target recipients among the 45 training participants, who now serve as a pool of local consultants for the Albanian tourism industry moving forward.

#### **A4. Regional Cooperation for National Geographic GeoMaps**

Last year, Rritje Albania successfully cooperated with USAID's RCI and six other USAID country projects in the region to participate in the National Geographic Supplement Initiative, which allowed for an estimated 226,850 households in Continental Europe to learn about and discover Albania as a tourist destination. This publicity was disseminated through an English-language supplement on the Western Balkans in the National Geographic Traveler magazine. To further fulfill our strategic aim of promoting Albania as a desirable tourism destination, in April 2011 Rritje Albania signed another MoU with the same partners to participate in the Western Balkans Geo-tourism Website Project. This project will capture the history and heritage of the region through an interactive website with print map features, in order to entice tourists to visit these destinations. National Geographic's strong reputation in this partnership is certain to contribute to the economic growth of the six participating countries. Each country will develop content for its own site that will be hosted on the National Geographic website and reached through a Western Balkan regional portal developed by RCI.

Another significant contribution to project goals in collaboration with RCI was the project's participation in RCI's 2011 Tourism Steering Committee meetings, as well as the Regional Tourism Summit in Sarajevo, Bosnia and Herzegovina, in September 2010, which enabled us to promote the project tourism initiatives, such as the AAQM program, to a wider audience. Through these forums, we have been able to share and exchange knowledge and information with like-minded regional actors interested in sustainable tourism development in Albania.

#### **A5. Legal Expertise to the Revision of the Tourism Law**

An appropriate regulatory framework is a key determinant for a country to improve the competitiveness and sustainability of its tourism sector. It is critical that the legislative framework remove constraints and stimulate public sector investments that are in-line with sustainable tourism practices.

During this year, Rritje Albania, in collaboration with various key partners, provided technical assistance during the revision process of the existing Albanian Law No. 9734 "On Tourism," dated May 14, 2007. We contracted a local legal expert, Mr. Genci Çifligu, to review the law and recommend changes in-line with best global practices in a new law that would be harmonized with existing local laws and regulations such as the Law on Territorial Planning and the Law on Taxation and Business Registration. Mr. Çifligu

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<sup>10</sup> These include: *Tradita Geg and Toske*, *Hotel Cajupi*, *Natural Razma Resort*, and the *Albania Rafting Group*.

<sup>11</sup> These modules focused on the following three subjects: Marketing, Human Resources Management, and Cost Management.

was paired with an international expert in tourism legislation, Mr. John Downs, who was brought by SNV, another Rritje Albania partner. Their recommendations included: (1) the establishment of industry standards for hotels and other tourism businesses, (2) the establishment of education and training standards for tourism employees, including certification of tourist guides, and (3) the approval regulations for water sports, including diving.

In an effort to mobilize the private sector to provide comments and feedback on draft recommendations, Rritje Albania and its many partners, most notably GIZ and ATA, coordinated efforts to network with the business community and solicit their active participation. During the first quarter of FY2011, Rritje Albania and Mr. Çifligu attended more than a dozen meetings of the Working Group on Revision of Tourism Law (chaired by the MTCYS), the MTCYS Public Private Advisory Board, and the Tourism Stakeholders Group, created by Rritje Albania. From March-April 2011, the MTCYS shared draft Tourism Law with seven Ministries (see adjacent box). Ministry comments were forwarded to the Working Group on Revision of Tourism Law, where Mr. Çifligu and other members of the group reflected these comments in subsequent drafts. The draft Law was also shared with the American Chamber of Commerce (AmCham) for their feedback and comments.

The process of incorporating all comments and feedback into one final Draft Tourism Law slowed in April 2011 as the country prepared to hold local elections on May 8, 2011. The election campaigns and the protracted and litigious vote-counting process shifted the attention of both government officials and key private sector representatives away from the law revision process. During this time, the Minister of Tourism changed, while the NTA Executive Director, a key institutional representative in the process, resigned from her post in June 2011. As a result, the process of acquainting new appointees with the law revision slowed. Nonetheless, Rritje Albania's role has been instrumental to fostering public-private dialogue by bringing together stakeholders and encouraging them to address shared industry concerns, and securing a short-term legal expert to actually draft the revised Tourism Law and occupy a key role on the Working Group on Revision of Tourism Law in the MTCYS. In the coming fiscal year, Rritje Albania will continue to coordinate efforts with other partners to bring tourism the law revision to completion.

Lastly, Rritje Albania also engaged Mr. Çifligu to help the ATA to provide legal advice and assistance to a number of its members that complained about unfair tax inspections and unjustified fines imposed by local and central government authorities. Mr. Çifligu, together with the ATA Executive Director, facilitated meetings with several of these businesses and Tirana municipal authorities, and negotiated a resolution of contentious issues by accurately describing relevant laws and taxpayer rights.

## **A6. Strengthening and Supporting Tourism Industry Associations**

Since signing a joint MoU with us in September 2010, ATA has received significant capacity building from Rritje Albania. Besides the AAQM program and work related to legal framework issues, we helped the ATA participate in four international trade fairs and the TREALBEXPO National Tourism and Real

### **Ministries Involved in Revisions of Tourism Law**

The following Albanian Ministries are engaged in the review and revision of tourism legislation. The number of participants in this dialogue demonstrates the impact of the sector to the national economy, and also the challenge of managing competing interests, both political and financial.

- Ministry of Economy, Trade, and Energy
- Ministry of Education
- Ministry of Finance
- Ministry of Foreign Affairs
- Ministry of Interior
- Ministry of Justice
- Ministry of Public Works and Transportation
- Ministry of Tourism, Culture, Youth, and Sports

Estate Congress in April 2011, events which are described in greater detail in Section III-A of this report. Similarly, the Albanian Tour Operators Union (ATO), a non-governmental organization which counts more than 120 tour operators, travel agencies, and transportation agencies among its members, was also assisted by Rritje Albania to prepare and participate in the TREALBEXPO event.

At the end of FY2011, Rritje Albania signed MoUs with the Albanian Rafting Group (ARG) and the Albanian Center for Marine Research (ACMR), in support of water tourism activities described in our FY2012 work plan. The ARG tourism activities and the ACMR's mission to discover, research, and promote Albania's underwater historical sites and shipwrecks will complement our continuing efforts to promote the quality this unique tourism product in Albania. Both of these actors have also expressed interest in applying to our grants program, which is described in more detail in Section IV-B of this report.

### Legal Advice for ATA and Its Members

- 27 hotels in Tirana benefited from improved methodology of inspection in hotels in Tirana;
- 27 hotels benefited from revision of taxation issues with the Municipality Tirana;
- 194 members of the ATA will benefit from possible decreases in taxes for tourism businesses;
- 110 hotels and 25 restaurants benefited from the clarification of copyright and authorship issues.

## A7. Supporting Private-Public Dialogue and Partnership

Aside from active participation in the tourism law revision process, and participation in meetings of the MTCYS Public Private Advisory Board and the Consultative Stakeholders Group, Rritje Albania supported and coordinated collaboration between the NTA, the ATA, and ATOU on preparation work for four international trade fairs. With Rritje Albania urging, the NTA developed a set of criteria to be met by members of ATA and ATOU in order to participate in the exhibitions. In addition, Rritje Albania helped the NTA develop, design, and finalize a promotional package on Albania entitled "Albania, Yours to Discover," and visitor guides translated into English, German, and Japanese containing information on Albania's cultural heritage, traditional cuisine, nature discovery trails, outdoor activities, and other local tourist attractions.

From May 2011, Rritje Albania in collaboration with the NTA and other actors including ATA, ATOU, MTCYS, METE, EBRD, and the Foreign Investors Association of Albania (FIAA), launched an initiative to establish a Convention Bureau to develop meetings, incentives, conferences, and events (MICE) products of the tourism industry. Rritje Albania believes that by promoting Albania as the next destination for regional conferences, congresses, and conventions, its tourism sector will benefit from significant investment and development that will generate more sales and jobs. Following exploratory work and consultative meetings, as well as the development of a promotional folder with one-pagers of several Albanian hotels and tour operators, in FY2012 Rritje Albania and its partners will evaluate what should be the way forward to develop the MICE tourism product segment in Albania.

## B. Garment and Footwear Technical Activities

### B1. Snapshot of the Garment and Footwear Sectors

The significance of the garment and footwear industries to the Albanian economy is undisputed. While these industries face challenges in the wake of the economic downturn, they are poised to improve productivity, move towards a more diverse portfolio of markets, and develop more sustainable business processes to further deliver growth and employment to Albania. Combined, the two sectors accounted for

50 percent of Albania's total exports in 2010. Albania's garment industry is among the largest employer in Albania with various sources estimating between 70,000 and 95,000 workers, while total employment in Albania's footwear sector is estimated to be between 20,000 and 30,000 workers; in both industries, the majority of employees are women.

Despite general acknowledgment that these sectors are important drivers of the Albanian economy, accurate data on the actual number of garment and footwear firms in current operation is either lacking or misleading. It is not unusual for Albanian companies to change names and continue operating in the same location without de-registering. Other times, they will subcontract work to other smaller companies housed under the same roof and registered under the same company name, or outsource certain production processes to be completed by home workers. This phenomenon has made it quite difficult for Rritje Albania to capture the results of its work with these companies under the main sales and jobs indicators. In order to assess the status of these two sectors, the project had to determine the number of domestic garment and footwear companies, their key clients and target markets, and how their employment structure, including subcontracting and outsourcing, contributed to their presence in the market and their portion of overall domestic employment.

At the end of December 2010, Rritje Albania completed six months of painstaking networking and documenting with the aim of developing an accurate tableau of the actual number of garment and footwear companies in operation, as well as an overall profile of the challenges and constraints they face. The project pored over industry reports and contacted business associations, donors, and other stakeholders to obtain all of the information available. After merging several separate lists of garment and footwear companies that were obtained from GIZ, the two Albanian Garment/Footwear Associations, and the Albanian Center for International Trade (ACIT), the project ended up with a total of 235 garment and 75 footwear companies. Of these, only 105 garment and 29 footwear companies were reached and interviewed by Rritje Albania, and it was from these companies that the project gleaned needed information to assess the statuses of these industries. To this end, Rritje Albania distributed a set of questions aiming to build a picture of their markets, production capacity, technology, management processes, and workforce.

The table that follows summarizes production types and units within the value chain, and the portion of the 95 garment companies and 29 footwear companies associated with each level of production based on data collected from the project's survey.

**Table II-B.1 - Garment and Footwear Companies by Production Unit**

| Garment Companies    |                     | Footwear Companies    |                     |
|----------------------|---------------------|-----------------------|---------------------|
| Production Unit      | Number of Companies | Production Unit       | Number of Companies |
| Make-only            | 33                  | Uppers                | 14                  |
| Cut Only             | 2                   | Finished Shoes        | 3                   |
| Cut-make-Trim        | 51                  | Full Production Cycle | 8                   |
| Full Package Service | 9                   | Own Collection/ Brand | 1                   |
| Own collection       | 0                   | No Answer             | 3                   |
| <b>TOTAL</b>         | <b>95</b>           | <b>TOTAL</b>          | <b>29</b>           |

This survey confirmed that Italian firms are the dominant buyers of Albanian footwear, accounting for around two thirds of the total exports. Despite their dependence on the Italian market, more Albanian footwear producers, 27.6 percent, now manufacture a full product for their clients, compared to only 9.4

percent of Albanian garment producers. Top export destinations for garment companies include Italy (78 percent), Greece (16 percent), and Germany (6 percent), the sum of which represents 99.7 percent of all Albanian garment exports. The Italian and German demand shows an increasing tendency, whilst Greek demand has fallen due to its current economic crisis, the effects of which are being felt particularly in the south-east Albanian regions of Korca and Gjirokastra bordering Greece. Bearing in mind this export orientation towards European markets, Albania's garment and footwear sectors felt considerable business disruption due to the 2009 economic recession.

One additional element examined by Rritje Albania, in part to determine the breadth and make-up of these industries, was how these firms operate with subcontractors and outsourcing. In August 2011, the project surveyed the subcontracting behavior of 37 garment and footwear clients. Of the respondents, 25 percent reported that they outsourced work to other companies. The table below illustrates the subcontracting branches of these companies, as well as the corresponding number of employees and sales generated through subcontractor work.

**Table II-B.2 – Summary of Subcontracting CGP Companies**

| CGP Company         | Subcontractor(s) | Employment | Sales (ALL)        |
|---------------------|------------------|------------|--------------------|
| <b>Ambra</b>        | Ameg             | 80         | 9,817,87           |
|                     | Dartex           | 15         | 9,817,874          |
|                     | Italba Wash      | 20         | 9,817,874          |
|                     | M-fashion        | 60         | 13,745,023         |
| <b>Bella Confex</b> | Laurus           | N/A        | N/A                |
|                     | Madish Underwear | N/A        | N/A                |
| <b>Berat Konfex</b> | ItalBel          | 30         | 409,888            |
|                     | Kazazi           | 30         | 409,888            |
| <b>Berttoni</b>     | Prizreni         | 10         | 32,222,000         |
| <b>Donianna</b>     | Rozimpex         | 250        | 205,331,035        |
| <b>Endi</b>         | Unregistered     | N/A        | 31,327,400         |
| <b>Kristal 2001</b> | A&M textil       | 15         | 545,812            |
| <b>Lolida Group</b> | Hotova           | 180        | 3,617,087          |
|                     | Silda            | 70         | 5,063,922          |
| <b>Omega</b>        | Dori             | 50         | N/A                |
|                     | Fatma            | 120        | N/A                |
|                     | Feliks           | 180        | N/A                |
|                     | Italshirt        | 150        | N/A                |
|                     | Kaltizia         | 50         | N/A                |
|                     | PMT              | 55         | N/A                |
|                     | Star             | 50         | N/A                |
| <b>Total</b>        |                  | <b>920</b> | <b>278,927,032</b> |

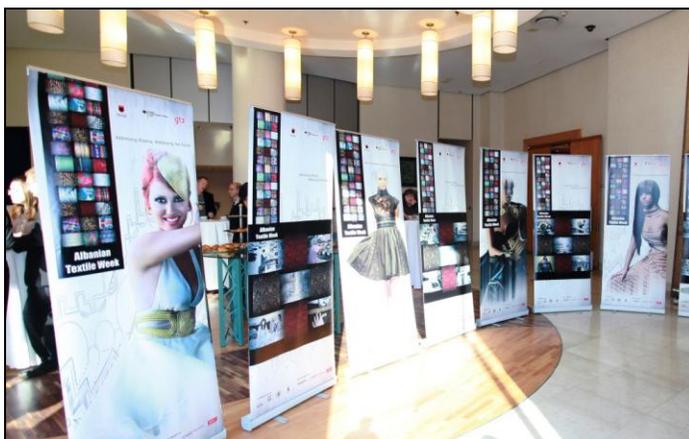
In addition, seven of these companies reported that they regularly offered technical assistance to their subcontractors. The most common types of assistance reported are similar to the technical assistance Rritje Albania has been delivering to these subcontracting CGP companies, such as (i) quality control (7 of 7), (ii) productivity/production management (6 of 7), and (iii) machinery maintenance (4 of 7). The results of this survey provide additional insight into the probable impact of Rritje Albania assistance trickling down to other Albanian companies through its CGP clients.

The aforementioned economic downturn alarmed and interrupted international markets, yet despite the apparent disadvantages, these shifting market conditions also provided some prospects to those companies able to capitalize on them. Market dislocations caused by the Arab Spring helped shift the

attention of garment and footwear producers towards SEE countries<sup>12</sup>. Most noteworthy is the exploratory interest shown by French and Finnish companies looking to move their production process to Albania. Enquiries submitted to Rritje Albania's website, the garment industry websites and client company websites indicate that European buyers are looking to outsource sewing and stitching processes in countries closer than their current sources in China and India, among others. These buyers are searching for suppliers who are able to produce many styles and meet small orders in shorter delivery times. Herein lies the main competitive advantages that Albanian garment and footwear companies have vis a vis their competitors in other countries. Other factors working in the favor of the Albanian garment and footwear industries include: close proximity to the European market, lower labor costs, smaller fixed cost overheads due to fully-depreciated machinery, and less money tied up in inventory owing to predominately fasson<sup>13</sup> operations.

Despite some opportunities and encouraging trends, however, going into 2010 many companies still found themselves in extremely risky positions due to disappearing profits, poor pricing practices, inefficient production, overdependence on too few buyers, and weak to non-existent sales/marketing plans. In addition, Albanian fasson garment and footwear companies remain dependent on their foreign contractors in terms of production services and related technology, the transfer of knowledge, knowhow and training, management and product design, and the purchasing and sourcing of raw materials. Consequently, most Albanian companies are held at the bottom of the value chain by their own systems, offering little added value and thus limiting the number of potential clients and profitability. Being reliant on other countries' economies and materials is particularly risky during a recession, and reduces Albania's control over the trajectory of its own industries. Companies recognize the need to adopt sustainable practices and broaden their export markets in order to adapt to the shifting economic landscape and to increase profits and employment during these unprosperous times. Almost all garment and footwear companies, even the ones highest in the Albanian value chain, have revealed a need to improve their production/industrial engineering functions, including but not limited to work measurement, operator performance ratings, and product handling. Additionally, these companies must develop appropriate material and human capacities to meet the requirements of potential foreign clients, and also properly market themselves and their products in an international setting, so as not to fall behind their competitors.

## B2. Rritje Albania's Strategy for the Garment and Footwear Sectors



*Albanian Textiles Week/Tirana/October 2010*

Following the survey data collection in 2011, Rritje Albania proactively disseminated our database of companies and findings to the industries' value chain members, strongly believing this would nurture a sense of identity and belonging to the industry members, as well as enable the industry representatives to better understand and articulate the needs of and constraints faced by the garment and footwear companies. The aggregate knowledge emerging from our direct work with these firms, as well as our proactive interaction with the relevant industry experts and stakeholders at all

<sup>12</sup> Aside from finding this argument made in recent literature, several of Rritje's client companies, such as Ambra, Omega, Kler, Ola1, Picari report to have been contacted by European companies interested in moving their production process away from Libya, Tunisia, etc.

<sup>13</sup> Fasson manufacturing is a term used in Albania to describe a business that receives its raw materials for production from its buyers, assembles the pre-cut pieces and sends the finished product to the same buyer.

levels, have served to shape much of Rritje Albania's strategy of intervention for the two sectors during the reporting period. Technical assistance delivered to the garment sector by Rritje Albania during 2011 was also in-line with the expert recommendations that emerged out of the conference on Development Challenges and Opportunities for the Albanian Garment Industry, held during the Albanian Textile Week in October 2010.

Firm-level assistance was focused on dynamic garment and footwear firms that were willing to invest the necessary money and time to witness significant improvement. Success at this level was dependent on positive shifts in the company owner or manager's personal attitude and perception of changes worth pursuing and processes to do differently, such as learning about and adopting a new technology, applying different management techniques, and using new software programs to better measure productivity and operator's performance, establishing a company website, attending a trade show, sending a key staff member to an essential training event, networking with other industry actors, or hiring an intern from the PUT.

Most Albanian garment and footwear companies focus inward on their production process, and have reported that sales often occur in an ad hoc manner and almost "by accident," without any intentional effort or a marketing strategy on the part of businesses to attract clients. Many firms in both sectors are arranged in a typical patriarchal family management structure, which discourages the discussion and infusion of fresh ideas, and limits the sharing of information and knowledge amongst employees. This kind of insular attitude extends to the meso and macro levels of the two industries as well, with little awareness among stakeholders of the potential for shared resources or their common shared concerns. In this regard, Rritje Albania's work in 2011 sought to address the general lack of industry-wide awareness through several activities promoting a sense of industry identity and encouraging representative champions who are able to articulate constraints to competitiveness faced by these companies. Rritje Albania's approach outlined below was built on the assumption that a combination of customized one-on-one assistance with efforts to effect change at the industry level are necessary in order to make the most of the comparative and competitive advantages of these Albanian sectors.

### **B3. Teaching Firms to Improve their Productivity and Marketing Skills**



*Productivity workshop/Shkodra/January 2011*

Several foreign STTA experts provided firm-level and multi-client assistance during this year. In October 2010, Bill Nichols assisted eight leading footwear companies<sup>14</sup> to develop and/or improve upon their strategic marketing and sales plans in order to help them connect with new foreign buyers, and improve their B2B skills and preparation skills for international trade fair participation. Building on this work, from May-July, 2011, James Parchman assisted over 20 companies, many of them from the footwear production chain, in developing corporate materials and one-pager

<sup>14</sup> These companies include: Alangore, Alba&N, Bertoni, Donian, Fital, Mito2, Patrick, Picari.

company profiles for the Albanian footwear industry directory, as well as other industry content for the Albanian footwear industry website, [www.albanianfootwear.com](http://www.albanianfootwear.com), due to be launched in November 2011.

International garment productivity expert and industrial engineer, John Haycock, traveled to Albania on four occasions between November-December 2010, January-February 2011, April-May 2011, and most recently in June-July 2011. These trips were part of his continuing technical assistance delivered to garment companies through the implementation of the Productivity Enhancement Program (PEP), launched during the previous fiscal year. PEP activities are narrated in greater detail in Section III-B of this report. Mr. Haycock also facilitated a series of PEP workshops and open lectures that were organized in cooperation with the NCGFM, the CFA, and the PUT.

In-line with our project implementation principles of fostering local ownership, building local capacity, and leveraging synergies and resources to reach more clients, in November 2010, Rritje Albania hired two professors from the PUT's Department of Textiles and Fashion, both of whom worked closely with Mr. Haycock to follow up with firm-level implementation of the PEP, and introduce its related Key Performance Indicators (KPI) system to new firms. This collaboration allowed the international expert to move onto more complex productivity issues for future assignments, while providing backstopping support to the local consultants and building their capacity to establish better university links with the private sector. In order to expand the outreach of these behavior-changing practices and knowledge shared and exchanged, Rritje Albania developed a number of tools, including: the productivity toolkit, and technical guides on specific operations, which will continue to be disseminated to private firms during the life of the project.

Since November 2010, our partnership with PUT has expanded beyond firm-level assistance delivered by the two professors, leading to activities and results neither party could have anticipated at the start of the project. This partnership and outcomes will be further described in other sections of this report covering activities under the project components.

Similarly, Rritje Albania has aimed to move the footwear sector beyond its inward-looking and production-driven orientation, after determining that despite some differences, the client footwear companies, like garment companies, were well-positioned for analogous technical assistance. To this end, we helped these companies create their own corporate identities and establish websites in order to confidently attract and seek out new buyers. In addition, we offered them assistance to better understand A2F tools that are available and appropriate for their activities by inviting them to participate in three A2F roundtables on factoring held in June 2011. In doing so, we put the companies in touch with a diverse range of actors they were little aware of, such as potential new buyers, ICT companies that could potentially assist in their technology upgrade efforts, and the PUT, whose facilities, as well as knowledge and human resources, could dramatically benefit both parties, if explored in greater depth. Throughout the

### Garment Website Generates Interest

Launched in April 2011, the Albanian garment website attracted nearly 4,000 visitors from 64 different countries, including India, a powerful garment-producing country, the U.S., Turkey, Italy, Greece, and other neighboring countries in Southeastern Europe.

On behalf of a large holding group called *Trophy*, a French agent contacted the website and expressed interest in collaborating with a small Albanian garment company, *Forever Young*, as well as visiting Albania in 2012 to explore other opportunities.

A fashion designer in Switzerland also expressed interest in involving Albanian companies in the production of silk and cashmere fabrics with complex patterns, a process usually done in India and South East Asian countries. A Finish company, *STANDA*, agreed to send work uniform samples to Albanian companies interested in producing them. To date, a total of 98 Albanian garment companies are involved in the site and benefit from the industry website exposure.

year, Rritje Albania researched and shared information with these companies on a number of international trade shows.

In addition, Rritje Albania's experts helped prepare, design, and ultimately launch the industry website, [www.albaniangarment.com](http://www.albaniangarment.com), in the first quarter of 2011. The garment website currently lists the profiles and contact details of 95 garment companies, and is an important virtual hub that helps define the business community, as well as establish an identity and presence for Albania in the wider regional and international industry. Similarly, Rritje Albania worked on developing the Albanian footwear industry website [www.albaniafootwear.com](http://www.albaniafootwear.com) due to be launched in November 2011.

#### **B4. Raising the Industry Profile and Albania's Image as a High-quality Producer**

The two garment and footwear industry websites were developed in order to promote Albania as a vital garment and footwear manufacturing country to new EU markets outside of Italy and Greece. Aside from providing company profiles and contact details, the websites provide background information on the Albanian legal framework that regulates the activities and investment in the garment and footwear sectors, and highlights Albania's main competitive advantages, including their high-quality products, short turn-around times, close proximity to EU markets, competitive prices, and skilled labor force.



*Albanian Footwear Industry Test Site (launch Nov. 2011)*

While serving garment and footwear companies to establish business contacts with new potential clients, the industry websites were also conceptualized to serve as online networking platforms where businesses and industry associations could share and exchange information on training opportunities, industry events, and trade fairs. This, in turn, would help consolidate the identity of the Albanian garment and footwear industries, and raise their profile *vis a vis* the wider European markets.

Despite our continuous efforts to help companies shift their attitudes towards becoming more proactive in using, maintaining, and updating information on their websites, we came to realize that both companies and associations were not taking full advantage of this opportunity. Some of the reasons for this include: the lack of staff skilled in basic computer literacy, the companies casual attitude towards assigning a dedicated staff member to website maintenance, a general lack of understanding and acknowledgement of the potential benefits from training staff in this area, etc.

Despite our continuous efforts to help companies shift their attitudes towards becoming more proactive in using, maintaining, and updating information on their websites, we came to realize that both companies and associations were not taking full

In some cases, the websites' designers reported being contacted by the individual companies, which were posing website maintenance questions beyond the designer's immediate function. This indicated disconnect that the project wished to address, and in September 2011, Rritje Albania launched a websites training and handover workshop for the first six project-assisted companies that established their own websites in July 2010.

The following table summarizes the current usage of ten companies and two industry websites developed with Rritje Albania support to date.

**Table II-B.3 – Summary of Visits to Project-Assisted Company and Industry Websites**

| Company                                | Unique Visitors | Single Visits | No. of Visiting Foreign Countries | Top 3 Foreign Visiting Countries*       |
|--|-----------------|---------------|-----------------------------------|---|
| Kler                                   | 522             | 680           | 45                                | 1.Turkey<br>2.Czech Rep<br>3.India      |
| Blue Sky                               | 401             | 522           | 48                                | 1.USA<br>2.India<br>3.Slovenia          |
| Meko98                                 | 119             | 140           | 25                                | 1.Italy<br>2. U.S.<br>3.EU countries    |
| Omega                                  | 219             | 307           | 33                                | 1.Turkey<br>2.Czech Rep<br>3.Italy      |
| NPV2                                   | 131             | 162           | 21                                | 1.Czech Rep<br>2.Turkey<br>3.U.S.       |
| Dika Konfeks                           | 181             | 281           | 26                                | 1.Turkey<br>2.Czech Rep<br>3.U.S.       |
| Bertoni                                | 126             | 176           | 12                                | 1.Italy<br>2.Serbia<br>3.U.S.           |
| Patrik                                 | 76              | 137           | 18                                | 1.Greece<br>2.Russia<br>3.UK            |
| MasTorr                                | 60              | 79            | 10                                | 1.Romania<br>2.Eu Countries<br>3.Norway |
| NPV                                    | 129             | 166           | 11                                | 1.Greece<br>2.Bulgaria<br>3.Italy       |
| Albanian Garment Industry              | 3,948           | 5,433         | 64                                | 1.India<br>2. U.S.<br>3.Serbia          |
| Albanian Footwear Industry (Test site) | 2,765           | 3,527         | 16                                | 1.Unspecified<br>2. U.S.<br>3.Network   |

\*Countries listed in order of highest number of visits.

## **B5. Lessons Learned from Efforts to Merge Garment and Footwear Industry Associations**

The CFA and the NCGFM represent the two existing associations currently aiming to represent the interests of Albanian businesses operating in the garment and footwear industries. However, their services to member companies are inadequate and limited to perfunctory provision of information on changes to the legal framework. In addition, neither of the associations as representatives of garment manufacturing companies have any contact or connection with the two existing fashion designers associations, namely the National Chamber of Albanian Designers (NCAD) and the Albanian Fashion Association (AFA). This disconnect has resulted in a missed opportunity to leverage the resources and know-how of these associations, and as a specific result, the industry associations have not explored options for marketing or identifying clients to build their business around.

Naturally, Rritje Albania has focused considerable project efforts on working with these organizations in order to enable a stronger business environment and help make garment and footwear companies more competitive and increase jobs and sales. For instance, aside from introducing the PEP Workshop Series to as many companies as possible during FY2011, our cooperation with the NCGFM and CFA was intentionally aimed to build its capacity and increase its credibility for providing quality services to its members. In addition, these activities represent a good opportunity for the NCGFM to get closer to its member's concerns and gain their trust and confidence as an advocate to articulate their needs in important public-private dialogue.

Yet, Rritje Albania's own experience of wanting to coordinate activities with the two associations has often proven cumbersome. The existence of two associations representing more or less the same industry members resulted in organizational inefficiency and costliness. In addition, the set of two associations seeking to represent the same actors made it unmistakably difficult to coordinate messages and articulate shared industry concerns through a single voice. Moreover, neither of the two chambers was strong enough to perform alone the role of the strong advocate for the two sectors. Our views regarding limitations in interest representation by two associations instead of one were also shared by the associations themselves and many other partners, including GIZ, a donor organization close to the NCGFM and CFA. This multi-pronged understanding made the reality of merging the associations seem possible and necessary.

Therefore, after continuous negotiations and at the urging of Rritje Albania and GIZ, the leaders of both associations agreed in September 2010 to form a unified organization that would serve common objectives through a merger of the two associations. The decision to merge the associations was announced and formalized through a joint Memorandum of Understanding (MoU) signed by the two chambers at the opening of the Albanian Textile Week on October 28, 2010. In mid-December, Rritje Albania contracted the services of a professional mediation expert with specific knowledge of the Albanian "Law on the Registration of Non-Profit Organizations" and the "Law on Non-Profit Organizations" to help the two organizations reach an agreement in terms of the unification process, including designing the new organizational structure, tackling about the legal registration process, becoming fluent in the organization charter and bylaws, and discussing financial and human resources. This two-month negotiation process involved a series of meetings and negotiations with leaders and key board members at both associations. These efforts culminated on January 2011 with a roundtable meeting of five board members from each association who were brought together to reach final decisions on the following three terms:

- The precise timing and terms of the unification/merger, including the way in which the dissolution of each chamber would be
- The composition and number of members in the executive board, the governing structure, and the working groups and staff members
- The drafting of legal documents related to the unification and registration process with the relevant authorities

The unification action plan which resulted from this roundtable was presented to all present members in February 2011 for comments and final approval. However, discussions between the two associations broke down at the end of the month when one of the parties pulled out of the agreement in favor of preserving the status-quo. At that point, Rritje Albania came to understand that incompatible interests and personality differences had come in the way of realizing the merger. Given this development, we decided to suspend our efforts in support of the merger, opting to pursue instead a different option that would enable public-private dialogue through the establishment of the Garment and Footwear Stakeholders Working Group. Rritje Albania's signed MoUs with the two associations continue to be in force, although the interests of the sector are less served with two weak associations instead of a strong one.

## **B6. Establishment of the Garment and Footwear Stakeholders Working Group**

The notion that the two industry associations shared more similarities than differences of interest was obviously compromised by the broken negotiations over their merger. But in the process, Rritje Albania and other partners and stakeholders came to a better understanding of these differences and similarities, as well as the potential role that other players, above and beyond the level of the associations, could play in support of garment and footwear sector development. Therefore, the experience of the lost opportunity with the merger led Rritje Albania and other partners to consider a new challenge, this time working at the meso and macro levels of the garment and footwear industries.

Therefore, towards the end of the second FY2011 quarter, Rritje Albania in close collaboration with the GIZ began talks with various actors in order to launch an open forum platform called the Garment and Footwear Stakeholders Working Group (GFSWG) between key industry stakeholders representing both the private and public sectors. Targeted actors would include, among others, representatives of garment and footwear companies, industry associations, universities, members of the donor and diplomatic communities, local and regional economic research institutions, and think tanks. In an effort to ensure a sustainable legacy for the GFSWG initiative, Rritje Albania and GIZ played an instrumental role in securing the active involvement and participation of the METE as a key player in reform and regulatory affairs that impact all development aspects of the two industries. Moreover, METE's active representation at the GFSWG would enable government officials to hear a firsthand account of complex technical issues, and learn about potential solutions from the industry experts and representatives themselves. In this context, the GFSWG would serve as a venue for productive PPD where private sector actors advocate for and advise the public sector on the right initiatives to guarantee the sectors' sustainable growth. Other key public sector partners with whom Rritje Albania maintains close contact include the Albanian Investment and Development Agency (AIDA), the Albanian Institute of Statistics (INSTAT), the Albanian Designers Association, the two fasson associations, and the PUT.

Following enthusiastic expressions of interest by private sector members on establishing the GFSWG, and securing the support of METE, the first meetings of the GFSWG took place on April 1, 2011. Rritje Albania decided to host the first meeting at its office premises in order to facilitate the initial introductions between the various industry stakeholders gathered around the table, who updated one another on their past, current, and future initiatives. In closing, the Group agreed on a rotating chair between Rritje Albania, GIZ, and the METE representative as facilitators.

Two meetings were held on May 16, 2011 and July 6, 2011 aiming to provide an environment for all the gathered stakeholders to share issues of concern for the two industries. In addition, Rritje Albania arranged for ACIT to present the GFSWG with findings on the Albanian trade situation in statistical terms and trend analysis to paint a picture of the export market. A representative of the regional Swiss Import Promotion (SIPPO) program, which covers Albania, was also invited to share and discuss findings of its 2011 gap analysis study on the Albanian garment industry. Aside from continuously sharing plans and ideas with the GFSWG partners in order to leverage synergies and resources on joint initiatives, Rritje Albania utilize this open forum to introduce and promote our various project activities, such as the industry websites, a sourcing initiative to be implemented in FY2012, our successful collaboration with PUT, the various toolkits and guidelines produced by our international and local experts, etc.

Several issues were identified and fleshed out during discussions of the GFSWG meetings, including the firm- and industry-level need to adopt new and modern technologies, the lack of information on and understanding of foreign markets, the companies' lack of marketing skills and materials, the need of garment and footwear companies to develop their own collections and move up the production cycle, the lack of a qualified workforce due to a marked absence of vocational training programs and institutes; the

absence of collaboration between businesses and PUT in terms of an internship and work placement programs for graduating students, etc.

Most notably, the meetings of GFSWG allowed industry representatives to draw the attention of central government representatives on several important macro-level issues affecting the industry. One such issue related to the industry lobbying efforts for GoA to dedicate more attention to the development of an appropriate fiscal package that would attract foreign investment in Albania's garment and footwear industries, citing successful examples found in the region, such as the arrival of the giant, Benneton in Serbia. Other macro-level issues discussed had to do with two sourcing constraints identified by the Albanian garment industry. The first one related to industry suggestions on an MF initiative, put forward by the Council of Ministers to the Albanian Assembly on proposed amendments for Law No. 9981 "On the Establishment of Custom Tariffs," dated September 9, 2008, to remove (reduce from 10 percent to 0 percent) the custom tariff on raw material imports in order to help the competitiveness of Albanian companies in the CEE region. Eventually, the amendments were approved and will come into effect in January 2012.

The other constraint related to the pending ratification by the Turkish Parliament of a tri-partite agreement between the EU, Albania and Turkey, which would enable Albanian companies to source their raw materials in Turkey and sell their products in the EU region without having to be taxed twice on their finished textile products. During the course of the GFSWB meetings this year, the voice of the two associations came through united as the MFA on behalf of the GoA pressed on with the negotiations for getting the Turkish Parliament to ratify the tri-partite agreement between Albania, the EU and Turkey. At the GFSWB meeting in July 2011, the METE representative announced that the agreement had been ratified and will come into effect in January 2012. At its last meetings, the GFSWG also agreed to set up smaller topic-specific and ad hoc working groups composed of the most relevant industry stakeholders to follow up specific issues on professional training and capacity building; policies, legal aspects and incentives, and financial schemes for innovation and technology for both the garment and footwear sectors. A proposal on the structure and action plans of these working groups is due to be presented at the next meeting of the GFSWG at the end of October 2011.

## **B7. Bridging the Gap between the Private Sector and the Polytechnic University of Tirana**



*Open lecture on productivity at PUT/Tirana/February 2011*

Rritje Albania's most successful leverage of synergies in 2011 relates without a doubt to our collaboration with the Department of Textiles and Fashion at the PUT. The PUT Department of Textiles and Fashion offers programs at Bachelor's, Master's, and PhD levels for students interested in pursuing studies and research in fashion, design, and other industry-relevant subjects.

However, very few of its graduating students<sup>15</sup> are currently employed by or are able to secure jobs with garment manufacturing companies. Firms say they are in desperate need of qualified personnel to perform skilled processes of cutting, production management, and design, a need which is unfortunately not adequately filled by the university's graduating students. Garment and footwear companies claim they would not think of hiring any of these students despite their nominally appropriate education, as the students lack basic working skills and knowledge. In addition, PUT's courses focus mostly on the garment industry, leaving thus the current and future demand of the footwear sector for a skilled labor force totally unaddressed. Bridging the gap between university curriculum and the skills needed in the workplace is a goal of the project, as it serves to strengthen both the education institutions as well as the businesses inheriting these graduates.

To address these concerns, Rritje Albania collected information on the current conditions which are contributing to this disconnect between education and the private sector. PUT has an accredited testing laboratory for leather and fabrics and a CAD/CAM plotter, among other useful facilities, but very few companies in the industry know about or have actually thought about utilizing these facilities. Businesses and industry associations don't invest time in attending lectures and workshops organized by the University, which are relevant to establishing shared priorities between the students and their potential employers. In addition, the organization of special events to showcase both students' work and skills finds little support (in-kind and financial) in both the business community and other actors of the public sector. While the facilities and events exist, these opportunities are not being capitalized upon, which gives Rritje Albania a clear focus on how to begin making progress.

Our partnership with PUT began in November 2010, when Rritje Albania hired two of the department professors, Ermira Shehu and Silva Spahia, to accompany our international STTA, John Haycock, on visits to companies that were either currently implementing or interested in implementing the PEP workshops. Mr. Haycock, with Ms. Shehu and Ms. Spahia, helped these companies become with the KPI methodology as a tool for measuring and enhancing productivity. In addition, the two PUT professors helped facilitate and arrange the organization of three open lectures and 11 workshops held at the university for both students and faculty. The materials used during these events eventually became part of the course curricula taught at the university, and the professors have gained the skills set from Mr. Haycock to continue raising awareness in the future in his absence.

#### **PUT Supports Firms through PEP**

*"Mr. Haycock's PEP methodology has changed things around for managers and their companies. In addition, it has enabled us to get closer to the industry, as well as enhance the university curriculum and learning experiences for our students."*

**Ermira Shehu, Local STTA, Professor and Head of PUT Department of Textiles and Fashion**

Rritje Albania's partnership with the PUT Department of Textiles and Fashion was also extended to a tripartite collaboration with the Albanian Designer Associations, which led to the co-organization and co-sponsoring of the Albanian Fashion Day on June 24, 2011. This activity served a number of purposes including showcasing students' work and creativity, linking and promoting university resources and capacities with individual Albanian designers, garment manufacturing companies, the two Albanian designers associations, and the two Garment and Footwear associations, and industry sectors. Rritje Albania has also facilitated and ensured PUT's inclusion at the GFSWG meetings, as a valuable

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<sup>15</sup> It is estimated that on average, PUT's annual enrollment levels at the Bachelor's and Master's programs are respectively 10-15 students and 25-30 students.

stakeholder with a significant role to play in the development of the industry itself and its future workforce.

Rritje Albania intends to continue and further strengthen its collaboration with the PUT Department of Textiles and Fashion through a number of initiatives in the forthcoming year. In fact, many of the PUT professor's observations reported as part of their assignment from November 2010 to September 2011, served to inform our plans for continuing our collaboration in 2012. Some planned initiatives for the coming project year include the establishment of an Internship/Work Placement Program between the PUT and interested garment and footwear companies; the promotion of research initiatives and collaboration on relevant issues that impact future advancements of the garment sector through the PUT's Master's and PhD programs; the introduction of new companies to the KPI system by the PUT professors, and the wide dissemination of several productivity tools and guidelines that have been developed in cooperation with Mr. Haycock, Ms. Shehu, and Ms. Spahia.

## **C. Information and Communications Technology Technical Activities**

### **C1. Snapshot of the ICT Sector**

The ICT sector is considered a catalyst industry with a high level of influence on Albania's overall economic development. ICT has a high growth potential as a stand-alone sector and as a cross-cutting and enabling technology industry for the other project target industries. Some cross-cutting initiatives developed by Rritje Albania, which benefit the ICT sector and enable it to better support other industries include the use of CAD/CAM machinery in the garment sector, online booking for hotels and tour operators under our tourism component, and the establishment and management of industry and company websites for the garment, footwear, tourism and recycling sectors.

The GoA's focus in recent years to develop the ICT sector in Albania is demonstrated in such efforts as the creation of the National Agency for Information Society (NAIS), the approval of "Law on Electronic Communication" aimed to liberalize the telecommunication market, the development of the "Cross Cutting Strategy on Information Society," the creation of the Ministry of ICT and Innovation (MICTI), and the adoption of the "Law on Electronic Commerce," among others. Moreover, the GoA's online business registration, online tax-payments and online public procurements reinforces the greater utilization of ICT products and services. This forward-thinking is encouraging to the donor community; as such, governmental actions are critical to encouraging sector-level changes and ensuring forward movement in the development of Albania's ICT sector.

Notwithstanding these positive steps, Albania's ICT sector still has much room to improve. The EU Enlargement Country Report III, released on March 2010, states that "Albania remains under-invested in terms of telecommunication infrastructure, with very low fixed and broadband penetration, despite 10 years of progressive market liberalization<sup>16</sup>." An internal ICT assessment conducted by USAID<sup>17</sup> in May 2010 concluded that aside from the telecommunications sector, the IT sector in Albania is small, due in part to low domestic demand that has yet to mature. Internet penetration is low at individual, household, and business levels in comparison to other European countries. With these conditions in mind, Rritje Albania aims to stimulate the domestic and international demand for Albanian ICT products and services, with particular focus on association strengthening, business model improvement, creation of more competitive ICT firms and promotion of industry certification programs.

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<sup>16</sup> Cullen International, March 2010, "Supply of services in monitoring regulatory and market developments for electronic communications and information society services in Enlargement Countries", Report III.

<sup>17</sup> USAID, Owen, D., Foote, D., Metzger, J., "Assessment for Social and Behavior Change Communication for Improved Transparency and Governance", May 2010.

Albania's overall indicators of competitiveness (88 out of 139) and network readiness (87 out of 138) still rate low on the global scale, according to the WEF's "Global Competitiveness Report 2010-2011" and the "Global Information Technology Report 2010-2011." Innovation is especially hindered by the lack of collaboration in research and development between businesses and universities. Other areas of particular concern relate to the absorption of new technology at the firm level and uninspired cluster development. In addition to poor infrastructure, dormant demand, small market size, and low levels of business sophistication and innovation, the development of the ICT sector in Albania is also dependent on the support of a skilled ICT labor force and the acquirement of certification standards in order to maximize the ICT companies' export opportunities and their potential advancements to higher levels of the value chain, for example the provision of IT-related consulting or software customization.



*AITA staff show off new brochures at GSTC workshop  
Tirana/November 2011*

Similar to the garment and footwear sectors, the ICT sector's representation is also weak with two associations, the AITA and the ASC, both nascent organizations. Despite this history, AITA has made significant gains in the past year to improve its capacity and lobbying power to program activities for its members and to begin to weigh in on issues that adversely impact members' growth.

In response to this ICT sector landscape of challenges and prospects, Rritje Albania's strategy of intervention in 2011 focused on supporting structures and programs to help ICT companies make the most of opportunities available. Our

attention was mostly directed at the meso and macro levels of the industry, as we worked closely with the two existing industry associations to strengthen their capacity and promote industry-wide solutions and sustainable growth of the ICT sector. Our technical assistance helped improve the competitiveness of ICT companies by promoting industry standards and certifications through the SPI - IT Mark PMP program; by raising the awareness of tourism, garment, and footwear sectors about the benefits of ICT products and services; and by creating linkages and B2B meetings between their respective companies. In addition, we brought ICT companies and education institutions closer together through technical and soft skills training workshops. We also sought out and built key strategic partnerships at all sector levels – associations, government structures, and donor and development agencies - in order to leverage synergies and resources in support of establishing an ICT-TRC in Albania. The following summarizes our major efforts and work in the ICT sector this year.

## **C2. Establishment of the ICT Training and Resource Center**

This year, Rritje Albania joined forces with a number of different partners to begin the process of establishing the first ICT-TRC on the order of the Microsoft Innovation Center model. The idea was not new, as the GoA and Microsoft signed an MoU many years earlier to create such a center, yet no concrete steps were ever taken.

The creation of such a resource center would serve to solve problems identified by stakeholders that included: reducing the large gap between public and private sector demands for practical ICT skills and knowledge (labor demand) and the limited number of qualified persons able to fill the need (labor



supply)<sup>18</sup>; the low level of innovative business solutions; the low level of research collaboration between businesses and universities; and the poor linkages between the ICT sector and other industry sectors. It was expected that the establishment of the ICT-TRC would foster innovation by enabling Albanian entrepreneurs' access to the latest knowledge and technology to create and market innovative ICT products and services. Furthermore, the ICT-TRC would help strengthen human and institutional capacities for using and absorbing new technologies, and provide a wide platform for networking and exchanging information between businesses companies and individuals, therefore contributing to the sector's future sustainable development.

To kick-start the establishment of an ICT-TRC, in January- February, 2011, at USAID's request, Rritje Albania employed the former manager of the successful Croatia Microsoft Innovation Center to

assess the Albanian market and contribute to the drafting of a detailed Business Plan to establish an ICT-TRC in Albania (see cover of Business Plan above). As part of the process, potential primary partners were identified and their possible contributions listed, including the GoA, Albanian-American Development Foundation (AADF), Microsoft, CISCO, Hewlett Packard (HP), Altelecom, and USAID. Additional partners included AITA, ASC, individual businesses and the cellular companies: Vodaphone, AMC, Eagle Mobile, and others.

After distribution of the draft Business Plan, USAID took over the leadership of the effort and, with Rritje Albania's help, an MoU was drafted and circulated by USAID to the list of primary partners. As FY2011 ended, the MoU was signed by all partners on October 24, 2011, as this report was being prepared. The signing ceremony took place in the presence of the Prime Minister of Albania and was signed by AADF, USAID, AlbTelecom, Microsoft and GoA; CISCO and HP agreed to sign at a later date.

In September 2011, Rritje Albania tendered and awarded a subcontract to a local architect/engineering firm to produce a design and costing for the renovation of the ICT-TRC space identified within the GoA NAIS office building in Tirana. AADF sat on the selection committee with Rritje Albania, and ARKIMADE shpk was awarded a contract with deliverables due by October 21, 2011.

### C3. Collaboration with ICT Associations

Rritje Albania closely collaborated with the two ICT sector associations, AITA and ASC to improve their capacity and credibility to initiate, contribute to, and shape important private-public dialogue processes that will help ensure the rapid development of Albania's ICT sector.

*Providing technical support to AITA.* Established in 2007, AITA was the first association to operate in the local ICT industry. It currently has 38 paying members, and faces start-up challenges of a logistical and

<sup>18</sup> a) "Training Needs Analysis for Albanian SMEs (TNA Report)", *EU SME Project Albania, 2010*.  
 b) "Cross cutting Strategy on Information Society," Republic of Albania, Council of Ministers, National Agency on Information Society, 2009.  
 c) Alexander Kuntz, "Albanian ICT Sector - Needs Assessment for Training Concept", GOPA/GTZ.

management nature. Until January 2011 when it received approximately \$250,000 USD grant funding from the Norwegian government through the Norwegian IT Association, Crimson Capital, and the Kosovo IT Association, STIKK<sup>19</sup>, AITA had no paid staff or offices. This funding has since begun covering staff salaries, office rent, and other operational expenses for two years. AITA now has two full-time employees and is striving to provide services to its existing members and to attract new paying members. Since signing a MoU with AITA, Rritje Albania has assisted AITA to increase its visibility, trained its staff and members and has invited applications for co-financing of IT certification to AITA members. Partly as a result of these activities, AITA has increased its number of paying members by 18 companies, and therefore the financial resources at its disposal.

*Providing technical support to ASC.* Established in Tirana since November 2010, the ASC has a total of 11 members whose activities lie in the fields of software, consultancy services, IT business applications solutions, and IT training and education. In an effort to strengthen research collaboration with public education institutions involved in ICT training, the ASC also cooperates with PUT and the Business IT Faculty at the University of Tirana. Therefore, Rritje Albania cooperation with the ASC not only strengthens ASC's capacity as an association to provide services to its members, but also as a way to promote and support research collaborations with the potential to shape the sector's future development. Rritje Albania formalized its partnership with the ASC through a MoU that was signed in April 2011.

*Strengthening the service delivery capacity of AITA and ASC.* To help AITA and ASC provide services to its members and link them to business opportunities in the tourism sector, Rritje Albania helped the associations participate at the TREALBEXPO event held in April 2011<sup>20</sup>. Rritje Albania provided AITA and ASC trade fair participation training and coaching on how to manage and organize B2Bs between members and tourism companies. During the course of this initiative, Rritje Albania assisted both associations to develop first-rate promotional materials and manage a continuous flow of communication with their members.

#### **C4. Project Management Professionals (PMP) Network**

With the economies of the Western Balkans moving away from agriculture and heavy industry and towards service-oriented, project-based sectors such as ICT, construction, and transport and trade, competence in project management is becoming a critical success factor for the Albanian workforce. At the same time, major infrastructure and technology upgrading projects being implemented by the GoA, especially those in support of EU accession, need skilled and qualified project managers to ensure that public funds are spent transparently and projects are executed in time and on budget. This need is being advertised by institutions such as the International Monetary Fund (IMF), the World Bank, and the EU.

One internationally recognized way of demonstrating project management competencies is through possession of professional certifications like the Project Management Professional (PMP) certification, the world's leading credential in project management, and granted by the U.S. Project Management Institute (PMI). In 2011, Rritje Albania partnered with AITA to introduce the Project Management Awareness and Training Program, in cooperation with USAID's RCI, to interested Albanian companies and professionals. This initiative also served to strengthen the capacity of AITA to provide members training and networking opportunities. An initial PMP awareness was followed by three training sessions in November 2010 and January and February 2011, which led to the certification of the first 15 trainees in March 2011.

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<sup>19</sup> Kosovo ICT Association.

<sup>20</sup> The TREALBEXPO event and its outcomes are described in greater detail in Section VI-A of this report.

## **C5. Software Process Improvement IT Mark Program**

Another project initiative undertaken in collaboration with USAID's RCI and AITA during the reporting period was the introduction of the Software Process Improvement IT Mark (SPI - IT Mark) program in Albania. Details of activities relating to this program are narrated in Section III-A of this report. Worth noting, however, is Rritje Albania's mentoring and supporting role to allow AITA to take the lead in the process. As Rritje Albania and AITA's executive director co-promoted and rolled out the SPI - IT Mark program at workshops and meetings. The chairman of AITA's executive board was also one of the key speakers in the SPI - IT Mark Program Awareness sessions in June 2011.

## **C6. Offering Assistance through Market Studies and Grants**

AITA finds itself continuously under pressure from its members to provide real value services. One of the major requests relates to an acute need for reliable market studies and analysis. This year, Rritje Albania held several meetings to discuss support that could be given to AITA on this front. AITA has identified a number of surveys that their members would find important and we are looking into ways to help them undertake those surveys. Some examples of potential studies include a business IT catalogue, ICT gap analyses, or skills inventory. Rritje Albania has agreed to help AITA produce a Members' Catalogue in FY2012. We have also encouraged AITA to look into our grants facility. During the third quarter of FY2011, AITA together with ATA explored the possibility of using a grant to support a number of AITA member companies provide services to ATA members. Encouraged by the possibility to establish cross-sector linkages between ICT and tourism companies in Albania, we advised both associations on the strengths and weaknesses of their ideas, and anticipate receiving an application from them in the coming year.

## SECTION III – TECHNICAL ACTIVITIES BY COMPONENT

The following section covers activities and related outcomes under the three project components listed below. The overall results of these activities are also summarized in Section V of this report. The section is broken out as follows:

- Trade and Investment Capacity Strengthened (PIR 1; KRAs 1.1-1.3)
- Private Sector Productivity Increased (PIR 2; KRAs 2.1 and 2.2)
- Workforce Development Improved (PIR 3; KRAs 3.1)

### A. Trade and Investment Capacity Strengthened (PIR 1)

Building on lessons learned during the previous year, the main focus of trade and capacity activities in FY2011 was to support Albanian businesses to move from a reactive market mentality to one that is proactive and strategic to successfully access new markets and buyers. Many of these activities were undertaken in partnership with the relevant business associations, chambers and partner organizations in each target sector. In doing so, Rritje Albania engaged and strengthened the institutional structures and human capacities of local entities to deliver services at scale, increase membership and provide valued support to members.

#### A1. Compliance with International Standards Improved (KRA 1.1)

As Albania prepares to re-submit its application to become an EU member, project activities supporting Albanian enterprises to increase quality control and acquire certifications in global standards will help economic integration to occur in parallel to political integration. Thus, Rritje Albania's activities to improve the competitiveness of firms in target sectors are in harmony with USAID's goal to support Albania's EU integration. The following table lists all the FY2011 activities that contributed to achievements under the KRA 1.1 indicator.

**Table III-A.1 - Training Events and Activities on International Standards and Certification**

| Activity/Event                           | Location    | Date             | Number of Firms | Number of Participants |            |            |
|--|-------------|------------------|-----------------|------------------------|------------|------------|
|  |             |                  |                 | Female                 | Male       | Total      |
| Authentic Albania Quality Mark Workshops | Shkodra     | Oct 2010         | 10              | 4                      | 13         | 17         |
|  | Vlora       |                  | 9               | 1                      | 9          | 10         |
|  | Gjirokastra |                  | 6               | 5                      | 13         | 18         |
|  | Saranda     |                  | 7               | 5                      | 7          | 12         |
|  | Kukes       |                  | 2               | 2                      | 5          | 7          |
| AAQM Assessments                         | Various     | Dec 2010-ongoing | 31              | 11                     | 20         | 31         |
| GSTC Workshop                            | Tirana      | Nov 2010         | 13              | 17                     | 13         | 30         |
| UNWTO Regional Conference*               | Tirana      | Nov 2010         | N/A             | N/A                    | N/A        | 100 (est.) |
| PMP Essentials Workshops                 | Tirana      | Nov 2010         | 9               | 11                     | 4          | 15         |
|  |             | Jan 2011         | 8               | 7                      | 9          | 16         |
|  |             | Feb 2011         | 11              | 9                      | 6          | 15         |
| SPI Roadmap To Maturity                  | Tirana      | April 2011       | 9               | 4                      | 14         | 18         |
| ITMark Workshop                          | Tirana      | June 2011        | 9               | 6                      | 7          | 13         |
| <b>Total Results for KRA1.1</b>          |             | <b>11 events</b> | <b>124</b>      | <b>82</b>              | <b>120</b> | <b>202</b> |

\* Sign-up sheets for the UNWTO conference are not available.

As noted above, these activities were implemented in partnership with a number of different actors, including but not limited to ATA, TAM-BAS, National Geographic, RCI, Global Sustainable Tourism

Council (GSTC) and the MTCYS for tourism activities, and AITA, ASC, RCI, and ESI Bulgaria for ICT activities. The following section describes two key initiatives in 2011, namely the AAQM and the SPI - IT Mark programs, both of which focused on improving the quality of products and services in tourism and the ICT, respectively.

*Authentic Albania Quality Mark Program.* In FY2011, significant progress was made to improve the quality of tourism services through the implementation of the AAQM Award program under the management of ATA and supported by EBRD's TAM-BAS program. The following table summarizes results of the AAQM assessment process in 2011 and the awards given to date. The AAQM awards to hotels are valid for a period of two years before they must be reassessed in order to remain in the program.

**Table III-A.2 - List of Authentic Albania Quality Mark Assessments and Awards**

| No.                              | Accommodation Name          | Location    | Assessment Date                          | Award Date  | Award                                    |
|----------------------------------|-----------------------------|-------------|--|-------------|--|
| 1                                | Hotel Dynasty               | Tirana      | 29 Sep 2010                              | 28 Apr 2011 | Silver & Albanian Spirit                 |
| 2                                | Hotel Theranda              | Tirana      | 29 Sep 2010                              | 28 Apr 2011 | Silver                                   |
| 3                                | Hotel Mondial               | Tirana      | 2 Oct 2010                               | 28 Apr 2011 | Silver                                   |
| 4                                | Hotel Xheko Imperial        | Tirana      | 2 Oct 2010                               | 28 Apr 2011 | Silver                                   |
| 5                                | Hotel Kontinental           | Vlora       | 4 Oct 2010                               | 28 Apr 2011 | Bronze                                   |
| 6                                | Hotel Monarc                | Tirana      | 24 Nov 2010                              | 28 Apr 2011 | Silver                                   |
| 7                                | Sky Hotel                   | Tirana      | 24 Nov 2010                              | 28 Apr 2011 | Gold                                     |
| 8                                | Hotel Airport Tirana        | Tirana      | 26 Nov 2010                              | 28 Apr 2011 | Silver                                   |
| <b>FY2011-Q1: 8 Assessments</b>  |                             |             | <b>Cumulative: 8 Assessments</b>         |             |  |
| 9                                | Hotel Regina                | Vlora       | 26 Jan 2011                              | 28 Apr 2011 | Bronze                                   |
| 10                               | Hotel Paradise Beach        | Vlora       | 26 Jan 2011                              | 28 Apr 2011 | Bronze                                   |
| 11                               | Hotel New York              | Vlora       | 26 Jan 2011                              | 28 Apr 2011 | Silver                                   |
| 12                               | Hotel Dardha                | Korca       | 26 Jan 2011                              | 28 Apr 2011 | Silver                                   |
| 13                               | Hotel Sirena                | Pogradec    | 27 Jan 2011                              | 28 Apr 2011 | Silver                                   |
| 14                               | Grand Hotel                 | Tirana      | 28 Jan 2011                              | 28 Apr 2011 | Silver                                   |
| 15                               | Hotel Baron                 | Tirana      | 28 Jan 2011                              | 28 Apr 2011 | Silver                                   |
| 16                               | Hotel Diplomat Fashion      | Tirana      | 15 Feb 2011                              | 28 Apr 2011 | Silver                                   |
| 17                               | Hotel Diplomat HY           | Tirana      | 16 Feb 2011                              | 28 Apr 2011 | Silver                                   |
| 18                               | Tradita Geg & Tosk          | Shkodra     | 16 Feb 2011                              | 28 Apr 2011 | Silver & Essential Albanian Architecture |
| 19                               | Hotel Restorant "Rapsodia"  | Shkodra     | 16 Feb 2012                              | 28 Apr 2011 | Silver                                   |
| 20                               | Hotel Cajupi                | Gjirokastra | 25 Feb 2011                              | 28 Apr 2011 | Silver                                   |
| 21                               | Hotel "The First"           | Gjirokastra | 26 Feb 2011                              | TBD         | TBD                                      |
| 22                               | Hotel Bleta                 | Gjirokastra | 27 Feb 2011                              | TBD         | TBD                                      |
| <b>FY2011-Q2: 14 Assessments</b> |                             |             | <b>Cumulative: 22 Assessments</b>        |             |  |
| 23                               | Hotel Mangalemi             | Berat       | 18 May 2011                              | TBD         | TBD                                      |
| 24                               | Castle Park                 | Berat       | 18 May 2011                              | TBD         | TBD                                      |
| 25                               | Hotel Kosmira               | Durres      | 30 May 2011                              | TBD         | TBD                                      |
| 26                               | Hotel Adriatik              | Durres      | 30 May 2011                              | TBD         | TBD                                      |
| <b>FY2011-Q3: 4 Assessments</b>  |                             |             | <b>Cumulative: 26 Assessments</b>        |             |  |
| 27                               | Hotel Dajti Belvedere       | Tirana      | 8 Jul 2011                               | TBD         | TBD                                      |
| 28                               | Hotel Perla                 | Pogradec    | 11 Jul 2011                              | TBD         | TBD                                      |
| 29                               | Hotel-Restorant "Vila Lule" | Durres      | 18 Jul 2011                              | TBD         | TBD                                      |
| 30                               | Hotel Aragosta              | Durres      | 18 Jul 2011                              | TBD         | TBD                                      |
| 31                               | Life Gallery Hotel          | Korca       | 2 Sep 2011                               | TBD         | TBD                                      |
| <b>FY2011-Q4: 5 Assessments</b>  |                             |             | <b>FY2011 Cumulative: 31 Assessments</b> |             |  |

The first 20 AAQM awards were distributed at a ceremony held in April 2011 on the MTCYS premises, and received positive press and media coverage and included high-level guest speakers, including the

Acting Minister of Tourism Suzana Turku, USAID's Mission Director Joseph Williams, and ATA President Enver Mehmeti. Further promotion of the AAQM was accomplished through interviews, articles, and press releases organized by the project through various Albanian media outlets, including Radio Travel, Shqip newspaper, TV Scan, and the Agon morning show at the Albanian Screen TV channel. Although a more aggressive marketing and communication plan spearheaded by an AAQM website will be part of project efforts in FY2012, the AAQM award recipients have already commented positively about increased business as a result of our promotional efforts to date. During the visit of the USAID/Albania Mission Director to Hotel New York in Vlora (AAQM Silver recipient), the manager reported that several guests from the diplomatic community in Albania had come to stay at the hotel after reading the AAQM press release distributed by the U.S. Embassy. In FY2012, the project will also target assistance at helping these recipients increase their visibility with foreign tourists.

In addition, Rritje Albania and ATA vigorously promoted the AAQM program by offering free assessments to the first 50 hotels/accommodations that submitted applications, provided they were paying members of the ATA. Rritje Albania's offer served the dual purpose of attracting interest in the program to gain a critical mass of participants, as well as increasing ATA's paid membership and financial resources. Prior to the launch of the AAQM Program, ATA had over 200 members but fewer than 20 had paid its membership fee of 150 Euros per year. However thanks to the AAQM program, by the fall of 2011, 63 applications were received, 29 of which came were new paying members. An additional 21 hotels/accommodations that have applied to AAQM, will join the ranks of new paying ATA members. Since AAQM awards and the accompanying marketing exposure of web sites, print directories and publicity materials (signage, AAQM brands, display of awards) are only valid for 2 years, hotels will be incentivized to subject themselves to reassessment at full-cost recovery rates plus keeping their paid membership in ATA current.

In order to better monitor and capture business activity generated through the AAQM program, Rritje Albania modified its contract with IDRA, a local firm hired to deploy the AAQM assessors, in order to facilitate the collection of sales and jobs data from hotels/accommodations that are members of AAQM. Starting in April 2011, IDRA began the collection of sales and jobs data and will continue to report and monitor their performance on a quarterly basis.

*Software Process Improvement Program (SPI) – IT Mark Certification.* Rritje Albania collaborated with ESI Bulgaria, RCI, and AITA to first introduce and then expand access to the SPI - IT Mark certification program in Albania. The program assisted five Albanian companies to implement SPI - IT Mark, a software process improvement model based on Capability Maturity Model Integration (CMMI)<sup>21</sup>. We co-financed four of these companies to attain certification in IT Mark Basic, while a fifth graduated to IT Mark Premium. Other financing was provided by the firm, and RCI. By optimizing the execution of specified SPI - IT Mark practices, a company greatly improves its chances of business success. Following the initial expression of interest and completion of a successful application form, the process of SPI - IT Mark appraisal and certification takes place over a 13-month period, ending in FY2012.

Following two awareness workshops and meetings with companies in April and June 2011, interested companies applied to the program in July 2011. A total of seven applications were evaluated using the Implementation Check Methodology provided by ESI Bulgaria by the evaluation committee, comprised of one representative each from Rritje Albania, ESI Bulgaria, and AITA<sup>22</sup>. In September 2011, the five

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<sup>21</sup> CMMI is a model designed by Carnegie Mellon and Software Engineering Institute (SEI) and defines the practices found in successful businesses that include: eliciting and managing requirements, decision making, measuring performance, planning work, handling risks, and more. IT Mark was designed specifically for small and medium enterprises (SMEs) by the Foundation European Software Institute (ESI) - Center Bulgaria and it includes appraisal for CMMI class C or B.

<sup>22</sup> The seven applicants were DM Consulting, ikubInfoSoft, InfosoftSD, Intech+, Tetra, TPK Solutions and ISSETI, a non-for-profit institute.

top companies (DM Consulting, ikubInfoSoft, Intech +, Tetra, Infrosoft SD) signed CGPs with Rritje Albania, joint MoUs with Rritje Albania and ESI Bulgaria, and individual contracts with ESI Bulgaria which will collect their fees. CMMI introduction training workshops will mark the first SPI - IT Mark Program activities with these companies, and are scheduled for November 2011.

## A2. Use of ICT for Trade-Related Activities Expanded (KRA1.2)

The key FY2011 activities under KRA1.2 focused on awakening latent demand of the private sector for greater use of domestic ICT products, and on improving the use of e-commerce tools to increase trade activities. In addition, these activities sought to bridge the gap between the products offered by ICT companies and the demand of the private sector to absorb these products. This section first describes project assistance with Albanian associations in B2B meetings, followed by events organized for Education and Training Institutions (ETIs), ICT usage in trade by sector, and finally, collaboration with the Centre for the Promotion of Imports from The Netherlands (CBI) in e-commerce training.

*Linking ICT and tourism businesses.* In FY2011, four business associations and one national agency representing the Albanian ICT and tourism industries were supported in utilizing ICT products in their trade promotion; as a result of these project activities, these organizations assumed various roles as organizers, participants, and service providers to their members and to other industries. Aside from helping strengthen the capacities of AITA, ASC, ATA, and ATOU to provide better services to their members, Rritje Albania also mentored these associations in setting up, leading, and following up on more than 100 B2B meetings, which took place during the April 2011 TREALBEXPO and attracted 40 ICT and tourism companies. The table that follows demonstrates project activities which provided support to the associations in relation to their respective sectors.

**Table III-A.3 - Summary of Associations Benefitting from KRA1.2 Activities**

| Association/Agency            | Sector  | B2B meetings <sup>23</sup> | Workshop   | Firm-level Coaching                           |
|-------------------------------|---------|----------------------------|------------|---|
| Albanian IT Association       | ICT     | TREALBEXPO, ICT-ETIs       | N/A        | B2B meeting preparation/mentoring for members |
| Albanian Software Cluster     | ICT     | TREALBEXPO                 | e-Commerce |   |
| Albanian Tourism Association  | Tourism | TREALBEXPO                 | e-Commerce |   |
| Albanian Tour Operators Union | Tourism | TREALBEXPO                 | N/A        |   |
| National Tourism Agency       | Tourism | N/A                        | e-Commerce | Trade Fair Preparation Support                |

*Developing linkages between ICT sector and ETIs.* An Education for Sustainable Development event, organized by the British Chamber of Commerce and the English Speaking Union in October 2010, encouraged nine new business partnerships with ETIs as a result of Rritje Albania assisting AITA and six ICT companies to occupy an exhibit space at the fair and forge links through B2Bs with 20 Albanian ETIs. Despite some initial skepticism, AITA staff acknowledged that the technical assistance and support they received from Rritje Albania helped strengthen their confidence to pursue similar activities in the future, and to better serve their members.

<sup>23</sup> In the period covered by this report, B2B meetings that focused on promoting the distribution of ICT products in Rritje Albania target sectors and Albanian businesses in general, included: B2B meetings with Educational and Training Institutions (ETIs) during the Education for Sustainable Fair, and the tourism-ICT B2B meetings during the TREALBEXPO 2011 event.

*E-commerce training for tourism companies and tour operators.* Another important activity to stimulate the use of ICT for improved tourism products and services was the two-day workshop on “E-Commerce and Web Site Promotion for Tour Operators and Travel Agencies.” Co-hosted by the project and the Dutch CBI think tank in June 2011, the event attracted 13 tourism companies and associations. Although many companies are aware of the web 2.0 features and capabilities available to businesses for product promotion, few Albanian companies make use of these tools to attract tourists to Albania. Topics covered by this integrated event may be found in the adjacent box. The company-specific recommendations made by the CBI experts will ensure that these new technologies are applied to increase the visibility of Albanian tourism businesses. The workshop was followed by firm-level follow-up at 6 of the companies on specific improvements relating better e-communication with buyers.

*Increasing capacities of companies to utilize ICT products in their business.* Rritje Albania collected baseline profiles from Albanian enterprises in Year 1 of the project, as well as reports drafted by industry experts in garment, footwear, and tourism, to assess current usage of ICT products by sector. These data indicated that the use of ICT products for trade-related activities could include the following activities and skills:

- Use of email and Skype to communicate with buyers and business partners
- Design enterprise website including company profile, product list, and contact info
- Online registration processes for fairs and trade shows
- Web-based B2B meetings, market research, and product development
- English- and/or Italian-speaking staff to manage the above processes

These initiatives could help improve goods and services, identify commercial opportunities, and establish contacts with potential international business partners. Starting at initially low rates of ICT use, the 74 companies with signed project CGPs were supported to make improved use of the following tools by the end of this reporting period.

**Table III-A.4 - ICT Use for Trade-Related Activities Following Rritje Albania Assistance**

| Industry/Sector | Email/Skype | Website   | Trade Fair Research |
|-----------------|-------------|-----------|---------------------|
| Tourism         | 14          | 12        | 5                   |
| Garment         | 10          | 11        | 3                   |
| Footwear        | 3           | 7         | 1                   |
| ICT             | 8           | 8         | 3                   |
| Recycling       | 2           | 1         | 1                   |
| <b>Total</b>    | <b>37</b>   | <b>39</b> | <b>10</b>           |

### Catching the Attention of Tourists

In collaboration with CBI, project training introduced the following web 2.0 topics, among others, to 13 Albanian tourism companies:

- Website targets and goals
- How to engage customers and users through booking engines
- Tourist testimonials
- Virtual site tours
- Effective use of social media (YouTube, Twitter, Facebook, and LinkedIn), and travel directories (TripAdvisor)
- Search engine optimization and advertising
- Building website links
- Email marketing
- M&E for e-marketing (Google Analytics and conversion enhancement)

The increase in the number of websites in the garment and footwear sectors is a direct result of Rritje Albania's assistance to these companies. The Albanian garment industry website, [www.albaniangarment.com](http://www.albaniangarment.com), was launched in April 2011, and lists the profiles and contact details of 96 Albanian garment companies. The Albanian footwear industry website, [www.albanianfootwear.com](http://www.albanianfootwear.com), is due to be launched at the end of November 2011, and will list contact information for roughly 30 footwear companies, representing more than two-thirds of Albania's footwear sector.

However, while some companies have invested in obtaining websites and using technology for communicating with buyers, qualitative assessments from various industry experts of the use of the tools listed above pointed out several challenges in the average business's quality and utilization. Key challenges to address include:

- Low quality of website structure and content, including out-of-date information
- Need to improve communications between the management of Albanian enterprises, e.g. follow-up on trade fairs through email contact
- Improved research and preparation of trade fairs, and setting meetings in advance
- Disinclination to use the internet to research potential markets, raw materials, and access information on trade fairs and shows

### A3. Trade Knowledge and Skills Improved (KRA 1.3)

The main FY2011 activities under KRA 1.3 focused on helping Albanian companies and the wider business community increase their understanding of international market demands to attract new clients, investors, and buyers. The information and skills imparted on the business and industry representatives related not only to sales, marketing, and presentation skills, but also to opportunities via B2B meetings and trade fairs, information on standards needed to attract buyers (such as the AAQM and SPI - IT Mark programs), and the exploration of alternative financial instruments to invest in business expansion.

The following table explains the results presented above by listing the types of assistance offered through industry-wide workshops and firm-level assistance in this area.

**Table III-A.5 - Training Events and Participants in Improved Trade and Investment Knowledge and Skills (KRA1.3)**

| No. | Activity/Event  | Location        | Date     | Number of Firms | Number of Participants |      |       |
|-----|---|-----------------|----------|-----------------|------------------------|------|-------|
|     |   |                 |          |                 | Female                 | Male | Total |
| 1   | Firm-level Strategic Sales & Marketing Assistance                         | Tirana, Shkodra | Oct 2010 | 8               | 2                      | 6    | 8     |
| 2   | Sales Presentations Skills Workshop                                       | Tirana          | Oct 2010 | 18              | 13                     | 16   | 29    |
| 3   | GSTC Workshop   | Tirana          | Nov 2010 | 13              | 17                     | 13   | 30    |
| 4   | UNWTO Conference  | Tirana          | Nov 2010 | N/A             | N/A                    | N/A  | N/A   |
| 5   | Albanian Textiles Week (Strategic Planning Workshop)                      | Tirana          | Oct 2010 | N/A             | N/A                    | N/A  | N/A   |
| 6   | Company-level B2B preparation and follow-up skills (CIFF and other fairs) | Fier, Tirana    | Ongoing  | 5               | 3                      | 2    | 5     |
| 7   | Tourism B2B meetings (ATA Annual Conference)                              | Tirana          | Jan 2011 | 24              | 12                     | 20   | 32    |

| No.                             | Activity/Event   | Location | Date             | Number of Firms          | Number of Participants |            |            |
|---------------------------------|--|----------|------------------|--------------------------|------------------------|------------|------------|
|                                 |  |          |                  |                          | Female                 | Male       | Total      |
| 8                               | Trade Fair Info Package dissemination                                      | Online   | Feb-Mar 2011     | 23 garment & 11 footwear | N/A                    | N/A        | 34         |
| 9                               | TREALBEXPO B2B meetings coaching (Associations)                            | Tirana   | Feb-Mar 2011     | N/A                      | 3                      | 2          | 5          |
| 10                              | Tourism-ICT B2B meetings during TREALBEXPO                                 | Tirana   | Apr 2011         | 40                       | 31                     | 27         | 58         |
| 11                              | e-Commerce for Tour Operators Workshop                                     | Tirana   | Jun 2011         | 12                       | 8                      | 10         | 18         |
| 12                              | Website and e-Commerce Company-level Coaching                              | Tirana   | Jun 2011         | 6                        | 7                      | 9          | 16         |
| 13                              | Access-to-Finance Roundtables on   | Korca    | Jun 2011         | 17                       | 7                      | 12         | 19         |
| 14                              | Factoring  | Fier     |                  | 18                       | 8                      | 16         | 24         |
| 15                              |  | Shkodra  |                  | 26                       | 10                     | 24         | 34         |
| 16                              | Workshop on Transitioning from Fassion to Full Package Service (M. Fieman) | Tirana   | Jun 2011         | N/A                      | N/A                    | N/A        | N/A        |
| 17                              | TOT for Tourism Consultants – I. Marketing                                 | Tirana   | Jun 2011         | 13                       | 8                      | 7          | 15         |
| 18                              | TOT for Tourism Consultants – II. Human Resource Management                | Tirana   | Jun 2011         | 12                       | 8                      | 7          | 15         |
| 19                              | TOT for Tourism Consultants – III. Cost Management                         | Tirana   | Jul 2011         | 13                       | 6                      | 9          | 15         |
| 20                              | Website maintenance and handover training sessions                         | Tirana   | Sep 2011         | 1                        | 2                      | 0          | 2          |
| <b>Total Results for KRA1.3</b> |  |          | <b>20 events</b> | <b>128</b>               | <b>138</b>             | <b>171</b> | <b>343</b> |

Some of these activities have already been mentioned, while others will be recounted in other sections of this report. In order to avoid repetition, the following narrative will focus on Rritje Albania's FY2011 work in relation to the A2F roundtables on factoring, the trade fair and B2B program, and the sales and marketing support delivered at the firm level. Where possible, this narrative illustrates related outcomes that were observed and/or reported by client companies and partner organizations.

*Access to finance.* According to the WEF Global Competitiveness Report 2010-2011, the number one constraint faced by Albanian businesses for business growth and expansion is access to finance. Their financing needs relate to investments in new technologies and equipment, working capital, utilization of overdrafts for operational expenses, and the sourcing of raw materials. Albanian businesses report two main challenges in this regard: (1) the identification of the appropriate financial instruments at the right terms for the intended investment, and (2) the preparation of a successful application to the financing institution. Most Albanian companies are neither aware of all the different types of financing instruments available, nor do they understand the relative advantages and disadvantages of each instrument in order to select the best option to meet their needs. In the absence of such knowledge, Albanian businesses often end up choosing a financial instrument that is inappropriate for their needs, in turn, posing additional risks

of reduced cash flow, weakened credit scores, and/or closing off access to new loans with assets tied as collateral in other loans. Aside from the typical financing methods utilized by Albanian businesses such as self-financing through personal savings or family borrowing/support, overdrafts, and bank loans<sup>24</sup>, Rritje Albania’s main FY2011 goals in this context related to informing Albanian businesses on the use and sources of appropriate financial instruments.

The first series of six A2F roundtables on leasing held last year was followed by a second series of three workshops on A2F in factoring in June 2011, organized in partnership with the AEGIS Strategic Consulting Group (ASCG) and Albanian Factoring Services (AFS) which provided the technical training at no cost to the project or participants as they are new entrants offering Factoring in Albania for the first time. These roundtables were attended by more than 60 business actors in Albania, and as the table below indicates, a considerable number of exporting businesses and non-business institutions were also interested in obtaining and discussing this information.

**Table III-A.6 - Summary of A2F Factoring Roundtables in FY2011**

| Sector                                   | Korca     | Fier      | Shkodra   | Total     |
|--|-----------|-----------|-----------|-----------|
| Garment                                  | 3         | 2         | 8         | 13        |
| Footwear                                 | 1         | 1         | 1         | 3         |
| Tourism                                  | 1         | 1         | 2         | 4         |
| ICT                                      | 0         | 2         | 0         | 2         |
| Agro-business                            | 8         | 1         | 5         | 14        |
| Wood Processing                          | 3         | 0         | 0         | 3         |
| <b>Sub-total of Exporting Businesses</b> | <b>18</b> | <b>11</b> | <b>16</b> | <b>45</b> |
| Trade/ Transport                         | 2         | 4         | 0         | 6         |
| Associations                             | 1         | 0         | 1         | 2         |
| Banks                                    | 0         | 4         | 2         | 6         |
| Local Government                         | 0         | 4         | 2         | 6         |
| Other                                    | 0         | 5         | 10        | 15        |
| <b>Total</b>                             | <b>19</b> | <b>24</b> | <b>31</b> | <b>64</b> |

After the A2F factoring roundtables, AEGIS ASCG provided additional information and advice to some of these companies on trade-related financing services. As a result of this follow-up, the need of Albanian businesses for factoring services became even more evident. In response to this need, members of AEGIS ASCG and other stakeholders decided to form the Balkans Factors Albanian SHA, which was registered as a company providing factoring and other trade-related financing services. The company was registered in October 2011, as this report was being prepared. The company will begin operations at the beginning of 2012 with seven employees.

In order to expose a greater number of companies and private and public institutions to information about access to finance, Rritje Albania developed a primer entitled “Financing Your Business<sup>25</sup>,” which included one-page leaflets describing different financial instruments such as factoring, leasing, credit line, equity financing, forfeiting, forward contract, and stock exchange. This package of materials on financing instruments was distributed to more than 80 businesses and institutions that participated in Rritje

<sup>24</sup> The project’s empirical observations are also corroborated by the responses of 36 exporting and financing companies which completed a post-event questionnaire distributed to all 64 participating companies at the June 2011 *Access to Finance Roundtables on Factoring*.

<sup>25</sup> The results of the aforementioned questionnaire highlighted even further the need to promote a greater knowledge and understanding of alternative ways of financing amongst the Albanian business community. Although 75 per cent of the respondents stated they had plans to invest in business expansion activities, none of them considered alternatives financial tools to loans and overdrafts.

Albania's roundtables or one-on-one meetings. In 2012, Rritje Albania intends to continue along this vein by organizing future roundtables on other access to finance topics.

*Creating linkages with the regional finance sector.* In October 2010, USAID's new regional project entitled Partners in Financial Stability Project (PFS), with assistance from RCI, held its first work planning session in Albania. At the same time, PFS convened the first meeting of the A2F donor working group for the SEE region. Following this initial exposure, and considering the importance of regional involvement in this area, Rritje Albania's Trade & Investment Advisor provided technical support to two PFS activities during January-March 2011, namely a country-level assessment of financial brokers in Albania, and a study examining access to finance issues from a gender perspective. In addition, Rritje Albania helped promote and encourage participation of Albanian businesses<sup>26</sup> to the PFS event on regional finance matchmaking, which took place in June 2011 in Skopje, Macedonia. As a result of Rritje Albania's coordination, the ASC was able to attend this event, returning with very positive feedback on opportunities the event offered for the ASC and its members.

Lastly, Rritje Albania advisors continued to provide ad hoc financial advice to client companies. Some examples include informing the garment firm Melgushi on ways to access and finance new cutting technology; supporting Hotel Perla to fund further business expansion; and working with Patrik and Picari, two footwear companies interested in accessing overdraft facilities for their working capital need.

*Trade fair support and the B2B program.* B2B meetings are one of the most effective methods for establishing connections and building sales relationships between firms. The project is providing Albanian businesses the opportunity to start relationships with new clients, as well as the processes to nurture and maintain them. Recognizing the limited knowledge of Albanian companies, Rritje Albania researched, put together, and disseminated through the [www.albaniangarment.com](http://www.albaniangarment.com) website a trade fair information package listing trade fair profile and registration information for interested companies.

In the weeks following the Copenhagen International Fashion Fair (CIFF) in August 2010, Rritje Albania supported the four participating garment companies to follow-up on business contacts established during the fair by helping them draft emails to the prospective buyers who had shown interest. Two strong business leads were explored, including with the Danish firm, Red Green, which asked Albanian Blue Sky to submit samples, and Claire, a UK-based company, which requested samples and prices from the Albanian Omega. Unfortunately, the deals between Omega and Claire fell through as pricing became an issue, although Omega's product quality was within standard. In October 2010, Claire representatives traveled to Albania and visited leading Albanian companies in the garment sector, like Omega's factories and those of another project client, Ambra. Although this initial interest shown by foreign companies in Albania's garment industry did not materialize in a concrete deal, Omega and the other three companies that participated in the CIFF fair indicated that the experience was valuable to their future business.

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<sup>26</sup> At least 10 Albanian and foreign banks in Albania, 3 financial institutions, 2 garment and footwear associations, 2 ICT business associations, ATA, the Albanian Factoring Services and Aegis ASCG learned about this opportunity from Rritje Albania.

During FY2011, Rritje Albania also supported both the ATA and NTA with preparations for attending and representing Albania at four major trade fairs on tourism, including: the World Travel Market (WTM) in London, the BIT-Milan, and ITB-Berlin. Albania was also a first-time participant and exhibitor at the Philoxenia Trade Fair and Black Sea Forum of Travel Agencies held in Thessaloniki, Greece in November 2010. Of the 30 new business contacts made in Thessaloniki, 15 were reported to be from Central and Eastern Europe, 9 from Western Europe, and 6 from Baltic countries, giving Albanian companies a concrete sense of potential markets to tap into.

Our trade fair activity also supported the two associations and their members in creating and setting up attractive stands (see adjacent box), and developing the appropriate promotional materials for events. The six sets of promotional materials on Albania as a tourist destination developed during this process and were published in English, German, and Japanese to reach target foreign markets. The materials covered varying topics from authentic tours to culinary experiences in order to promote Albania as a desirable tourist destination. Other materials prepared and displayed during the fairs included the National Geographic Supplement on Western Balkans and a DVD documentary, entitled “Albania – Trekking in a Wild World.” Approximately 120 B2B meetings with 30 new potential business partners were reported during the trade fairs.

Following up on the success of the National Geographic Traveler magazine supplement on the Western Balkans, Rritje Albania teamed up with other USAID country projects and RCI to participate in the development of the National Geographic GeoMaps website. Each of the six countries covered by the Western Balkans Supplement will develop content for their country’s site to be housed on National Geographic web pages, and reached through a regional portal developed by RCI. A National Geographic representative who attended the GSTC workshop in November made a presentation to the workshop participants on this exciting trade and investment enhancement opportunity.

Furthermore, by building on successful examples from the region, Rritje Albania took the initiative to coordinate efforts between the public and private sector in Albania’s tourism industry to develop, design and produce a promotional package on Albania, focused in

### **Firms Improve Trade Fair Displays**

At Rritje Albania’s suggestion, NTA drafted and applied a set of standards for Albanian businesses wishing to share its exhibit space at the BIT-Milan and ITB-Berlin trade fairs. Firms were required to have a professional package of promotional materials and a website before they were allowed to exhibit in the NTA space.

Approximately 130 B2B meetings with 30 new client prospects were reported.

### **Outcomes Reported by Hotels**

*Hotel Cajupi* reported to have increased sales several fold since it became Rritje Albania’s CGP client. Following the B2B meetings with six Albanian tour operators in January 2011, the hotel established two new potential leads. Of these, *Hotel Çajupi* managed to successfully welcome Polish Tour Operators for one night in Gjirokastra, and establish business connection for the last and future summer seasons.

*Hotel New York*, an AAQM award recipient and a participant in B2B meetings, has also experienced growth in number of visitors, especially those in organized groups from Poland and Russia.

*Albania Holidays* received support to develop marketing materials that the company used to attend BIT-Milan, ITB-Berlin, and a travel convention in Slovenia. At the Slovenian event, the company made 33 contacts, 5 of which are expected to lead to significant new long-term business.

the MICE segment. This was the first joint initiative for developing such a package that included one-page profiles of 15 companies, 4 of which were already finalized by June 30, 2011. This PPP included contributions from the NTA in developing the content, selecting the photos, and printing the folder, whilst ATA coordinated with its members to print the one-pagers for each participating company.

Based on overwhelming positive feedback from prior B2B meetings organized by Rritje Albania, the project mentored the tourism associations ATA and ATOU, as well as the ICT associations AITA and ASC to organize B2B meetings between ICT and tourism companies during the TREALBEXPO event in April 2011. These 36 companies (12 ICT and 24 tourism) conducted more than 100 meetings. Bringing these actors together from different industry sectors was a success of coordination, and evidence of the mentoring Rritje Albania provided to the four associations in the month preceding the event.

*Sales and marketing program.* Rritje Albania's work in building the corporate identities of client companies, increasing their visibility in a competitive marketplace, and establishing cross-cutting linkages with others sectors, while also improving the overall profiles of the industries, is best summarized by the assistance delivered in the form of our sales and marketing program. This assistance was informed in large part by lessons learned during implementation as we helped companies and business associations prepare to attend trade fairs. Project support was also largely information by expert recommendations made by international expert James Parchman, who worked with more than 20 companies to strengthen their sales and marketing strategies, and helped them develop both printed and web-based promotional materials (including business cards, promotional brochures and websites). As individual client company websites became functional, Parchman also recommended website training and mentored company staff in order to maximize their understanding of the benefits of these tools, and to help ensure their optimal use.

#### **Reported Outcomes by Garment Companies**

- *Donianna-Adelchi*, a leading Albanian footwear company, opened its own "outlet-style" shop in late 2010. Their staff reports that the brochure has served as a great marketing tool for the company, especially for access in the domestic market.
- *Berat Konfeks*, a garment company obtained exclusive rights to sell Italian undergarments label Liabel through their CMT production. The first shop opened in June 2011 in Tirana. Berat Konfeks was the first garment manufacturer to co-sponsor the *Albania Fashion Day* on July 1, 2011 held at the PUT.
- *Ambra*, one of the largest garment companies in Albania, received multiple customer inquiries through its new website.

#### **Reported Outcomes by Footwear Companies**

- *Fital*, a footwear company, used project-supported marketing materials to introduce operations to Bata as a potential supplier and manufacturer; negotiations are proceeding.
- *Kler*, a shirt-making company, has started sourcing raw materials with project support.
- *Alba & N*, the most modern own-brand Albanian footwear producer, connected with a prospective Greek buyer through a project STTA expert. The company also received guidance on registering its own brand in foreign markets, and certification to access the Canadian market (CSA).
- *Fital*, a large footwear company in Tirana, is using the promotional materials developed with project support to establish and maintain communication with new buyers, such as Bata.
- *Bella Confex* and *DoniAnna*, garment and footwear companies, were connected with a supermarket chain in the UK, ASDA, through Mr. Haycock. *Bella Confex* has already started discussions on possible sample products, while *DoniAnna's* first introduction was June 2011.

## B. Private Sector Productivity Increased (PIR 2)

The majority of FY2011 activities under this component were developed on the basis of expert recommendations to help Albanian garment and footwear companies improve production planning and quality control, and undertake production line changes to reduce waste and improve operating times. Other areas for recommendation were based on observations of deficiencies in the areas of management systems, record keeping, costing methods, managerial accounting and finance. The Productivity Enhancement Program (PEP) launched in June 2010, contributed to improvement in nearly all of these dimensions. It is important to bear in mind that any technology-related progress, through the PEP and other activities conducted under this area, requires first and foremost the right attitude and behavior change on the part of company management in order to ensure the future sustainability of improved practices and systems newly adopted.

### B.1 Adoption of Innovative and Modern Technologies and Systems Promoted (KRA 2.1)

Key technological innovations for companies assisted over the course of FY2011 were primarily driven by recommendations and assistance delivered by productivity expert, John Haycock, with support from the Rritje Albania team, and the two local professors from the PUT. Furthermore, several applications for grants (described in detail in Section IV-B) to improve firm-level use of technology and cost savings were approved in this reporting period. The implementation of these grants began in the last quarter of FY2011; therefore, the team will be able to measure and quantify results more concretely in FY2012 reporting. Project assistance delivered in FY2011 following expert recommendations on technological improvements focused on the following strategic areas:

- Implementing the PEP through the set of KPIs at Albanian garment and footwear companies
- Improved organization and utilization of production lines
- Strengthening of middle management through training and mentoring by local university professors and international productivity experts
- Upgrades in machinery and equipment to incorporate more advanced and efficient technology
- Energy saving lighting schemes in footwear companies
- Improved use of websites and web-based marketing for tourism and ICT companies

The following table provides a summary of all activities that contributed towards the KRA 2.1.

**Table III-B.1 - Activities Contributing to Improved Use of Technology (KRA 2.1)**

| PEP Activities   | Location     | Date         | Companies | Female | Male | Total |
|--|--------------|--------------|-----------|--------|------|-------|
| 11 productivity workshops for garment and footwear companies on following topics:<br>• Managing Information Systems and Improving Operator Performance<br>• Industrial Engineering<br>• KPI system<br>• Line Balancing and Production Planning | Tirana       | 5 Oct 2010   | 15        | 4      | 5    | 9     |
|  |              | 3 Dec 2010   |           | 5      | 5    | 10    |
|  |              | 15 Feb 2011  |           | 7      | 7    | 14    |
|  | Fier         | 24 Nov 2010  | 11        | 2      | 14   | 16    |
|  | Durrës       | 4 Feb 2011   | 17        | 9      | 6    | 15    |
|  |              | 11 May 2011  |           | 11     | 3    | 14    |
|  |              | 30 June 2011 |           | 7      | 4    | 11    |
|  | Berat        | 9 Feb 2011   | 6         | 6      | 6    | 12    |
|  | 29 June 2011 | 6            |           | 4      | 10   |       |
|  | Shkodra      | 28 Jan 2011  | 7         | 6      | 3    | 9     |
| 4 May 2011   |              | 5            |           | 3      | 8    |       |

| PEP Activities  | Location   | Date                                       | Companies  | Female                  | Male        | Total      |
|---|--|--|--|-------------------------|-------------|------------|
| 3 Productivity Open Lectures for professors and students at PUT   | Tirana   | 2 Feb 2011<br>17 Feb 2011<br>28 April 2011 | N/A  | 39                      | 1           | 40         |
| ToT for PUT professors on PEP toolkit   | Tirana   | 27 April 2011<br>17 June 2011              | N/A  | 8<br>6                  | 0<br>6      | 8<br>6     |
| Dissemination of PEP toolkit including all materials from workshops and lectures  | National   | Since August 2011                          | 18   | 19                      | 14          | 33         |
| Productivity KPIs implemented to improve management practices and use of existing technologies with local and expatriate STTA support | Various  | Since FY2010                               | 24   | 28                      | 26          | 53         |
| <b>PEP Summary for FY2011</b>   |  |  | <b>70</b>  | <b>153</b>              | <b>53</b>   | <b>206</b> |
| Other Activities  | Location   | Date                                       | Companies  | Female                  | Male        | Total      |
| e-Commerce and Website Training and Coaching by CBI   | Tirana   | June 2011                                  | 13   | 9                       | 10          | 19         |
| Website development and website training for CGP companies  | Tirana   | On-going                                   | 9  | 2                       | 0           | 2          |
| Grantees and beneficiaries  | <ul style="list-style-type: none"> <li>• Pogradec</li> <li>• Tirana</li> <li>• Fier</li> </ul> | Since June 2011                            | <ul style="list-style-type: none"> <li>• ATACT</li> <li>• Facilization</li> <li>• Ola 1</li> <li>• Picari</li> </ul> | 30<br>N/A<br>N/A<br>N/A | 1<br>1<br>1 | 30         |
| <b>Total</b>  | <b>18 events</b>   |  | <b>96</b>  | <b>194</b>              | <b>66</b>   | <b>260</b> |

The PEP activities in particular were designed around two principal methods of intervention aiming to:

- Develop industry-wide solutions that can be accessed by garment and footwear companies in close collaboration with the PUT and the two national garment and footwear business associations
- Deliver one-on-one firm level technical assistance to help garment and footwear companies optimize their productivity through improved operating efficiency, cost-effectiveness, and management capacities, in order to move towards full cycle production

Technical assistance covered a wide range of topics, including the introduction of a new production management information system built around 15 KPIs in order to help companies make evidence-based changes to improve performance. Other assistance related to training and coaching on quality control methods such as the “seven-zeroes-one”, measuring the time of operations; setting accurate targets for operators; linking payments systems to individual operators’ performance; production planning; and line balancing. Companies received this assistance by attending workshops, receiving firm-level training and follow-up by international experts, mentoring by local PUT professors, or a combination of these three forms of assistance. Starting in August 2011, companies that were assisted by local university professors and business advisors also received the PEP toolkit, which includes all of the materials disseminated at workshops and firm-level training events in formats that enable companies to adapt and use them in their specific company setting. The combination of firm level follow-up to multi-client workshops proved an excellent method of ensuring maximum positive behavior change and productivity gains.

Albania's garment and footwear companies were greatly affected by the global economic crisis during this period. In practical terms, this meant fewer orders, delayed payments, and dissolved business partnerships. The conditions forced some to close, while others improved their competitiveness and survived. To help the survivors, Rritje Albania's productivity expert and industrial engineer, John Haycock, developed the PEP as a five-stage approach to allow companies to progress towards greater production efficiency and quality in order to meet the demands of a very competitive market. These stages and the progress of companies through the stages are summarized in the table that follows.

**Table III-B.2 - Summary of PEP Progress through June 2011**

| Stage  | Characteristics of Stage  | Companies in Stage at Present   | No. Companies in Stage at Present | Total No. Companies Completing Stage |
|--|---|---|-----------------------------------|--------------------------------------|
| <b>Stage 1</b>                                   | Initial visits and productivity audit   | <ul style="list-style-type: none"> <li>• Facello</li> <li>• Star</li> <li>• Rea Confex</li> <li>• Antonella</li> <li>• ImesAlb</li> <li>• Gjergjefi</li> </ul>  | <b>6</b>                          | <b>27</b>                            |
| <b>Stage 2</b><br>(training intensive)           | <ul style="list-style-type: none"> <li>✓ Introduction of KPI methodology</li> <li>✓ Application of new forms and recording methods</li> <li>✓ Initiate data collection and submission process</li> </ul>  | <ul style="list-style-type: none"> <li>• Fask</li> <li>• S. Loci</li> <li>• EDES</li> <li>• Madison Avenue</li> </ul>   | <b>4</b>                          | <b>21</b>                            |
| <b>Stage 3</b><br>(visit intensive)              | <ul style="list-style-type: none"> <li>✓ Regular submission of weekly KPI reports</li> <li>✓ Analysis of reports</li> <li>✓ Productivity baseline determination</li> </ul>  | <ul style="list-style-type: none"> <li>• Niesla</li> <li>• Anisa &amp; Noemi</li> <li>• Arbi</li> </ul>   | <b>3</b>                          | <b>17</b>                            |
| <b>Stage 4</b><br>(visit and training intensive) | <ul style="list-style-type: none"> <li>✓ Improve accuracy of data based on reports</li> <li>✓ Use KPI analysis in management decision-making</li> <li>✓ Increase number of KPIs reported correctly</li> <li>✓ Quality baseline determination</li> <li>✓ Productivity and quality targets determined</li> </ul>            | <ul style="list-style-type: none"> <li>• Melgushi</li> <li>• Madish</li> <li>• Manifaktura 7</li> <li>• F.L.Gega</li> <li>• Picari (jeans)</li> <li>• Kristal 2001</li> </ul>                               | <b>6</b>                          | <b>14</b>                            |
| <b>Stage 5</b><br>(lower visit intensive)        | <ul style="list-style-type: none"> <li>✓ Reporting all KPIs on a weekly basis</li> <li>✓ KPI reporting and methodology integrated into regular management routine</li> <li>✓ Monitor introduced changes and improvements</li> <li>✓ Identifying next stage of company development to meet productivity targets</li> </ul> | <ul style="list-style-type: none"> <li>• Bella Confex</li> <li>• Omega</li> <li>• Ambra</li> <li>• Blue Sky</li> <li>• Mito 2</li> <li>• Picari (shoes)</li> <li>• Berat Konfex</li> <li>• Ola 1</li> </ul> | <b>8</b>                          | <b>8</b>                             |

During the reporting period, more companies moved towards Stages 4 and 5, consolidating their data collection methodologies and improving their review of indicators to improve results-based management at the companies. As new companies join the PEP in FY2012, it will be important to support those in Stages 4 and 5 to maintain their level of commitment and continue to implement improvements in their use of technology and application of new management procedures.

During the period of October 2010 through July 2011, Mr. Haycock conducted 55 technical assistance visits to garment and footwear companies, and made numerous firm-specific recommendations for improving productivity. Two key recommendations for improved use of technology focused on shortening lead time for moving products to machinery and improving line balance in preparation for smaller orders and/or frequent style changes. One of the intermediate results in applying these recommendations was reductions in the number of defects, and consequently the cost of production, in each company. By continuing the application of expert recommendations, Albanian garment companies will be able to maintain lower production costs in the context of increasing labor costs as mandated by the

Albanian government changes in minimum wage payment. In the long run, this will increase the Albanian garment industry's comparative advantage in regional and global markets.

### PEP by the Numbers

- 11 productivity workshops in 5 cities reached 206 managers from 56 garment and footwear companies
- PUT professors conducted 128 site visits for 34 companies, 25 of which share KPIs with the Rritje team on a weekly basis
- 3 open lectures on productivity for 40 PUT students and professors
- 33 managers (19 women and 14 men) received the PEP toolkit
- 28 female managers improved their management practices and use of technology through the KPIs
- Only 1 international productivity and industrial engineer expert and 2 university professors reached broadly across the garment and footwear sectors in Albania

In order to build local capacity and generate greater private-public sector linkages to sustain industry-wide solutions, Rritje Albania hired in December 2010 two PUT professors as local STTAs to complement and follow-up on John Haycock's work. After accompanying Mr. Haycock on firm visits, receiving close mentoring and coaching from him, and arranging and attending three productivity open lectures by Haycock for students and professors at the university, the two PUT professors continued to provide firms with technical assistance and helped them implement, calculate, and report KPIs. From January-September 2011, the two PUT professor conducted a total of 128 visits and coaching sessions to 34 companies. Of these, 25 companies calculated KPIs and shared them with the project on a weekly basis.

The 11 productivity workshops organized during FY2011 in 5 different cities, in close collaboration with the two industry associations, were intended to expose a greater number of companies to PEP and its

related tools. As a result, a total of 206 managers and line supervisors representing 56 garment and footwear companies were able to acquire new and/or additional practical knowledge and skills to improve productivity in their firms. The PEP Toolkit and the new draft guides on cutting and machine maintenance that were developed in the process by bring together the experts' knowledge and all workshops and lecture materials will provide the garment and footwear industries, for the first time, with reference tools that can help them measure their company against best practices and guide them towards further steps for improvement.

Indeed, Rritje's client companies testify that enrollment in PEP and utilization of the KPI's system has allowed them to collect data which shows exactly where improvements need to be made. For example,

garment companies, Madish and Omega, reported that the use of the KPI system has helped them measure operator's performance over a full workday to set standards and offer incentives for highly productive workers. After receiving training by Mr. Haycock and the PUT consultants, staff at Manifaktura 7 has been measuring and monitoring productivity using the KPI system, in addition to implementing the seven zeroes quality control system and completing an employees' skills inventory. As a result of these new practices introduced between May-September 2011, the company reported a productivity increase of 4.6 percent and a reduction in defects by 7 percent, which has led in turn to an increase in monthly production by 1,722 pieces.

Another positive outcome of this program is exemplified by Madison Avenue, a garment company which received technical assistance by the two PUT consultants on pattern design and grading using CAD/CAM software. The company had purchased a new plotter for pattern design but pattern grading was proving to be a difficult process riddled with many production defects. Most patterns were defective because company staff was using an incorrect method of patterns multiplication. The two local consultants trained five operators and specialists at Madison Avenue on methods for improving pattern design and grading. After their training, the company reported that all pattern design defects had been eliminated and that the grading process was working very well. In addition, the company operators had reduced the time it took them to multiply design patterns by 50 percent, thus allowing Madison Avenue to complete two full processes of pattern multiplication per day, without defects. As a result, the company's sewing lines are now being supplied twice as much as before, leading to an increase in production by two times. The PUT consultants have received similar requests from three other companies for training their operators in pattern design and grading using CAD/CAM software. The local consultants noted that the case of Madison Avenue is an encouraging example for other garment companies that are ready to move into a stage of full cycle production.

The involvement of the two local PUT professors in the PEP initiative has brought many other industry-wide benefits beyond productivity enhancement, which materialized in concrete collaborations between the university and the private sector, such as the organization of the Albanian Fashion Day on July 1, 2011, and the successful piloting of an internship program at PUT, due to be further consolidated in FY2012.



*Technical visit to garment factory by PUT professors*

The two-way bridge that the local PUT consultants have helped build through their direct firm assistance has made garment and footwear companies more aware of the range of facilities and services the university is able to provide, including laboratory testing, pattern design, pattern grading, and product development. Furthermore, by witnessing first-hand the issues faced by businesses over the course of their visits, the PUT professors have brought back to their classrooms the knowledge and practical experience that makes teaching more relevant for the students. In addition, the PEP workshops and lectures material was added to the university's undergraduate and graduate curricula, while the University's research capacities have been enhanced further as a result of students accessing companies to gather data for their undergraduate or post-graduate thesis. Some examples of these outcomes are elaborated later in the report under Section III-C.

Footwear company, Picari, provides a strong example of a project beneficiary that has received technical support in developing its corporate identity<sup>27</sup> (including brochure and website), implementing the KPI system, and receiving USAID approval of its grant application in the amount of \$21,000 USD in August 2011. As part of the cost-sharing agreement between the company and Rritje Albania, the approved grant amounts to 38 percent of the total investment of \$55,000 USD, which the company will make towards purchasing 10 new cutting machines. The company owners have expressed that without this much-needed grant assistance, Picari would not have been able to make such an investment due to budget restrictions, opting instead to settle for cheaper second-hand machinery despite their need to invest in newer and more advanced technology. The cutting machines that will be purchased by Picari through this joint investment will help increase its productivity and reduce by 15 percent the running costs related to use of electric energy. In addition, the new cutting machines are more user-friendly and will contribute to higher health and safety in the workplace. Lastly, thanks to their new-found appreciation for new technology, Picari took a 100,000 Euro soft loan from the Italian/American revolving fund and used it to purchase several pieces of the latest footwear manufacturing equipment that is safer to use, gives higher outputs with less quality errors and lower energy consumption.

### **Grant Helps Picari Takes Huge Steps Forward**

Picari, a footwear company anticipates that due to the grant support package, the company's productivity/efficiency will increase by 20 percent, which translates to 300 more pairs produced per day; the company sales will increase by 30 percent (or by \$36,000 USD monthly); the number of employees will increase by 8 people, and the level of defects will decrease from 4 percent to only 1 percent.

In addition to the garment and footwear companies that have received assistance in improving productivity and technology use, the project also supported 13 tourism companies to improve their use of web-based technologies for marketing purposes through a workshop on E-Commerce and Website Promotion for Tour Operators and Travel Agencies and one-to-one coaching, delivered in collaboration with our partner CBI.

Furthermore, all the other companies that received assistance from the project to develop websites as part of their corporate identity package this year, also benefited from websites development and maintenance trainings. This assistance was in-line with recommendations made by Mr. Parchman, who assisted more than 20 different companies across the project's target sectors in developing and finalizing print and web-based marketing materials. As the individual company websites became functional, the training of company staff in website development and maintenance was deemed necessary for these companies to take full advantages of having a company website. Many of the positive outcomes of this assistance work are illustrated under the trade and investment component in Section III-A of this report.

## **B2. Organizational and Managerial Capacity Enhanced (KRA 2.2)**

Rritje Albania's FY2011 activities under KRA 2.2 targeted mid- and upper-level management of key companies representing the project's sectors. These activities are outlined in Annex C of this report, as this component is strategically cross-cutting in support of all sector objectives.

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<sup>27</sup> The provision of this type of support relates to the combined work of two expat STTA footwear consultants, Bill Nichols and James Parchman, who worked with approximately 28 footwear companies to improve their sales and marketing strategies, develop their corporate identity materials, including individual company websites, as well as develop the concept and content for the Albanian footwear industry website.

Some key activities include:

- PEP through workshops and firm-level support
- AAQM Assessments
- ToT for tourism consultants in partnership with EBRD’s TAM-BAS project
- SPI – IT Mark Certification program
- E-Commerce and website promotion and marketing training and coaching
- A2F roundtables on factoring
- Strategic coaching on sales and marketing to access foreign and domestic markets for footwear companies, conducted by James Parchman

Whether through industry-wide workshops or one-on-one coaching and assistance delivered at the firm level, Rritje Albania’s activities were, at their core, business training tools aiming to affect positive behavior change in the managerial and organizational cultures of the beneficiary companies. Rritje Albania used these activities to strengthen both organizational and managerial capacity by exposing Albanian companies to better business practices, international standards of quality in tourism and ICT, better technology and knowledge in order to reach out to new buyers, and marketing opportunities for products and services. Given the considerable number of activities counted under KRA 2.2, and the fact that many are mentioned and/or narrated throughout this report, the following table provides a quantitative summary of company participation in activities by sector, in order to capture their multi-industry reach.

**Table III-B.3 – Summary by Sector of All Activities Contributing to KRA 2.2**

| Sector       | T&I Workshops <sup>28</sup> | B2B meetings <sup>29</sup> | Website Development | PEP Workshops/<br>Firm-Level | AAQM      | Firm-Level Assistance/<br>Grants | Total Number of Firms |
|--------------|-----------------------------|----------------------------|---------------------|------------------------------|-----------|----------------------------------|-----------------------|
| ICT          | 9                           | 11                         | 0                   | 0                            | 0         | 6 (IT Mark)<br>1 Grant           | 27                    |
| Tourism      | 56                          | 24                         | 0                   | 0                            | 31        | 6                                | 75                    |
| Garment      | 10                          | 0                          | 2                   | 56                           | 0         | 6                                | 60                    |
| Footwear     | 5                           | 0                          | 7                   | 18                           | 0         | 8                                | 20                    |
| Recycling    | 0                           | 0                          | 1                   | 0                            | 0         | 0                                | 1                     |
| Other        | 42                          | 20                         | 0                   | 0                            | 0         | 0                                | 62                    |
| <b>Total</b> | <b>122</b>                  | <b>55</b>                  | <b>10</b>           | <b>74</b>                    | <b>31</b> | <b>20</b>                        | <b>244</b>            |

## C. Workforce Development Improved (PIR 3)

### C1. Snapshot of the Workforce Development Component

Workforce development is an integral component that affects all target sectors as well as activities falling under the two other cross-cutting components. The focus of workforce development initiatives for this year has continued to center on two main pillars: targeted capacity-building training activities and several interventions to help reduce the gap between demand and supply in the labor market. In support of building local workforce capacity, training activities targeting managers and staff members in client

<sup>28</sup> This column includes participation in the following workshops: How to Win Customer with Effective Presentation Skills workshop (Oct 2010), the GSTC Workshop (Nov 2010), the e-commerce and website training by CBI (June 2011), and Factoring Workshops (June 2011).

<sup>29</sup> This column includes participation in B2B meetings at: Education for Sustainable Development (Oct 2010), Tourism B2B meetings (Jan 2011), and Tourism-ICT B2B meetings (Apr 2011).

enterprises, which are described in previous sections of this report, will not be reiterated in detail here. Of note, however, one major initiative falling under this project component, which is discussed at length in Section II-C of this report, was the establishment of the ICT Training and Resource Center in December 2010. This initiative is an ongoing effort involving a number of stakeholders and donors, and Rritje Albania's role in this process has been very important.

Major initiatives addressed in this section include the August 2011 Job Fair organized by the AmCham; project participation in the VET sub-sector working group; project management training led by the PMI and in collaboration with RCI and AITA; collaboration with the PUT including working with the Department of Textiles and Fashion in curriculum development and internship programs; and focused efforts on developing toolkits, such as the Productivity Toolkit and the Human Resource Management Toolkit.

## C2. Job Seekers Receive Career Advice at the AmCham Job Fair



*Career coaches offer advice to job seekers at AmCham Job Fair  
Tirana/April 2011*

The AmCham is considered an important partner for Rritje Albania in the domain of workforce development. In the run up to the AmCham Job Fair, held on April 27-28, 2011 at the Tirana International Hotel, Rritje Albania's proposal to provide much needed career advice and improve employment opportunities for job seekers was welcomed and supported by the members of the AmCham Human Resources Committee. As a result, the committee agreed to host a Career Advice stand, which would give participants the opportunity to receive specific advice throughout

the duration of the fair. Rritje Albania partnered with Pedersen and Partners a leading executive research firm that sponsored two of their consultants to provide career advice service during the fair, whilst Rritje Albania paid for the Career Advice stand. A total of 22 AmCham members were involved in the fair. The Pedersen and Partners career coaches provided advice to job fair participants on CV improvement, quick tips on preparation for upcoming job interviews, including frequently asked questions, managing body language, and avoiding common pitfalls during the job interview process. Following career advice consultation with the two coaches, the job fair participants electronically incorporated the suggested changes to their CVs in real-time. A project-provided printer also enabled them to print their updated CVs, and then distribute them to prospective employers at the fair. As a result, 62 people received help with CV improvement and interview advice, and more than 30 people received help with word editing and printing of their CVs. Of these participants, 46 percent were students, 21 percent of which were recent graduates, and the remaining 33 percent were experienced professionals.

Aside from this activity, Rritje Albania's partnership with AmCham extends to regular participation at the meetings of AmCham Human Resources Committee. After one of these meetings focusing on potential amendments to the labor code and personal data protection law, Rritje Albania met with the Ministry of Labor legal specialist to clarify issues raised through the discussion, and also identify opportunities to involve the project's target industries in future discussions about the labor code amendments.

Recognizing our facilitating role in sharing ideas and perspectives amongst key stakeholders in the area in order to develop and establish consensus around actionable recommendations, Rritje Albania brought these issues also to the attention of the Garment and Footwear Stakeholders Working Group.

### C3. Project Management Training and Networking

With the economies of the Western Balkans moving away from agriculture and heavy industry and towards service-oriented, project-based sectors, such as ICT, construction, and transport and trade, competence in project management is becoming a critical success factor. According to the PMI, \$12 trillion USD and roughly one-fifth of the world GDP was spent on projects in 2010. Gartner Inc., the leading provider of research and analysis to the global IT industry, found that project management was the number one hiring priority of companies surveyed, and at the same time the most frequently reported challenge<sup>30</sup>. This was confirmed by a skills-gap study conducted in the region to identify deficient skills among professionals in leading industries, which emphasized project management training as one of the key priorities for firms. Major infrastructure and technology upgrade projects being implemented by governments in the region, especially in those countries seeking EU accession, need qualified project managers to ensure that public funds are spent transparently and projects are executed in time and on budget.

#### Participant Praise for PMP Training

"I personally found this event to be useful in terms of learning more about the PMP, networking, and sharing knowledge with other professionals.

Creating an active PMP network that builds on this training will be instrumental to establishing management standards in the country, and USAID and Rritje Albania played a fundamental role in choosing AITA in this first step."

**Elona Gjoka, participant at November 2010 workshop**

The PMI's PMP and Certified Associate in Project Management (CAPM) are two internationally recognized certifications. The PMP training program is based on a blended learning model combining onsite training and online tutorials.

In October 2010, Rritje Albania, in collaboration with the USAID's RCI and AITA, held a networking event for various Albanian professionals interested in the PMP certification program and training. The first RCI-supported training workshop followed in November 2010. Further demand for the course led to two more workshops held in January and February 2011. During the second FY2011 quarter, Rritje Albania supported AITA in organizing another networking event at the Cactus Training Center, for the trainees and other interested professionals who wanted to meet regularly to exchange information, secure needed certification, and support the establishment of a PMP Chapter in Albania. During this event, the participants were also introduced to the Microsoft Project Management Software and advantages of using it to successfully manage projects.

On May 14, 2011, Rritje Albania supported AITA in organizing a third themed networking event on the PMI's Online Learning Platform on Soft Skills. A project manager from the institute was able to introduce the platform and its advantages through a Skype conference call with the participants. By May 30, 2011 a total of 46 trainees were awarded PMP certification for distribution of participants among industries). Participants' feedback collected by AITA with support and mentoring from Rritje Albania indicates the importance of building and strengthening this process even further in the future. The following table provides the distribution of PMP trainees by industry.

<sup>30</sup> USAID's RCI Project: *The Importance of Project Management for Contemporary Business*.

**Table III-C.1 – Participants in FY2011 PMP Training Workshops by Industry**

| <b>Industries</b>                | <b>No. of</b> | <b>%</b>    |
|----------------------------------|---------------|-------------|
| IT Industry                      | 23            | 50%         |
| Management Consulting            | 5             | 11%         |
| Development Projects             | 5             | 11%         |
| Education Institutions           | 4             | 8%          |
| Tele-Communication               | 3             | 7%          |
| Tourism                          | 3             | 7%          |
| Advertising Industry             | 1             | 2%          |
| Energy                           | 1             | 2%          |
| Government                       | 1             | 2%          |
| <b>Total No. of Participants</b> | <b>46</b>     | <b>100%</b> |

#### **C4. Participation in the Vocational and Education Training (VET) Subsector Donor Group**

The Vocational and Training Education donor group is a sub-sector of parties interested in furthering aims in human resource (HR) and workforce development. Workforce development is understood to be a high priority for the GoA, and donor and project contributions since the early 1990s have been substantial. As a result, there is frustration over the continued reputation of VET initiatives in Albania of mismanaging opportunities to better prepare the workforce to meet business demand. As an important cross-cutting component of the Rritje Albania program, VET donor groups hold meetings organized by the relevant ministries, and our staff attends such events to learn about goals and constraints within these initiatives, and to maintain a project presence within these groups.

During this reporting period, the project participated in several Ministry-sponsored meetings of the VET sector working group. The purpose of this meeting was to present the comments of EU DG Enlargement on the Operational Program for Human Resource Development under IPA IV<sup>31</sup>, and ask participants for suggestions on this strategic document. One meeting held in September 2011 focused on assessing the current status of VET in terms of what each donor is doing in VET, and followed by a discussion on the future of VET in Albania. Additionally, the project's Workforce Development Specialist participated in one donor coordination meeting organized by the Swiss Cooperation Office aimed at discussing the donor's conclusion about VET reform, new VET laws, and their perspectives on the future movement of these initiatives. The general conclusion of these meeting was the affirmation that Albania has the foundations in place to grow substantially in this important area, which is a driver of industry and economic growth, but that a severe disconnect persists between vocational training/education and the private sector into which these graduates aim to transition. Attendees asserted that the Albanian labor force is competent, particularly within the SME sector, but that this group needs to be supported to ensure that skills and experience acquired through Albanian universities and vocational training programs are setting these graduates up to be qualified and demanded employees.

Donors, projects, and professionals active in the sub-sector working group suggest launching a country-wide debate on how to build a competent labor force fit to face the European challenge. This conversation would discuss what this initiative would look like and how it could develop, ultimately aiming to settled upon a widely-accepted policy vision for vocational education and training that can be translated into

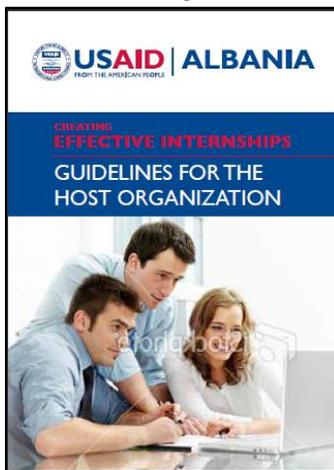
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<sup>31</sup> Based on the [European Employment Strategy](#), the IPA IV Component establishes a framework for countries aspiring to join the EU, such as Albania, to absorb fund and focus their IPA funded projects on three priorities including: (1) Attracting and retaining more people in employment; (2) Improving the adaptability and flexibility of workers and enterprises through education; (3) Strengthening social inclusion through the integration of disadvantaged people into the workforce.

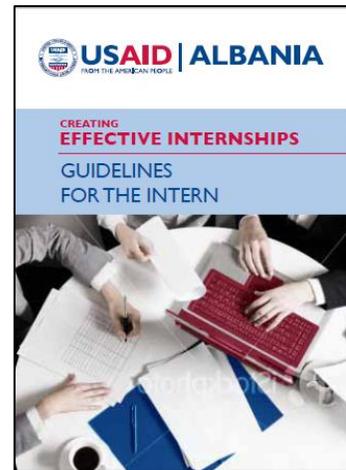
strategic and operational planning and supported by respective budgets and implementation resources. Key donors are considering supporting the process through a joint project, and they wanted to request in July that the Prime Minister launch a national VET initiative and to nominate a focal person external to the ministries for coordination. Unfortunately, progress in gaining governmental support wasn't successful, and the interested parties need to determine an effective way to share conclusions with the GoA and turn them into actionable recommendations.

## C5. Internship Programs and Capacity Building for University Career Office

Internships are an important solution to the problematic gap between demand and supply in the Albanian labor market. Although internships in the tertiary public education system are a legal requirement for obtaining a diploma, the quality of the internship programs in place indicates a serious gap in planning, management, and communication. There is currently no qualified staff to organize the placement or prepare the students for the program. Furthermore, the monitoring of internships during and after their completion, which ensures quality and effectiveness, is not performed regularly. This gap results in a missed opportunity to link the educational institutions that train the future labor force and the job market that hires them. According to the Global Competitiveness Report 2010-2011, Albania scores lowest on university – industry collaboration in R&D index<sup>32</sup>. This is the outcome of the isolation of universities, their outdated curricula, and lack of funding for, and interest in, research.



Internships programs are currently proving burdensome to stretched university resources, and without appropriate methods and goals, these programs become nominal rather than constructive. To address these issues and contribute to the promotion of effective internships, Rritje Albania has undertaken a number of initiatives, including (1) the development and finalization of guidelines to assist internship stakeholders in creating effective internship programs; (2) the development of a concept paper on assisting public educational institutions to establish Career Offices; and (3) collaboration with PUT in piloting an internship program for its graduating students.



*Guidelines assign roles and responsibilities to strengthen internship programs.* The “Promoting Effective Internship Guidelines” address the three stakeholders of internships: education/training institution, the host organization, and the intern. These guidelines provide practical advice on specific activities to be undertaken in order for the internship to be effective. Pictorial covers of these three sets of guidelines accompany this narrative. The education institution is advised on to dedicate focused resources to the internship placement process and how to build and maintain solid relationships. The host organization is guided to dedicate time to prepare for the arrival of the intern, defining a process from the arrival of the intern to the evaluation of his/her performance in the end. Finally, the intern is provided with advice on how to find, apply for, and behave during the internship. When each of the three parties is informed on best practices and encouraged to take advantage of the system, the internships programs are successful in helping to prepare Albanian students for the job market.

<sup>32</sup> Global Competitiveness Report 2009-2010 pg. 469.



*Career Offices and curriculum development help shape a culture of career-focused education.* In western universities, Career Offices provide students with advice on career management and internship and job placement information, as well as serve as a contact point for the businesses who would like to collaborate somehow with the university. This structure gives real value to the program and helps the university succeed in its core mission of preparing students for the workforce. In the final FY2011 quarter, the Workforce Development Specialist liaised with deans from relevant university departments, as well as the director of employment issues under the Ministry of Labor. Gaining insights from these sources helped the project develop a concept paper for strengthening the systems in place, including resourcing the universities and exploring the legal framework surrounding internship programs in Albania. Particular focus will be placed in 2012 on collecting information and feedback in a structured manner, including assigning

international STTA to infuse the current system with know-how and recommendations, and assigning a local legal expert to review relevant legislation and provide recommendations accordingly. Curriculum development and the organization of career offices in university departments will be managed by this team of short-term experts.

*Results of bridging the gap.* Through the assistance of Rritje Albania, the pilot internship program at PUT Department of Textiles and Fashions was advertised to a high number of garment and footwear companies, resulting in successful student placements. One student was immediately hired following completion of the internship program by Manifaktura 7 company in Tirana. As a result of project support, two PUT consultants have received requests from garment and footwear companies in Tirana, Durrës, Fier, and Berat to assist them hire the best PUT students as industrial engineers. They will use the direct contacts with the companies to facilitate the employment of the best graduates in the districts where the garment and footwear companies are located. Rritje Albania also supported the organization of the Career Day/Students Fashion Show in July 2011, an annual activity that the Department organizes. The co-financing of this event for the first time by a private garment company, Berat Konfeks is a sign of the increasing cooperation between PUT and the private sector. Mito, a leading Albanian footwear company has already agreed to sponsor the next year's Student Fashion Show.

## **C6. Institutional Strengthening of the PUT**

In addition to career guidance services, cooperation between Rritje Albania and the PUT Department of Textile and Fashion was extended to capacity-building activities to its lecturers and students. The Faculty of Mechanical Engineering at the PUT is home to the only Department of Textile and Fashion in Albania. More than 250 students attend undergraduate and Master's programs offered by the department in four main areas of study, including textile technology, chemical technology, production management, and garment production technology.

It is Rritje Albania's goal to increase the capacities of this Department to contribute to the long-term development of the industry as a service provider to the private sector. The Department has the capacity to offer

### **PEP in Factories and Classrooms**

"Working with Mr. Haycock and attending the workshops has been a school in and of itself, an on-going specialization. We will use his methodology not only to guide our work at the companies but also to enhance the curriculum of several courses we offer."

**Prof. Ermira Shehu, Polytechnic University of Tirana**

private businesses qualified employees, and also hosts unique laboratory testing services that could be made more available.

*Building linkages between the university and the private sector.* Our support to the PUT Department of Textile and Fashion has resulted in the expansion of its linkages with private garment and footwear companies to a total of 25 new relationships formed. This linkage came about as a result of Rritje Albania deciding to hire two PUT professors as local STTAs to assist in the implementation of PEP, described earlier in Section III-B. This accomplishment marks also the first significant contact between the University and members of the footwear industry. Many companies lacked information and knowledge about the facilities and resources available at the University. The two PUT consultants assisted on request two footwear companies from Fier and Berat to test raw leather materials at the University's laboratory, which they would have otherwise performed in testing facilities abroad. As a result, these footwear companies were not only able to provide their buyers with samples in due course, but they were also able to receive this testing service at a much lower cost, boosting in turn PUT's financial resources. The PUT consultants will continue to inform footwear companies about the leather tests that the PUT laboratory completes to stimulate their utilization by the private sector.

*Building institutional capacity through curriculum development and research.* In FY2011, three open lectures on PEP and ToT were organized for and attended by 25 students and 4 professors. The two ToT workshops organized around the PEP toolkit also supported curriculum enhancement at the University, as this workshop material was later incorporated into the examinations administered to the students, and the content built into teaching aids to professors leading future classes.

The work of the two professors hired as local STTAs to deliver firm-level assistance to garment and footwear companies under the PEP assignment this year, allowed them to witness and hear directly from these companies the issues and the concerns they face. The two professors reported that they brought this knowledge back to their classrooms and applied it in a way that made their teaching more targeted, relevant and practical for both the students and the job market that will absorb them in the future.

Rritje Albania initiatives with the University have also enabled the lecturers and students to enhance their research capacity. Two doctoral theses on leather processing and handling are being developed by department staff members on the experiences of the footwear companies, Picari and MITO 2. One of the local consultants is using her hands-on experience on Rritje Albania to support her PhD thesis in the field of production management, and to date, five student diplomas cited Mr. Haycock's productivity toolkit. Diplomas have been secured by the students and will be defended by the end of this month.

## **C7. Introducing Human Resource Management Systems**

Building on their positive experience piloting the Human Resource Management (HRM) toolkit in 2010, our local partner, MAS-TORR, has sought additional funding to replicate these pilots for other footwear companies. As a result, TABITA submitted a four-year proposal to its main funder, the Dutch-funded agency, DORCAS Aid, to use the materials developed with Rritje Albania support to introduce improved HR practices to at least 20 companies. TABITA proposed training a minimum of 20 company managers on how to implement these improved HR employment policies. Although several other organizations from the Western Balkans submitted proposals to Dorcas, TABITA's proposal uniquely addressed this need, and as a result, was successful in securing funding for their four-year initiative. Rritje Albania will provide supplemental support as needed to ensure that the replication of the HRM toolkit is successful.

Looking forward, the project has discussed creating a generic Workforce Development Toolkit based on the HRM toolkit that was produced for MAS-TORR. This process has encouraged the project to continue identifying ways to expand our support in toolkit development and dissemination.

## SECTION IV

### A. Context, Challenges, and Lessons Learned

#### A1. Project Design in the Albanian Context

To better understand the Albanian context and strategize successful methods of technical implementation in FY2011, Rritje Albania undertook several desk reviews of well-known publications, including the “Doing Business 2011” report by the World Bank, the “Global Competitiveness Reports 2010-2011,” the “Travel and Tourism Competitiveness Reports 2010-2011,” and the “Global Information Technology Report 2010-2011” by the WEF. In addition, the “Albania 2010 Trade Report” by ACIT provided other valuable information on the trade flows of Albanian goods and services in 2010, and a good overview on the current competitiveness position of the Albanian economy. Please see adjacent box for an overview of Albania’s highest and lowest rankings in the competitiveness indicators.

This backdrop of Albania’s constraints to competitiveness reinforced the project’s empirical and expert observations that Albanian companies generally lack the sophistication and know-how to efficiently establish and project a clear identity and presence in the national, regional, and international markets. In addition, these companies are represented by industry associations that suffer from weak organizational capacities, inadequate financial resources, divided interests, and limited lobbying power. As the voice of Albanian companies, industry representatives need support to identify and articulate in a compelling manner the constraints that adversely impact their particular sector to a full range of stakeholders and the GoA. The industry associations must also be encouraged to find specific and actionable remedies based on collaboration with relevant educational institutions. The project acknowledged the challenge of building these capacities among associations and members in order to begin removing the competitiveness constraints faced by Albanian businesses.

#### Albania’s Prospects in Trade

##### *Highest-ranking competitiveness indicators:*

- Health and primary education
- Labor market efficiency
- Macroeconomic environment
- Goods market efficiency
- Trade tariffs
- Prevalence of tariff barriers

##### *Lowest-ranking competitiveness indicators:*

- Innovation
- Market size
- Technological readiness
- Infrastructure
- Burden of custom procedures (improvements are noted since 2009)

##### *Key areas for improvement:*

- Access to finance
- Corruption and tax regulation
- Inefficient government bureaucracy
- Political instability

#### A2. Challenges to Address in Project Implementation

The main challenge and contextual change during FY2011 related an overly-strained political climate in the country, which was further exacerbated by the May 2011 local elections. The campaigns leading to the elections and the protracted counting process directly and indirectly engaged many business people, associations, and institutional representatives at the central and local government levels. The attention of many of our local partners shifted way from the industry-level initiatives relating to Rritje Albania’s work. Therefore, pace and progress on activities slowed during this time. The tourism law revision process in particular was further delayed by a change in line ministers in April 2011 and the NTA director resigning in late June 2011.

### **A3. Reflections and Lessons Learned**

During FY2011, Rritje Albania conducted a significantly higher number and variety of activities that were built upon previous achievements and lessons learned since 2009. As part of the work planning sessions for FY2012, Rritje Albania staff shared and reflected on common assumptions that influenced the choice of activities and the allocation of project resources. The addition of the ICT Advisor/Workforce Development Specialist and a Grants Manager in November and December 2010, respectively, further boosted the variety and pace of technical activities and helped the project meet and exceed many of its indicator targets. As noted in Section I-C, by the final quarter of FY2011, the Rritje Albania team was fully staffed, which poises the project to maintain and even accelerate progress in FY2012.

It is important to note that the design and implementation of many of this year's activities were informed by our continually emerging awareness of needs and opportunities at the target industries' meso and macro levels, in addition to direct assistance to client companies. While this was seen to increase the impact of our efforts to improve firms' competitiveness, it also tied into what was reported to be USAID/Albania's new focus on meso- and macro-level initiatives. So, to accomplish greater impact, we intensified our engagement with strategic stakeholders from the public sectors, important public sector decision-makers, and key influencers within the donor community in Albania to address shared industry concerns through active multi-stakeholder participation. Such efforts are exemplified by our involvement in the Tourism Law revision process; our partnerships with and provision of technical assistance to each major industry association in the tourism, garment and footwear, and ICT sectors. This support allowed the associations to improve services to their member businesses, attract new membership, increase financial and organizational resources, and ultimately strengthen their lobbying capacities and credibility within the community. We also sought to raise the bar of industry standards and strengthen workforce development in tourism and ICT through the AAQM and SPI - IT Mark programs, as well as the establishment of the ICT-TRC. In doing so, Rritje Albania reached out to new regional partners such as the USAID's RCI and ESI Bulgaria to share experiences and implement initiatives jointly.

The establishment of the GFSWG as a private-public forum for raising and addressing shared garment and footwear industry concerns was the silver lining on the missed opportunity to merge the voice of the NCGFM and CFA through a unified association. The complex task of fostering public-private dialogue and establishing better linkages between the relevant private stakeholders and public institutions presented Rritje Albania with both challenges and opportunities that determined our chosen role and involvement as either leader, facilitator, co-sponsor, technical supporter, mentor, and/or simple participant/observer of a particular process.

Our support to four Albanian garment firms to attend the CIFF August 2010 in Copenhagen provided key lessons for the project in assistance needed on the firm-level for successful participation in networking events. These ideas were applied across all sectors, in terms of developing corporate identity packages, establishing company and industry websites, mentoring and training companies and associations to research information and prepare for trade fairs, manage B2B meetings, and follow up on business leads. Our technical support to help firms acquire essential capacities in conducting internet research, utilizing contact management techniques, and using e-tools to maintain accurate records of their communications with clients and sales prospects will also continue in the future. Our Trade Fair and B2B program, as well as the PEP and the sales and marketing assistance to companies and associations in all target industries enabled a greater visibility of these private actors and the products they offered to new markets and audiences, which had not been explored before.

Three international STTA experts, an industrial productivity engineer, John Haycock, and the sales and marketing specialists, William Nichols and James Parchman, were brought to Albania to provide both

firm-level and multi-client assistance. Another international STTA expert in the field of ICT, Mr. Tomislav Bronzin, came in to Albania and met with various Albanian ICT public and private stakeholders to lay out the groundwork and develop a concrete Business Plan for establishing an ICT Training and Research Center in Albania. In order to build local capacity, ensure sustainable sharing of knowledge, reach more companies, and build better linkages between the private sector and public institutions, the project hired two professors from the PUT to learn from Mr. Haycock and use that knowledge to assist garment and footwear firms to improve their productivity. This in turn allowed Mr. Haycock to move onto more complex productivity issues in future assignments, leaving behind the skills and strategies of his work with the professors, and remaining available to provide backstopping support. In addition, the PUT professor helped facilitate the organization of open lectures at the university, successfully piloting an internship program for their graduating students, enhanced their teaching materials and the university curriculum to better respond to the labor demands of the industries, and encouraged the companies they came in contact with through the PEP implementation process to take advantage of PUT's facilities. Our future collaboration in FY2012 with the PUT professors will build on this work and on the lessons learned along the way.

Collection and access to quality information remains a challenge for evidence-based analysis and planning. To that end, the project has built and continues to maintain a database of garment and footwear companies, as well as tourism accommodations. In addition to using these databases for analysis purposes, Rritje Albania proactively shared its knowledge and lessons learned with new and old partners in order to leverage both resources and synergies for greater impact.

## **B. Cross-cutting Issues**

### **B1. Partnerships and Coordination**

During FY2011, Rritje Albania continued to establish, develop, and identify new partnerships with more than 75 organizations and public and private institutions in order to leverage resources and synergies for greater and wider impact. Furthermore, in November-December 2010 the project began coordinating with commercial attachés at major foreign embassies in Albania in order to find and share information on bilateral business cooperation opportunities and trade fairs.

Although the project's contract performance indicators are not designed to capture much of the work at these meso and macro levels, Rritje Albania is confident that its technical cooperation with this wide spectrum of private and public stakeholders at both national and regional levels broadly affects all businesses operating in the project's target sectors, as a result of facilitating dialogue and advancing the sustainable development of the sectors in the long run.

To name a few key partners, we have established particularly fruitful collaborations with the following donor and ministry stakeholders: the USAID's RCI, the MTCYS, the METE, the MICTI, as well as with donor organizations such as GIZ, SNV, UNDP, the AADF, SIPPO, CBI, and the EBRD's TAM-BAS. Finally, Rritje Albania has worked with all the major business associations operating in tourism, garment, footwear and ICT industries, as well as with the PUT. A full picture of the project's complex web of partnerships and related activities is almost impossible to draw given the sheer number of partners and the various forms of engagement with them.

The following table outlines some of the key collaborations in order to provide some insight into Rritje Albania's dynamic web of partnerships over FY2011.

**Table IV-B-1 - Rritje Albania's Key Partnerships in FY2011**

| Sector/<br>Component  | Partner   | Cooperation and<br>Partnership   | Activities Initiated and<br>Planned  | Timeline                        |
|---|---|--|--|---------------------------------|
| TOURISM   | ATA   | Communications improved  | Website support,<br>communications plans   | Nov 2011<br>onward              |
|   |   | Authentic Albania Quality Mark   | MoU signed<br>ATA working to implement<br>program  | Sep 2010<br>July 2010<br>onward |
|   |   | National Geographic Balkan<br>Supplement   | Disseminate the Supplement   | Jul 2010<br>onward              |
|   |   | Legal framework, lobbying and<br>advocacy  | Working groups and STTA  | Jan 2011<br>onward              |
|   | NTA   | Authentic Albania Quality Mark   | Awards Committee Member  | July 2010<br>onward             |
|   |   | Promote Albania as a tourism<br>destination  | Assist at trade fairs<br>& media events; develop promo<br>materials                          | July 2010<br>onward             |
|   |   | National Geographic  | Disseminate Supplement   | July 2010<br>onward             |
| Ministry of Tourism,<br>Culture, Youth, and<br>Sports (MTCYS) | Tourism Law Revisions<br><br>Diving regulations and<br>development of new tourism<br>products | Legal expert to review and draft<br>tourism law<br><br>Solicit feedback from diving and<br>legal experts<br><br>Develop promotional materials<br>on dive sites | Aug-Oct<br>2010<br><br>Parallel to<br>tourism law<br><br>Oct 2010<br>onward                  |                                 |
| Tourism Stakeholder<br>Group (including<br>GTZ and SNV)       | Quarterly meetings  | Seek synergies,<br>raise awareness, and mobilize<br>stakeholders on shared industry<br>concerns  | Aug-Oct<br>2010  |                                 |
| GARMENT and FOOTWEAR  | Chamber of Fassion<br>of Albania  | Website garment and footwear   | MoUs signed  | July 2010                       |
|   | National Chamber of<br>Garment and<br>Footwear<br>Manufacturers                               | Productivity workshop series   | Developed web content<br>Co-organized productivity<br>workshops<br>Supported industry events | Ongoing<br>Aug 2010<br>onward   |
|   | Danish Embassy  | Trade and Investment   | B2B meetings Albanian and<br>Danish firms  | Aug-Oct<br>2010                 |
|   | Polytechnic<br>University of Tirana   | Workforce Development  | Internship and job placements;<br>Productivity workshops for firms<br>and students           | Aug 2010<br>onward              |
|   |   | Access to Improved<br>Technology   | Promotion of CAD/CAM and<br>laboratory services  |                                 |
|   | GTZ   | Industry Website   | Garment company profiles &<br>other content  | July 2010<br>onward             |
|   |   | Garment Industry Week and<br>Conference  | Support conference<br>Present project efforts and<br>coordinate support                      | October<br>2010                 |
| Training workshops for garment<br>companies                   |   | Co-market training by GTZ and<br>Rritje Albania  | June 2010<br>onward  |                                 |
| WORKFORCE<br>DEVELOPMENT                                      | Albanian British<br>Chamber of<br>Commerce and<br>Industry                                    | Workforce Development  | Promote linkages education<br>institutions & firms<br><br>B2B meetings                       | Oct 2010<br><br>Ongoing         |
|   | TABITA & others   | Human Resource Management<br>Toolkit   | Roll-out toolkits to firms   | Ongoing                         |
|   | UNDP  | Youth Employment and<br>Migration Project  | Cooperate on Creating Effective<br>Internships   | Ongoing                         |

| Sector/<br>Component     | Partner                                    | Cooperation and<br>Partnership   | Activities Initiated and<br>Planned                      | Timeline             |
|--------------------------|--|--|--|----------------------|
|                          | National<br>Employment Service<br>& Office | Recruitment of non-skilled labor   | Web site data base<br>Recruitment & HRM toolkit          | Ongoing              |
| ICT                      | USAID & Microsoft                          | Business Innovation Center   | Explore cooperation<br>opportunities                     | April 2010<br>onward |
|                          | Albanian IT<br>Association                 | ICT Sector Promotion   | Draft & sign MoU;<br>IT Mark promotion<br>B2B meetings   | Sep 2010<br>onward   |
|                          |  | Project management   | PMP certification  | Oct-Nov<br>2010      |
|                          | GTZ  | ICT Needs Assessment in the<br>tourism and garment industries                                  | Collaborate on STTA                                      | June 2010<br>onward  |
| REGIONAL<br>COORDINATION | Regional<br>Competitiveness<br>Initiative  | Coordinate efforts, share<br>information on initiatives, best<br>practices and success stories | Leverage activities;<br>Participate in regional meetings | Ongoing              |
|                          |  | National Geographic Regional<br>Map  | Develop Albania site in W.<br>Balkans                    | Ongoing              |
|                          |  | Regional Familiarization (FAM)<br>Tours and B2B meetings                                       | B2B; regional FAM tours;<br>training                     | Ongoing              |

## B2. Project Communications

Rritje Albania submitted our life-of-project Communications Plan 2009-2014 in Year 1 of the project, and have developed the tool since submission as additional arenas for publicizing the project and opportunities for communicating with new audiences and in new ways has arisen during implementation. During FY2011, Rritje Albania regularly communicated its activities and results with a diverse range of actors and stakeholders, including the U.S. taxpayer by way of USAID/Albania and the U.S Embassy; the private sector stakeholder, and the GoA. Our communications goals were focused on generating awareness of Albanian enterprises on opportunities to improve their product and increase market competitiveness; on increasing local and foreign interest and investment in the project's target industries as a result of developing and promoting a better image of Albania as a source of quality products and services; and on acknowledging the project's interim results and ultimate impact on the country's broad-based economic growth.

Our communications effort to U.S stakeholders improved significantly from the previous year. In addition to regular contact and meetings with the project's COTR and USAID/Albania home office director, Rritje Albania promoted its results through the following communication outputs:

- Submitted two success stories to USAID's Telling Our Stories
- Received excellent coverage for three success story in the RCI newsletter
- Arranged and facilitated two visits by the U.S. Ambassador Mr. Alexander Arvizu to Bella Confex and Berttoni, our client garment and footwear companies in Shkodra
- Arranged and facilitated five visits by the USAID Mission Director Mr. Joseph C. Williams, to our client tourism companies in Gjirokastra, Saranda, and Vlora

Communication with the private sector and the business community in general was accomplished through informal means of day-to-day contact with client companies, participation of Rritje Albania at local and regional roundtables and conferences targeting the business community.

A key communication tool, the project website [www.rritjealbania.com](http://www.rritjealbania.com), was launched during the second quarter of FY2011. Designed to complement materials shared with USAID/Albania, the website's interactive features have helped promote Albanian businesses and facilitate stakeholder knowledge of activities planned and held. The site's features will be upgraded in the forthcoming year in order to enable partners to post information, schedule B2Bs, and contribute other items of interest.

In addition, the project undertook the following activities where Rritje Albania initiatives and programmatic messages were disseminated:

- Organization of 5 roundtables, 28 training workshops, and 3 B2B events
- Six press releases to highlight different events including the AAQM awards ceremony, awareness event on the small grants program, the TREALBEXPO event, Productivity Workshops, B2B meetings at UNWTO conference in Tirana, and the GSTC workshop
- Co-organized two national conferences
- Published two newspaper articles on grants and the AAQM program
- Three expert interviews to national media, including joint interviews with ATA to promote the AAQM program
- Delivered presentations to 8 national and regional conferences, in collaboration with ATA, AITA, GIZ, EBRD's TAM-BAS, USAID's RCI, etc.
- Launched Rritje Albania project website, [www.rritjealbania.com](http://www.rritjealbania.com)
- Launched Albanian garment industry website, [www.albaniangarment.com](http://www.albaniangarment.com)
- Finalized content of Albanian footwear industry website, [www.albanianfootwear.com](http://www.albanianfootwear.com) (due to be launched in November 2011)
- Secured excellent national and local media coverage of various project events, including TV Scan, Rozafa TV, Apollonia TV, and Albanian Screen

These communication outputs sought to advance Rritje Albania's programmatic and communication objectives towards promoting project initiatives in target sectors, as well as facilitate and affect public-private dialogue at all levels. Although Rritje Albania's work does not focus directly on public sector stakeholders, communication with the GoA and its affiliated ministries and agencies occurred on an as-needed basis as part of Rritje Albania's increased focus on macro-level issues concerning its target sectors.

In light of the new and future partnerships and work activities planned for FY2012, the project intends to revise its current communication plan to adjust its communication priorities for its intended audiences, particularly those in the Albanian private and public sectors.

### **B3. Gender**

Rritje Albania has ensured that all data collected from CGP companies is gender disaggregated and that all activities adequately integrate gender. At times this has involved holding a training event in a specific location during times appropriate for female employees to attend.

The management toolkits under workforce development incorporate gender integration best practices. For example, if high turnover is occurring in a company of mostly female employees, assistance to help identify the issues causing the turnover that may be gender-oriented is analyzed, and a system developed and implemented that meets needs, such as providing day care if that is the issue needing attention.

Additionally, in FY2011, Rritje Albania continued to provide support to women-owned and -operated businesses with special emphasis on encouraging additional women entrepreneurship and business

success. Special attention is paid to supporting women-owned firms with targeted assistance, and the project ensures that they have equal access to support, grants, and technical assistance. Feature stories and case studies are developed that highlight successful women-owned and -operated businesses as a way to encourage additional female business owners and entrepreneurs.

#### **B4. Environment**

In the first year of project implementation, an IEE amendment was filed and approved which met the requirements set forth by the deferral recommendation. Based on the findings of the rapid surveys conducted during the first three months of the project, Rritje Albania identified garments and textiles, footwear, tourism, ICT, recycling and food processing as the industries upon which the project would focus.

A categorical exclusion was recommended for activities under the trade and investment and workforce development components because they mostly contain educational activities involving training and capacity building. These initiatives would not affect environmental concerns of air, water, land, biodiversity, or human health.

Activities under the second component, increasing enterprise productivity, include training to improve technical knowledge and skills; demonstrating new technologies to promote their adoption; training in production planning and quality control; and conducting assessments of enterprises operation and making recommendation for efficiency improvements. These activities, which have no effect on the natural or physical environment, were also included in the exclusion for IEE affecting air, water, land, biodiversity, and human health.

Rritje Albania has implemented and will continue to implement an environmental review system that screens activities on a rolling basis as they are defined, and which puts in place mitigation measures and monitoring for those activities with the potential for adverse environmental impact using the methodology and regulatory requirements of USAID/Environmental Procedures. The Rritje Albania staff screened each proposed activity as articulated in the CGPs through use of the environmental checklist identified with the IEE Amendment. Some activities in the CGP include technical assistance and training and are covered by the categorical exclusion. Activities falling into either adverse negative determination of conditions (minor to major impact) require an Environmental Assessment report. In FY2011, no negative impact (minor or major) were undertaken, and it is anticipated that in FY2012 the project will continue to emphasize the importance of avoiding activities that have negative environmental impact.

Similarly, the grants program implemented in FY2011 required the same process of review and examination to ensure that activities were not undertaken which might have had a negative environmental impact.

#### **C. Future Plans**

During September 2011, the Rritje Albania team undertook additional work planning, which helped align the project's cycle of planning and reporting to that of USAID's. Therefore, Rritje Albania's FY2012 Work Plan, to be submitted on October 30, 2011, reflects activities that were already planned in the second half of the project's Year 3 Work Plan. This plan was subsequently updated and supplemented with new activities in order to cover the USAID's fiscal reporting year, running from October 2011 – September 2012.

## D. Small Grants Program

The Rritje Albania small grants program was launched in mid-January 2011 with the release of an Annual Program Statement (APS) entitled, “New Technologies for Increased Competitiveness,” and published in two national dailies and circulated to more than 100 project client companies and business associations. Following expressions of initial interest from companies and organizations, our business advisors provided continuous guidance and feedback to client companies that were interested in taking advantage of this opportunity. The grant application deadline was set on March 4, 2011, although five applications submitted later than the deadline were accepted for review considering the applicants were client companies of Rritje Albania.

The value of the fund is \$500,000 USD over the project contract. The grants awareness event held on February 2, 2011 was attended by 79 participants who represented different actors from the private sector and civil society. The aim was to help potential applicants better understand the grant eligibility requirements, the likely activities to be supported

through the grant funding, and the various steps in the application process, including writing the grant application proposal. During FY2011, Rritje Albania received a total of 27 grants applications, of which 23 were eligible. Of the 23 eligible applications, 12 applications were submitted from private businesses, 10 were Rritje Albania CGP clients, and 11 were received from business associations and non-governmental organizations.

Grants applications are initially reviewed by the Grants Manager to ensure that the eligibility criteria were met and the required documentation was included. The technical evaluation of the grant proposals was conducted by the Technical Evaluation Committee (TEC), comprised of the Chief of Party (COP) and two technical staff. When evaluated, the grant applications were assessed against a set of criteria, as listed in the (see box above). All of these elements are elaborated in detail in the Grantee Instruction Manual and other related materials produced by Rritje Albania to ensure a clear and transparent grants management process. Upon satisfaction of these criteria, the application is then forwarded to USAID/Albania for final review and approval. The following table summarizes information on the grants that were approved by USAID/Albania and are currently being implemented with support from Rritje Albania.

The project is currently reviewing four eligible grant applications that will be submitted to USAID/Albania for final review and approval in the first quarter of FY2012, in addition to the Rural Association Support Programme (RASP) association submission on July 7, 2011.

### Grant Applications Criteria for Eligibility

- Compatibility with overall Rritje Albania goals and objectives
- Potential measurable impact
- Feasibility of proposed initiatives
- Monitoring and evaluation mechanisms
- Evidence of management and programmatic capacity
- Appropriate overall budget
- Company's ability to share a minimum of 50 percent of the total costs
- Extent to which the gender component is incorporated throughout the proposed activity
- Environmental compliance<sup>1</sup> with stated USAID/Washington requirements.

The following table details the grantees, corresponding sectors, values, and dates of USAID approval for the six grant applications finalized in FY2011.

**Table IV-D.1 - Summary of Approved Grants in FY2011**

| Grants Approved   | Sector/Type         | Amount       | Approval Date  |
|---|---------------------|--------------|----------------|
| Albania Holiday   | Tourism company     | \$14,000 USD | 30 June 2011   |
| Association of Traditional and Artistic Crafts and Trades (ATACT) | Tourism association | \$10,000 USD | 30 June 2011   |
| Facilization  | ICT company         | \$19,710 USD | 30 June 2011   |
| Ola 1   | Garment company     | \$20,000 USD | 15 August 2011 |
| Sam Shpk  | Garment company     | \$20,000 USD | 15 August 2011 |
| Picari  | Footwear company    | \$21,000 USD | 15 August 2011 |

### **Supporting Business Growth and Women's Economic Empowerment through Local Tourism Development**

Based in Pogradec, the Association of Traditional and Artistic Crafts and Trades (ATACT) is an independent, non-profit local organization whose mission is to support sustainable regional development by promoting local culture and traditions, by empowering women in society, and by strengthening local capacity through PPPs. In this context, the grant of \$10,000 USD awarded to ATACT in late June 2011 enabled the association to organize a regional trade fair on July 12-13, 2011 that helped showcase a variety of arts and crafts products by the 30 artisan women of Korça and Pogradec, 20 of whom were ATACT members. In putting together the event, ATACT also worked closely with the Municipality of Pogradec for higher-level support.

In addition, the preparation of these women for participation in the regional fair helped them capitalize on the opportunity of marketing and selling products in the open-air handicrafts market, which ran throughout the summer season until the end of September. Aside from promoting the city and its cultural traditions, the open-air market aims to boost tourism in Pogradec, hence providing a good chance of attracting new buyers for the ATACT's members and other women that were supported through the grant.

Prior to the fair, ATACT was able to use the grant funds to contract a local consultant, Orjeta Glozheni, the manager at Korça Destination Management Organization, to conduct two sets of intensive three-day training workshops on different marketing techniques, business presentation, and sales skills for a total of 30 women. An additional 20 artisan women from other regions in northern Albania (Shkodra, Kukës, etc.) came to the regional fair to exchange knowledge and experiences with the artisan women of Korça and Pogradec, and showcase and sell handicrafts to a new regional market. The two-day regional fair promoted by ATACT under the slogan "Business Growth and Employment Opportunities for Women through Local Tourism Development" reportedly attracted crowds of Albanian and foreign visitors, although the exact number is hard to estimate. ATACT reported that compared to the previous year, the number of artisan women who benefited from the sales and marketing training and regional fair more than doubled as a result of the USAID grant support. ATACT anticipates that five years from now, at least 100 artisan women will be able to open a small business in Pogradec. Compared to last year, ATACT estimates that as a result of the grant-funded activities, artisan women of Korça and Pogradec have increased their sales and income by 20 percent, and have had to hire additional help, which amounted to a 10 percent increase in the number of employees in their small handicrafts businesses. In addition, ATACT anticipates that these results will double in the forthcoming year as its members maintain, follow-up, and establish links with old and new handicraft buyers.

## SECTION V

### FY2011 QUANTITATIVE RESULTS BY PERFORMANCE INDICATORS

This section details Rritje Albania's achievements against its contract indicator targets that are described in a contract modification issued in February 2011. With the modification, 26 indicators replaced the initial set of 35 that were part of Rritje Albania's original contract. The process of revising the indicators also ensured that the 11 economic growth indicators reported by USAID Albania in their Performance Plan and Report Indicators (PPR) were incorporated in the project's indicators. For more details on the source of information on which the reported results in this section are based, the reader is referred to Annex B of this report. Rritje Albania measures its results through the 26 indicators as follows:

- Impact level indicators: 4
- Project Intermediate Results Indicators: 10
- Key Result Area Indicators: 12

Overall, Rritje Albania met and exceeded 24 of its 26 indicators, as shown in the table below:

| Level of Achievement   | Number of Indicators |
|------------------------|----------------------|
| Result > 200%          | 11                   |
| 100% = < Result < 200% | 13                   |
| Result < 100%          | 2                    |

**Table V-A.1 - Rritje Albania's Primary Objective: Growth and Competitiveness of Non-agricultural Enterprises Strengthened (Impact-level)**

| Impact-level Indicators  | Baseline       | FY2011 Targets               | FY2011 Cumulative     | % Achieved |
|--|----------------|------------------------------|-----------------------|------------|
| 1. Number of assisted enterprises to have increased sales and jobs in domestic and export markets                          | 0              | 133                          | 124                   | 93.2%      |
| 2. Percent change in total sales by assisted enterprises in targeted municipalities  | 0              | +12.5%                       | +14.28% <sup>33</sup> | 114.2%     |
| 3. Value of sales of Albanian products and services (in export and domestic markets) by assisted enterprises <sup>34</sup> | USD 70,008,572 | USD 67,830,732 <sup>35</sup> | USD 79,216,080        | 116.8%     |
| 4. Number of jobs created in assisted enterprises  | 5,693          | +0.5% or 5,721               | 6,212                 | 108.6%     |

<sup>33</sup> Calculated on October 24, 2011 from data collected from 31 companies, as the average growth in % total sales of these companies.

<sup>34</sup> Bank of Albania exchange rates used for September 30, 2011 when 1 USD = 104 ALL.

<sup>35</sup> This target was calculated using the baseline available during FY2010 reporting. It is different from the adjusted actual baseline since more companies have been added during the year..

**Table V-A.2 – Trade and Investment Capacity Strengthened (PIR1)**

| PIR 1 Indicators   | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved  |
|--|----------|----------------|--------------|--------------|--------------|--------------|-------------------|-------------|
| <b>1.1</b> Number of enterprises able to use necessary information, data and other inputs to improve understanding of international market demand and competitive conditions, and the regulatory standards and other requirements for accessing specific markets | 0        | 35             | 69           | 29           | 48           | 6            | 129               | <b>369%</b> |
| <b>1.2</b> Number of assisted enterprises that obtain certification with international quality control, environmental and other process voluntary standards or regulations   | 0        | 15             | 8            | 14           | 4            | 5            | 31                | <b>207%</b> |
| <b>1.3</b> Number of enterprises employing ICT to improve goods and services, to identify commercial opportunities and establish contacts with potential international business partners   | 0        | 25             | 26           | 5            | 43           | 4            | 69                | <b>276%</b> |
| <b>Key Results Areas</b>   |          |                |              |              |              |              |                   |             |
| <b>1.1.1</b> Number of USG supported training events on topics related to investment capacity and improving trade  | 0        | 15             | 6            | 3            | 9            | 2            | 20                | <b>133%</b> |
| <b>1.1.2</b> Number of participants in USG supported trade and investment capacity building training   | 0        | 250            | 72           | 71           | 183          | 17           | 343               | <b>137%</b> |
| <b>1.2.1</b> Number of trainings offered in certification with international quality control, environmental and other process voluntary standards and regulations  | 0        | 10             | 9            | 3            | 3            | 1            | 15                | <b>150%</b> |
| <b>1.2.2</b> Number of persons trained in certification with international quality control, environmental and other process voluntary standards and regulations  | 0        | 125            | 117          | 45           | 35           | 5            | 202               | <b>162%</b> |
| <b>1.3.1</b> Number of USG supported training events related to trade communications and technologies  | 0        | 8              | 2            | 2            | 3            | 1            | 8                 | <b>100%</b> |
| <b>1.3.2</b> Number of persons trained in trade communications and technologies  | 0        | 150            | 60           | 10           | 85           | 6            | 161               | <b>107%</b> |

**Table V-A.2 – Private Sector Productivity Increased (PIR 2)**

| <b>PIR 2 Indicators</b>  | <b>Baseline</b> | <b>FY2011 Targets</b> | <b>Oct-Dec 2010</b> | <b>Jan-Mar 2011</b> | <b>Apr-Jun 2011</b> | <b>Jul-Sep 2011</b> | <b>FY2011 Cumulative</b> | <b>% Achieved</b> |
|--|-----------------|-----------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|-------------------|
| <b>2.1</b> Number of enterprises receiving USG assistance to invest in improved technologies                                   | 0               | 120                   | 14                  | 12                  | 19                  | 51                  | 83                       | <b>69%</b>        |
| <b>2.2</b> Number of enterprises receiving USG assistance to improve their management  | 0               | 120                   | 61                  | 47                  | 142                 | 10                  | 244                      | <b>203%</b>       |
| <b>2.3</b> Number of enterprises able to reduce production costs as a result of USG assistance                                 | 0               | 120                   | 40                  | 7                   | 82                  | 3                   | 132                      | <b>110%</b>       |
| <b>2.4</b> Number of enterprises receiving USG assistance to access bank loans or private equity as a result of USG assistance | 0               | 15                    | 0                   | 12                  | 45                  | 0                   | 49                       | <b>327%</b>       |
| <b>Key Results Areas</b>   |                 |                       |                     |                     |                     |                     |                          |                   |
| <b>2.1.1</b> Number of training events in improved technologies  | 0               | 13                    | 4                   | 6                   | 5                   | 3                   | 18                       | <b>138%</b>       |
| <b>2.1.2</b> Number of persons trained in improved technologies  | 0               | 250                   | 35                  | 79                  | 116                 | 68                  | 298                      | <b>119%</b>       |
| <b>2.2.1</b> Number of training events in good management practices  | 0               | 10                    | 7                   | 8                   | 14                  | 10                  | 33                       | <b>330%</b>       |
| <b>2.2.2</b> Number of people receiving training in good management practices  | 0               | 175                   | 155                 | 101                 | 249                 | 90                  | 595                      | <b>340%</b>       |

**Table V-A.3 – Workforce Development Improved (PIR3)**

| <b>PIR 3 Indicators</b>  | <b>Baseline</b> | <b>FY2011 Targets</b> | <b>Oct-Dec 2010</b> | <b>Jan-Mar 2011</b> | <b>Apr-Jun 2011</b> | <b>Jul-Sep 2011</b> | <b>FY2011 Cumulative</b> | <b>% Achieved</b> |
|--|-----------------|-----------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|-------------------|
| <b>3.1</b> Number of people gaining employment or better employment as a result of participation in USG-supported workforce development programs | 0               | 90                    | 77                  | 110                 | 76                  | 30                  | 293                      | <b>326%</b>       |
| <b>3.2</b> Number of persons completing USG-supported workforce development programs   | 0               | 125                   | 126                 | 110                 | 114                 | 45                  | 395                      | <b>316%</b>       |
| <b>3.3</b> Number of persons participating in USG-supported workforce development programs   | 0               | 300                   | 155                 | 130                 | 365                 | 90                  | 740                      | <b>247%</b>       |
| <b>Key Results Areas</b>   |                 |                       |                     |                     |                     |                     |                          |                   |
| <b>3.1.1</b> Number of pre-employment, vocational and technical training programs supported  | 0               | 15                    | 4                   | 8                   | 14                  | 4                   | 19                       | <b>127%</b>       |
| <b>3.1.2</b> Number of persons participating in USG-supported pre-employment, vocational and technical training programs supported               | 0               | 150                   | 155                 | 130                 | 365                 | 90                  | 740                      | <b>493%</b>       |

# ANNEX B

## FY2011 ANNUAL PERFORMANCE REPORT BY INDICATORS

This annex provides further details on the summary indicators tables presented earlier in Section V of this Annual Report, by explaining the sources of data, information and calculations relating to each indicator or groups of indicators. The annex details information against Rritje Albania's current contract indicators and targets, which are described in the approved Performance Based-Monitoring Plan (PBMP) covering April 1, 2011 – March 17, 2014.

Rritje Albania measures its results through the 26 indicators as follows:

- Impact Level Indicators: 4
- Project Intermediate Results (PIR) Indicators: 10
- Key Result Area (KRA) Indicators: 12

Following a contract modification issued in February 2011, these indicators replaced the initial set of 35 that were part of Rritje Albania's original contract. The process of revising the indicators also ensured that the 11 economic growth indicators reported by USAID Albania in their Performance Plan and Report Indicators (PPR) were incorporated in the project's indicators.

As stated in the project's Performance Based Monitoring Plan (PBMP), the key sources of baseline information for firm-level data are enterprises themselves. Before signing a Client Growth Plan (a long-term agreement of cooperation between the enterprise and the project), Rritje Albania advisors and the client complete a baseline profile for each enterprise that includes qualitative and quantitative information. The quantitative data on the firm's sales and jobs is updated quarterly, in order to track changes in the project's impact level results at conclusion of each annual reporting period. As the baseline information for impact indicators depends on the number of enterprises supported by the project, the targets are set as of September 30 of each year and the baselines against which changes are measured include both the old and the new clients added. For more detailed information on how the information is collected and analyzed for the four impact indicators as well as the other 22, please refer to the specific indicator reference sheets included in the PBMP.

Other significant sources of data used in the preparation of the performance indicator results were the preparation and analysis of event reports, training agendas, participants' questionnaires and other supporting documents described below. In addition, reports prepared and delivered by industry-specific short-term technical experts (international and local) provided other data and information that contributed valuable insight and analysis.

What follows below for each of the project’s performance indicators is a summary table of baseline information, targets and cumulative annual progress (including quarterly progress for the PIR and KRA indicators) that is followed by a short explanation of the data sources, methodology, disaggregation and variance.

## A. Impact Level Indicators: Growth and Competitiveness

### A1. Impact Level Indicator 1

| Impact-level Indicator  | Baseline | FY2011 Targets | FY2011 Cumulative | % Achieved |
|---|----------|----------------|-------------------|------------|
| 1. Number of assisted enterprises to have increased sales and jobs in domestic and export markets | 0        | 133            | 124               | 93.2%      |

Rritje Albania assistance was delivered through enterprise-specific and multi-client solutions at industry events. The types of assistance and events are described in detail throughout the narrative of the FY2011 Annual Report, and also outlined in Annex C of the report. Rritje Albania counts under impact indicator number one, all companies that have signed CGPs with the project, as well as all the tourism accommodations that applied for and obtained the Authentic Albania Quality Mark (summarized in Section III-A of the FY2011 Annual Report). The local research company, IDRA, who manages the local assessors was also contracted to collect baseline and monthly sales and jobs data from all AAQM members.

In August 2011, the project surveyed the subcontracting behavior and pattern of 37 garment and footwear CGP clients, to ascertain the extent to which Rritje Albania’s assistance to them was reaching other companies linked by subcontracting arrangements. Thirty-seven CGP clients from these two sectors were interviewed on their activities over the last year; 25% of respondents (9 of 37) subcontracted from other Albanian companies, reporting a total of 12 different subcontractors. The finding of this survey (also narrated in the Section II-B of the report), confirmed that direct project assistance to CGP clients is passed through by those clients to its subcontractors. And, in cases where a CGP client having more than one registered company operating in the same sector, sometimes within the same factory, included those sales and employment in its reports to Rritje Albania, all of the companies legally registered to the same owner were counted in the results for Indicator 1.

Although only companies reporting sales and jobs to Rritje Albania are included in indicator one, the project’s work has improved the competitiveness of many other companies through industry initiatives that are described at length in this Annual Report. This included such project-sponsored initiatives as: B2B meetings in tourism and cross-sector tourism-ICT meetings, firms listed on the garment and footwear industry websites ([www.albaniangarment.com](http://www.albaniangarment.com) and [www.albanianfootwear.com](http://www.albanianfootwear.com)), and a large number of firms participating in training workshops, roundtables and other technical assistance events organized by the project.

Furthermore, by linking enterprises with potential business partners upstream and downstream in the value-chain, Rritje Albania has supported the development of industry value chains. An example is Rritje Albania linking Edipack, a recycled packaging producer in Durres, with several

footwear producers, including Donianna, the largest Albanian-owned footwear manufacturing company. By introducing Edipack to potential buyers, footwear companies have not only received customized packaging from a local source, they have also significantly reduced their transportation and packaging costs, as these products were previously sourced from Italy.

## A2. Impact Level Indicators 2 and 3

| Impact-level Indicator  | Baseline       | FY2011 Targets              | FY2011 Cumulative    | % Achieved |
|---|----------------|-----------------------------|----------------------|------------|
| 2. Percent change in total sales by assisted enterprises in targeted municipalities                                       | 0              | +12.5%                      | +14.28% <sup>1</sup> | 114.2%     |
| 3. Value of sales of Albanian products and services (in export and domestic markets) by assisted enterprises <sup>2</sup> | USD 70,008,572 | USD 67,830,732 <sup>3</sup> | USD 79,216,080       | 116.8%     |

The methodology used for calculating the change in sales is based on a period-to-period comparison for each enterprise, based on the baseline of each company. Baseline information is collected for the 12-month period previous to assistance being delivered by the project. The data for the impact indicators refer to two periods: FY2011 sales and jobs data as the results, and FY2010 data as the baseline. In the final revised P-BMP submitted in February 2011, Rritje Albania describes its method to collect, calculate and analyze the above impact indicators on an annual basis with a 3-month lag.

Availability of the data dependent on CGP signature dates means that full period-to-period comparison is only possible for CGP companies that entered into a signed cooperative relationship with the project before September 30, 2010, at the latest. Due to delays in data collection, only 31 of the project's 124 client companies had submitted partial or complete FY2011 sales data. When partial data was available, the period-to-period comparison was conducted based on the baseline figures, assuming no change.

These two indicators are calculated based on the same set of data: monthly sales of CGP companies and AAQM accommodations. Indicator 2 is calculated as the average of the percentage increase in total sales for companies assisted in the report period. Baseline information collected covers the 12-month period previous to the CGP signature and AAQM assessment. For example, for all CGPs signed in January-March 2011, baseline data starts in the January-March 2010 period. For some of those recently-signed CGPs, calculating the period-to-period sales change is not possible due to the incompleteness of baseline data for companies whose baseline sales and jobs data were collected after October 2010.

<sup>1</sup> Calculated on October 24, 2011 from data collected from 31 companies, as the average growth in % total sales of these companies.

<sup>2</sup> Bank of Albania exchange rates used for September 30, 2011 when 1 USD = 104ALL.

<sup>3</sup> This target was calculated using the baseline available during FY2010 reporting. It is different from the adjusted actual baseline since more companies have been added during the year.

Therefore, while these companies were counted in Indicator 1 as they have received project assistance and have experienced benefits from this assistance, the sales data to quantify these results are not fully available.

Indicator 3 is calculated not only as the total sales of each company, but also segregated by whether these sales were made in export or domestic markets. In the baseline form and in the subsequent months, Rritje Albania asks companies to declare what % of their sales are export sales. In the garment and footwear companies, initial results were zero, however as these companies have explored the local and regional markets, these figures have increased as indicated in the summary table. The effect of the greater penetration of the local market by Albanian products is seen in the final table, where sales are disaggregated by exports and domestic. Based on the data available from 31 companies, the increase in domestic sales is higher than that in export sales. This could in part be due to the fact that these leading companies have recently ventured to test the local markets after successfully exporting for over 2 decades and as more firms move from fasson to full package production.

In addition to the treatment of monthly baselines sales data due to the staggered signature dates of CGPs, the following factors also affect the ability of Rritje Albania to report and directly attribute growth in sales for indicators 2 and 3 during this reporting period:

- As described in detail in the narrative of this annual report, Rritje Albania's support focused on strategic and long-term assistance to the companies, increasingly through industry-level initiatives such as the AAQM, multi-client trainings, industry websites, tourism law revision, taxation mediation, association-building, the ICT-TRC and others. While companies that directly benefit from these initiatives have and will continue to be identified, the impact of such assistance on sales will not be measurable and attributable to the project in the period it was delivered. For this reason, Rritje Albania will continue to monitor sales and jobs data looking to identify trends and results that can be attributed and linked to the project's industry-level assistance.
- For the enterprises assisted for which Rritje Albania does have monthly sales data available for both periods being compared, it is important to verify and qualify the change in sales. The Monitoring and Evaluation team and advisors will follow-up with each enterprise to analyze and explain the sales change pattern for the enterprises in the following quarter, in this case October-December 2011. This process will also allow Rritje Albania to monitor growth patterns across enterprises and industries and facilitate the attribution of results as the assistance delivered by the project directly contributes to increased sales and business growth and competitiveness.

### **A3. Impact Level Indicator 4**

| Impact Level Indicator                            | Baseline | FY2011 Targets | FY2011 Cumulative | % Achieved |
|---|----------|----------------|-------------------|------------|
| 4. Number of jobs created in assisted enterprises | 5,693    | +0.5% or 5,721 | 6,212             | 108.6%     |

The baseline for impact indicator four is the total number of jobs reported by companies supported by Rritje Albania since they signed CGPs, going back to the start of the project. This indicator is disaggregated by gender. Included in the baseline are those newly assisted clients added in FY2011. For the CGP companies, this baseline is calculated as a monthly average over the twelve-month period to take into account the large degree of seasonality of business operations in the target sectors of tourism, garment and footwear.

The table below includes the baseline for each CGP company and the employment levels during the reporting period. It also shows a gender-disaggregated average employment for two periods, October 2009-September 2010 (FY2010) and October 2010-September 2011 (FY2011), for 34 of the CGP companies that Rritje Albania supported in the last year.

**Table A-1 – Employment Levels for Assisted Enterprises in FY2010-FY2011**

| Enterprise  | CGP Signed | Type       | FY2010 Average | FY2011 Average | Year to Year Change | % Change      |
|-------------|------------|------------|----------------|----------------|---------------------|---------------|
| Everest IE  | 16-Jun-09  | M          | 84             | 98             | 14                  | 16.93%        |
|             |            | F          | 40             | 61             | 21                  | 53.99%        |
|             |            | <b>ALL</b> | <b>123</b>     | <b>160</b>     | <b>37</b>           | <b>30.12%</b> |
| SAM         | 16-Jun-09  | M          | 2              | 13             | 11                  | 562.50%       |
|             |            | F          | 27             | 30             | 3                   | 9.12%         |
|             |            | <b>ALL</b> | <b>27</b>      | <b>43</b>      | <b>16</b>           | <b>59.38%</b> |
| MAS-TORR    | 20-Aug-09  | M          | 9              | 12             | 3                   | 36.79%        |
|             |            | F          | 93             | 83             | -11                 | -11.43%       |
|             |            | <b>ALL</b> | <b>102</b>     | <b>95</b>      | <b>-7</b>           | <b>-7.26%</b> |
| Hotel Fieri | 28-Aug-09  | M          | 13             | 13             | 1                   | 4.00%         |
|             |            | F          | 15             | 18             | 3                   | 18.03%        |
|             |            | <b>ALL</b> | <b>28</b>      | <b>31</b>      | <b>3</b>            | <b>11.71%</b> |
| Edipack     | 2-Oct-09   | M          | 70             | 82             | 12                  | 16.37%        |
|             |            | F          | 5              | 5              | 0                   | 0.00%         |

| Enterprise   | CGP Signed | Type       | FY2010 Average | FY2011 Average | Year to Year Change | % Change       |
|--------------|------------|------------|----------------|----------------|---------------------|----------------|
|              |            | <b>ALL</b> | <b>75</b>      | 86             | <b>12</b>           | <b>15.38%</b>  |
| Donianna     | 7-Oct-09   | <b>M</b>   | 90             | 94             | 4                   | 4.72%          |
|              |            | <b>F</b>   | 928            | 1059           | 131                 | 14.09%         |
|              |            | <b>ALL</b> | <b>1018</b>    | 1153           | 135                 | 13.26%         |
| Grand Hotel  | 23-Dec-09  | <b>M</b>   | 15             | 10             | -5                  | -32.78%        |
|              |            | <b>F</b>   | 21             | 12             | -9                  | -44.40%        |
|              |            | <b>ALL</b> | <b>36</b>      | <b>22</b>      | <b>-14</b>          | <b>-39.53%</b> |
| Mito 2       | 28-Jan-10  | <b>M</b>   | 18             | 18             | 1                   | 4.29%          |
|              |            | <b>F</b>   | 82             | 105            | 23                  | 27.96%         |
|              |            | <b>ALL</b> | <b>99</b>      | <b>123</b>     | <b>24</b>           | <b>23.78%</b>  |
| Picari       | 28-Jan-10  | <b>M</b>   | 18             | 17             | -1                  | -6.51%         |
|              |            | <b>F</b>   | 195            | 231            | 36                  | 18.65%         |
|              |            | <b>ALL</b> | <b>213</b>     | <b>248</b>     | <b>35</b>           | <b>16.53%</b>  |
| Alba & N     | 28-Jan-10  | <b>M</b>   | 36             | 69             | 33                  | 89.68%         |
|              |            | <b>F</b>   | 176            | 224            | 48                  | 27.21%         |
|              |            | <b>ALL</b> | <b>213</b>     | <b>293</b>     | <b>81</b>           | <b>37.88%</b>  |
| Melgushi     | 28-Jan-10  | <b>M</b>   | 15             | 11             | -4                  | -29.28%        |
|              |            | <b>F</b>   | 193            | 157            | -36                 | -18.71%        |
|              |            | <b>ALL</b> | <b>208</b>     | <b>168</b>     | <b>-41</b>          | <b>-19.47%</b> |
| Silda        | 29-Jan-10  | <b>M</b>   | 2              | 2              | 0                   | 0.00%          |
|              |            | <b>F</b>   | 59             | 59             | 0                   | -0.14%         |
|              |            | <b>ALL</b> | <b>61</b>      | <b>61</b>      | <b>0</b>            | <b>-0.14%</b>  |
| Lolida Group | 29-Jan-10  | <b>M</b>   | 11             | 12             | 2                   | 16.67%         |
|              |            | <b>F</b>   | 88             | 99             | 11                  | 11.93%         |
|              |            | <b>ALL</b> | <b>99</b>      | <b>111</b>     | <b>12</b>           | <b>12.44%</b>  |
| Alangore     | 9-Feb-10   | <b>M</b>   | 66             | 65             | 0                   | -0.38%         |
|              |            | <b>F</b>   | 403            | 354            | -50                 | -12.36%        |

| Enterprise         | CGP Signed | Type       | FY2010 Average | FY2011 Average | Year to Year Change | % Change       |
|--------------------|------------|------------|----------------|----------------|---------------------|----------------|
|                    |            | <b>ALL</b> | <b>469</b>     | <b>419</b>     | <b>-50</b>          | <b>-10.68%</b> |
| Hotel Cajupi       | TBA        | <b>M</b>   | 10             | 11             | 1                   | 7.32%          |
|                    |            | <b>F</b>   | 16             | 19             | 3                   | 20.63%         |
|                    |            | <b>ALL</b> | <b>26</b>      | <b>30</b>      | <b>4</b>            | <b>15.38%</b>  |
| Ambra              | TBA        | <b>M</b>   | 7              | 8              | 1                   | 7.14%          |
|                    |            | <b>F</b>   | 263            | 270            | 7                   | 2.70%          |
|                    |            | <b>ALL</b> | <b>270</b>     | <b>277</b>     | <b>8</b>            | <b>2.81%</b>   |
| Meko 98            | TBA        | <b>M</b>   | 3              | 3              | 0                   | 0.00%          |
|                    |            | <b>F</b>   | 154            | 181            | 28                  | 18.08%         |
|                    |            | <b>ALL</b> | <b>157</b>     | <b>184</b>     | <b>28</b>           | <b>17.73%</b>  |
| Albania Holidays   |            | <b>M</b>   | 4              | 4              | 0                   | 2.13%          |
|                    |            | <b>F</b>   | 3              | 4              | 1                   | 16.67%         |
|                    |            | <b>ALL</b> | <b>7</b>       | <b>8</b>       | <b>1</b>            | <b>8.43%</b>   |
| Albania Experience |            | <b>M</b>   | 5              | 8              | 3                   | 55.74%         |
|                    |            | <b>F</b>   | 11             | 11             | 0                   | 0.00%          |
|                    |            | <b>ALL</b> | <b>16</b>      | <b>19</b>      | <b>3</b>            | <b>17.62%</b>  |
| Sava Tours         |            | <b>M</b>   | 1              | 1              | 0                   | 0.00%          |
|                    |            | <b>F</b>   | 4              | 4              | 0                   | 0.00%          |
|                    |            | <b>ALL</b> | <b>5</b>       | <b>5</b>       | <b>0</b>            | <b>0.00%</b>   |
| Sipa Tours         |            | <b>M</b>   | 5              | 5              | 0                   | 0.00%          |
|                    |            | <b>F</b>   | 11             | 11             | 0                   | 0.00%          |
|                    |            | <b>ALL</b> | <b>16</b>      | <b>16</b>      | <b>0</b>            | <b>0.00%</b>   |
| NPV2               | 28-Apr-10  | <b>M</b>   | 3              | 3              | 0                   | 9.09%          |
|                    |            | <b>F</b>   | 199            | 202            | 4                   | 1.80%          |
|                    |            | <b>ALL</b> | <b>202</b>     | <b>205</b>     | <b>4</b>            | <b>1.90%</b>   |
| Kler               | 4-May-10   | <b>M</b>   | 8              | 8              | 0                   | 2.17%          |
|                    |            | <b>F</b>   | 261            | 277            | 16                  | 6.19%          |

| Enterprise          | CGP Signed | Type       | FY2010 Average | FY2011 Average | Year to Year Change | % Change       |
|---------------------|------------|------------|----------------|----------------|---------------------|----------------|
|                     |            | <b>ALL</b> | <b>269</b>     | <b>285</b>     | <b>16</b>           | <b>6.08%</b>   |
| Omega               | 7-May-10   | <b>M</b>   | 14             | 11             | -4                  | -24.86%        |
|                     |            | <b>F</b>   | 110            | 126            | 16                  | 14.87%         |
|                     |            | <b>ALL</b> | <b>124</b>     | <b>137</b>     | <b>13</b>           | <b>10.26%</b>  |
| Dika Konfeks        | 11-May-10  | <b>M</b>   | 1              | 1              | 0                   | 25.00%         |
|                     |            | <b>F</b>   | 50             | 52             | 2                   | 3.69%          |
|                     |            | <b>ALL</b> | <b>51</b>      | <b>53</b>      | <b>2</b>            | <b>4.11%</b>   |
| Blue Sky            | 13-May-10  | <b>M</b>   | 30             | 28             | -2                  | -8.06%         |
|                     |            | <b>F</b>   | 149            | 212            | 63                  | 42.55%         |
|                     |            | <b>ALL</b> | <b>179</b>     | <b>240</b>     | <b>61</b>           | <b>34.06%</b>  |
| Bella Konfeks       | 3-Jun-10   | <b>M</b>   | 21             | 28             | 7                   | 33.47%         |
|                     |            | <b>F</b>   | 255            | 266            | 12                  | 4.52%          |
|                     |            | <b>ALL</b> | <b>276</b>     | <b>294</b>     | <b>19</b>           | <b>6.71%</b>   |
| Elite Travel        | 7-Jun-10   | <b>M</b>   | 8              | 8              | 0                   | 3.13%          |
|                     |            | <b>F</b>   | 0              | 0              | 0                   | 0              |
|                     |            | <b>ALL</b> | <b>8</b>       | <b>8</b>       | <b>0</b>            | <b>3.13%</b>   |
| Dyrrahsped          | 23-Jun-10  | <b>M</b>   | 4              | 3              | -1                  | -29.79%        |
|                     |            | <b>F</b>   | 63             | 58             | -5                  | -8.34%         |
|                     |            | <b>ALL</b> | <b>67</b>      | <b>60</b>      | <b>-6</b>           | <b>-9.60%</b>  |
| Destination Albania | 28-Jun-10  | <b>M</b>   | 0              | 0              | 0                   | 0              |
|                     |            | <b>F</b>   | 1              | 2              | 1                   | 100.00%        |
|                     |            | <b>ALL</b> | <b>1</b>       | <b>2</b>       | <b>1</b>            | <b>100.00%</b> |
| Madish              | 30-Jun-10  | <b>M</b>   | 4              | 3              | -1                  | -18.75%        |
|                     |            | <b>F</b>   | 60             | 54             | -6                  | -10.31%        |
|                     |            | <b>ALL</b> | <b>64</b>      | <b>57</b>      | <b>-7</b>           | <b>-10.84%</b> |
| Perla Hotel         |            | <b>M</b>   | 5              | 6              | 0                   | 7.84%          |
|                     |            | <b>F</b>   | 5              | 6              | 1                   | 24.07%         |

| Enterprise                | CGP Signed | Type | FY2010 Average | FY2011 Average | Year to Year Change | % Change |
|---------------------------|------------|------|----------------|----------------|---------------------|----------|
|                           |            | ALL  | 8              | 11             | 3                   | 38.54%   |
| Berttoni                  |            | M    | 48             | 50             | 3                   | 5.84%    |
|                           |            | F    | 741            | 801            | 60                  | 8.03%    |
|                           |            | ALL  | 789            | 851            | 62                  | 7.90%    |
| Fital                     |            | M    | 38             | 46             | 8                   | 19.74%   |
|                           |            | F    | 352            | 412            | 60                  | 16.91%   |
|                           |            | ALL  | 391            | 458            | 67                  | 17.19%   |
| Average Employment Change |            | M    | 667            | 751            | 84                  | 12.6%    |
|                           |            | F    | 5,031          | 5,461          | 430                 | 8.6%     |
|                           |            | ALL  | 5,693          | 6,212          | 520                 | 9.1%     |

## B. Trade and Investment Capacity Strengthened (PIR1)

### B1. Trade Knowledge and Skills Improved (KRA 1.1)

| Indicator   | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved |
|---|----------|----------------|--------------|--------------|--------------|--------------|-------------------|------------|
| 1.1 Number of enterprises able to use necessary information, data and other inputs to improve understanding of international market demand and competitive conditions, and the regulatory standards and other requirements for accessing specific markets | 0        | 35             | 69           | 29           | 48           | 6            | 129               | 369%       |
| 1.1.1 Number of USG supported training events on topics related to investment capacity and improving trade  | 0        | 15             | 6            | 3            | 9            | 2            | 20                | 133%       |

| Indicator   | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved |
|---|----------|----------------|--------------|--------------|--------------|--------------|-------------------|------------|
| 1.1.2 Number of participants in USG supported trade and investment capacity building training | 0        | 250            | 72           | 71           | 183          | 17           | 343               | 137%       |

Rritje Albania supported enterprises to use necessary information, data and other inputs to improve understanding of international market demand through a multiple types of events. The events and the type of assistance provided are summarized in Section III-A of this report.

The information and the skills to use them that were provided to companies and their representatives during training events included such things as enhanced presentation skills, increased effectiveness of B2B meetings to secure more sales, raised understanding of standards needed to attract buyers (AAQM, SPI - IT Mark), and better knowledge of financing instruments to fund business expansion through A2F roundtables.

A training event on improved trade knowledge and skills was counted when two or more participants representing one or several enterprises received training that followed a specific training agenda. The training was either delivered in a workshop or on the job mentoring and coaching. Reports from STTA include the specific topics and content covered by each training session. A series of sessions delivered by one STTA, e.g. Trade & Investment Advisor in following up on CIFF trade fair participation, in 4 companies was counted as 1 training event, given the common format used by the TA, topics covered and focus on marketing and management for each of sessions. Not all training was delivered through a specific training event; some was delivered in conjunction with the delivery of technical assistance, as was the case of the e-Commerce training for Tour Operators co-organized with CBI. The model was used in several other cases, including the PEP activities, ITMark and others.

## B2. Compliance with International Standards Improved (KRA 1.2)

| Indicator   | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved |
|---|----------|----------------|--------------|--------------|--------------|--------------|-------------------|------------|
| 1.2 Number of assisted enterprises that obtain certification with international quality control, environmental and other process voluntary standards or regulations | 0        | 15             | 8            | 14           | 4            | 5            | 31                | 207%       |
| 1.2.1 Number of trainings offered in certification with international quality control,  | 0        | 10             | 9            | 3            | 3            | 1            | 15                | 150%       |

| Indicator   | Baseline | FY2011 Targets | Oct-Dec 2010              | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative      | % Achieved  |
|---|----------|----------------|---------------------------|--------------|--------------|--------------|------------------------|-------------|
| environmental and other process voluntary standards and regulations   |          |                |                           |              |              |              |                        |             |
| <b>1.2.2</b> Number of persons trained in certification with international quality control, environmental and other process voluntary standards and regulations | 0        | 125            | 117<br>(revised from 219) | 45           | 35           | 5            | 202 (revised from 282) | <b>162%</b> |

All the indicators KRA1.2 were met and exceeded by the project. Since the start of the project, the technical team delivered assistance on compliance with international standards based on private sector demand.

The focus of Rritje Albania training events, firm-level coaching, and assistance in this Key Result Area (KRA) have been three initiatives described in detail earlier in this report:

- Authentic Albania Quality Mark in tourism: workshops, conferences and assessments as firm-level training;
- SPI - IT Mark in ICT;
- Project Management Professionals Certification in ICT and other sectors.

As the above three programs are at different stages of implementation, the results obtained from them contribute to the above indicators (input, output and outcome) based on the specific stage of implementation. The activities and related results under this KRA were summarized and narrated in Section III-A of the FY2010 Annual Report. As indicated in the narrative, the UNWTO Conference on Regional Tourism in November 2010 was attended by an estimate of more than 100 people. However, the exact list of participants was unfortunately not collected by the MTCYS co-organizers as agreed. Therefore, the number of people trained was not included in this KRA. However, the event itself was counted as an activity that promoted international standards in tourism, given its focus on global sustainable tourism standards (GSTS) and Quality Mark.

Regarding garment and footwear sectors, only a small number of companies in the garment/ footwear sectors have ISO certification<sup>4</sup>. However, company managers report their belief that the lack of ISO certification is not a limiting factor to establishing and maintaining sales relationships. Their reports are also backed by international and local experts who say that the main international quality control and process standards relevant are industry-specific ones.

<sup>4</sup> Eight of the 48 companies that Rritje Albania has a CGP with by September 2011.

### B3. Use of ICT for Trade-related Activities Expanded (KRA 1.3)

| Indicator   | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved  |
|---|----------|----------------|--------------|--------------|--------------|--------------|-------------------|-------------|
| <b>1.3</b> Number of enterprises employing ICT to improve goods and services, to identify commercial opportunities and establish contacts with potential international business partners. | 0        | 25             | 26           | 5            | 43           | 4            | 69 <sup>5</sup>   | <b>276%</b> |
| <b>1.3.1</b> Number of USG supported training events related to trade communications and technologies   | 0        | 8              | 2            | 2            | 3            | 1            | 8                 | <b>100%</b> |
| <b>1.3.2</b> Number of persons trained in trade communications and technologies   | 0        | 150            | 60           | 10           | 85           | 6            | 161               | <b>107%</b> |

Baseline profiles completed with Albanian enterprises over year one as well as reports drafted by industry experts in garment, footwear and tourism indicated that Albanian businesses are nascent users of ICT for trade-related activities (to improve goods and services, to identify commercial opportunities and establish contacts with potential international business partners). Therefore, the project provided technical assistance to enterprises to train firms and employees to effectively use of such ICT tools and ICT-based activities as:

<sup>5</sup> In several indicators, the final FY2011 cumulative is less than the sum of quarterly results. This is due to a result being observed in more than one quarter. The FY2011 cumulative will be less or equal to this sum; a low result being explained by cases when companies and events that were reported in two quarters are only counted once in the annual results.

- Use of email and Skype to communicate with buyers and business partners;
- Enterprise website including company profile, product list and contact information;
- Online registration for fairs and trade shows;
- Web-based B2B meetings, market research, and product development.

As described in the Annual Report narrative, Rritje Albania support led to the creation of a substantial number websites in Garment and Footwear sectors is a direct contribution of Rritje Albania’s assistance to these companies. However, the existence of a website is not the same as maximizing its use and using technology for better communication with buyers. To address such challenges and promote the increased use of ICT for trade related activities, Rritje Albania implemented a number of activities that are summarized in Section III-A of the Annual Report. These activities in trade communication and technologies focused not only on improving the use of e-commerce tools such as company websites, but also on bridging the gap between the products offered from ICT companies and the demand of the private sector for such products.

### C. Private Sector Productivity Improved (PIR2)

All technology interventions that Rritje Albania undertook in FY2011 also contributed to the management indicators as their content and format was designed to ensure sustainable change through integration into the management practices of a company.

#### C1. Improved Use of Technology (KRA 2.1)

| Indicator   | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved |
|---|----------|----------------|--------------|--------------|--------------|--------------|-------------------|------------|
| 2.1 Number of enterprises receiving USG assistance to invest in improved technologies | 0        | 120            | 14           | 12           | 19           | 51           | 83                | 69%        |
| 2.1.1 Number of trainings in improved technologies                                    | 0        | 13             | 4            | 6            | 5            | 3            | 18                | 138%       |
| 2.1.2 Number of persons trained in improved technologies                              | 0        | 250            | 35           | 79           | 116          | 68           | 298               | 119%       |

The main technological innovations for companies assisted over this fiscal year of implementation were driven by recommendations and assistance delivered by the garment and footwear experts John Haycock and James Parchman with support from the Rritje Albania team and local professors from the Polytechnic University of Tirana. Several applications for grants that will result in improved use of technology and cost

savings were approved in this reporting period. Their implementation started in the last quarter of FY2011, although the team will be able to measure and quantify results more concretely in FY2012. The recommendations on technological improvements focused on the following changes:

- Implementation of the Productivity Enhancement Program (PEP) through the set of KPIs at garment and footwear companies;
- Improved organization and utilization of production lines;
- Strengthening of middle management through training and mentoring by local university professors and productivity expert.
- Installation of machinery that uses less electricity;
- Employing energy-saving lighting schemes in footwear companies;

In addition to the garment and footwear companies that received assistance in improving productivity and use of technology, the project also supported tourism companies to improve their use of web-based technologies for marketing purposes.

These activities and reported outcomes are summarized and described at length in Section III-B of the Annual Report.

## C2. Improved Management Practices (KRA 2.2)

| Indicator   | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved |
|---|----------|----------------|--------------|--------------|--------------|--------------|-------------------|------------|
| 2.2 Number of enterprises receiving USG assistance to improve their management          | 0        | 120            | 61           | 47           | 142          | 10           | 244               | 203%       |
| 2.2.1 Number of training events in good management practices.                           | 0        | 10             | 7            | 8            | 14           | 10           | 33                | 330%       |
| 2.2.2 Number of people trained in business management, marketing and governance trained | 0        | 175            | 155          | 101          | 249          | 90           | 595               | 340%       |

All of the initiatives implemented by Rritje Albania have included training of upper and middle management on knowledge and skills that they can use for such outcomes as: improved use of technology, investing in business expansion, improved access to markets, and improved quality of products and services produced. The sheer number and variety of activities that contributed to this indicator makes it impossible to summarize

them in a table or narrative. However, many of these activities are discussed in Section III-B of the Annual Report and narrated elsewhere throughout the document.

### C3. Other Enterprise Productivity Improvement Indicators

| Indicator   | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011                                | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved |
|---|----------|----------------|--------------|---|--------------|--------------|-------------------|------------|
| 2.3 Number of enterprises able to reduce production costs as a result of USG assistance                                 | 0        | 120            | 40           | 7   | 82           | 3            | 132               | 110%       |
| 2.4 Number of enterprises receiving USG assistance to access bank loans or private equity as a result of USG assistance | 0        | 15             | 0            | 12 (adjusted to 4 – only successful grants) | 45           | 0            | 49                | 327%       |

The focus of access to finance activities in FY2011 was to follow up on leasing roundtables and to develop a package of one-page information sheets on the types of financial products businesses may choose from. Over 60 businesses counted in Indicator 2.4 received the Access to Finance package and took part in the three workshops co-organized by the project and two new Albanian factoring companies: AEGIS Strategic Consulting Group and the Albanian Factoring Services. These activities are discussed in greater detail in Section III-B of the Annual Report.

## D. Workforce Development Improved (PIR3)

| Indicator  | Baseline | FY2011 Targets | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | FY2011 Cumulative | % Achieved  |
|--|----------|----------------|--------------|--------------|--------------|--------------|-------------------|-------------|
| <b>3.1</b> Number of people gaining employment or better employment as a result of participation in USG-supported workforce development programs | 0        | 90             | 77           | 110          | 76           | 30           | 293               | <b>326%</b> |
| <b>3.2</b> Number of persons completing USG-supported workforce development programs   | 0        | 125            | 126          | 110          | 114          | 45           | 395               | <b>316%</b> |
| <b>3.3</b> Number of persons participating in USG-supported workforce development programs   | 0        | 300            | 155          | 130          | 365          | 90           | 740               | <b>247%</b> |
| <b>3.1.1</b> Number of pre-employment, vocational and technical training programs supported  | 0        | 15             | 4            | 8            | 14           | 4            | 19                | <b>127%</b> |
| <b>3.1.2</b> Number of persons participating in USG-supported pre-employment, vocational and technical training programs supported               | 0        | 150            | 155          | 130          | 365          | 90           | 740               | <b>493%</b> |

All of the activities listed in the various tables of this annex include training as an integral element of their content and delivery. Therefore, the results reported under the Workforce Development indicators come from the activities listed and presented in tables throughout this document.

The following is the list of training events that were counted in indicators KRA 3.1.1 and KRA 3.1.2:

- Project Management Professionals Workshops
- PMP Networking Events
- AAQM Assessments and coaching at each accommodation unit
- PEP-related activities (4 different programs):
  - Workshops on Productivity topics
  - Open lectures at PUT
  - Firm-level assistance by international and local STTA experts
  - TOT program for professors at PUT on PEP toolkit
- Career Advice provided at the AmCham Job Fair
- A2F Roundtables on Factoring
- e-Commerce Workshop and Website training and coaching by CBI
- TOT program for tourism professionals (3 events) with EBRD's TAM-BAS program
- SMP - IT Mark workshops
- IT Mark firm-level mentoring
- Internship program at PUT

# ANNEX C

## C1. FY2011 ACTIVITIES BY TARGET SECTORS

**Table C-1.1 – FY2011 Technical Activities in Tourism Sector**

| Initiatives in Tourism  |  | Activity  | Activity Location      | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sep<br>2011 |
|---|--|---|------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|
| <b>AAQM PROGRAM</b>   | AAQM Roll Out and Training Workshops in 5 municipalities (co-sponsored with ATA and EBRD's TAM-BAS)  | Shkoder   | 11 Oct                 |                              |                              |                               |                              |
|   |  | Vlora   | 15 Oct                 |                              |                              |                               |                              |
|   |  | Gjirokastra   | 21 Oct                 |                              |                              |                               |                              |
|   |  | Saranda   | 22 Oct                 |                              |                              |                               |                              |
|   |  | Kukes   | 28 Oct                 |                              |                              |                               |                              |
|   | 38 AAQM assessments completed  | Various   | X                      | X                            | X                            | X                             |                              |
|   | Organized the first two AAQM Award Committee meetings to review 30 assessments   | Tirana  |                        |                              | 31 Mar                       |                               | 25 Aug                       |
|   | Developed Visual Brand Identity for AAQM   | National  | X                      | X                            |                              |                               |                              |
|   | Award Ceremony for first 20 AAQM assessments   | Tirana  |                        |                              |                              | 28 April                      |                              |
|   | Promoted AAQM through media and press (Interviews at <i>TV Scan</i> , <i>Radio Travel</i> , <i>AS Agon</i> ; Articles in <i>Albanian newspapers and travel magazines</i> ) | National  |                        |                              | X                            | X                             | X                            |
| Promoted AAQM through presentations at the GSTC Workshop, UNWTO Conference, ATA 3 <sup>rd</sup> Annual Conference, the TREALBEXPO Event, the <i>Regional Tourism Summit</i> Meetings. | Various  | X   | X                      | X                            | X                            |                               |                              |
| <b>FACILITATION OF PRIVATE-PUBLIC DIALOGUE</b>  | <b>REVISION TOURISM LAW</b>  | Legal local expert hired to provide recommendations for revision of <i>Law on Tourism</i>                                     | National               | X                            | X                            | X                             | X                            |
|   |  | Draft revisions of Tourism Law circulated to 7 line ministries by MTCYS and to the private sector for feedback                | Tirana                 |                              | Jan, Feb                     |                               |                              |
|   |  | Draft recommendations by experts and stakeholders on tourism law revisions discussed at MTCYS Tourism Advisory Board Meetings | Tirana                 |                              |                              | 3-4 Mar                       |                              |
|   | <b>COORDINATION WITH STAKEHOLDERS</b>  | Coordinated and led meetings of the <i>Tourism Stakeholder Working Group</i>  | Rritje Albania offices | X                            | 24 March                     | X                             |                              |
|   |  | Attended ATA Meeting on <i>Energy Efficiency</i> for hotels and restaurants   |                        |                              |                              | 3Feb                          |                              |

| Initiatives in Tourism          |  | Activity  | Activity Location        | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sep<br>2011 |
|---------------------------------|--|---|--------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|
|                                 |  | Presentation at the UNWTO Conference on <i>Tourism as a Tool for Sustainable Regional Development</i>   | Tirana                   | 25Nov                        |                              |                               |                              |
|                                 |  | Presentation at <i>ICT Cultural Heritage Conference</i> to promote AAQM and Nat Geo initiative and contribute to public-private dialogue on uses of ICT in tourism heritage   | Tirana                   |                              |                              |                               | 23 Sep                       |
| <b>TECHNICAL SUPPORT TO ATA</b> |  | Expert legal assistance to ATA members on Fiscal and Copyright issues   | National                 | X                            |                              |                               |                              |
|                                 |  | Supported ATA and tour operators members to attend <i>Philoxenia Black Sea Tourism Fair</i>   | Thessaloniki<br>Greece   | 18-21<br>Nov                 |                              |                               |                              |
|                                 |  | Nearly 100 tourism B2B meetings organized between 8 Albanian hotels and 12 tour operators in run up to ATA 3 <sup>rd</sup> Annual Conference  | Tirana                   |                              |                              | 11 Jan                        |                              |
|                                 |  | Supported organization and preparation of marketing tools for ATA 3 <sup>rd</sup> Annual Conference   | Tirana                   | X                            |                              | 12 Jan                        |                              |
|                                 |  | Provided technical support for ATA and ATOU in preparation of exhibits space and promotional materials for the TREALBEXPO event   | Tirana                   |                              |                              | March-<br>April               |                              |
|                                 |  | Trained and mentored ATA and the ATOU on preparations for attending and following up on TREALBEXPO event and related B2B meetings   | Tirana                   |                              |                              | March-<br>April               |                              |
|                                 |  | Supported the organization of over 100 B2B meetings between Albanian tour operators, hotels and tourism associations and ICT companies at TREALBEXPO event  | Tirana                   |                              |                              |                               | 14-16<br>Apr                 |
|                                 |  | Presentation on <i>Creating an Enabling Environment at Tourism and Real Estate Conference</i> held during TREALBEXPO event  | Tirana                   |                              |                              |                               | 14 Apr                       |
| <b>TECHNICAL SUPPORT TO NTA</b> |  | Supported NTA with preparation of materials and exhibit space for:<br><i>World Travel Market, London</i><br><i>BIT Milan</i><br><i>ITB Berlin</i>   | U.K.<br>Italy<br>Germany | 8-11 Nov                     |                              | 17-20<br>Feb<br>9-13 Mar      |                              |
|                                 |  | Supported NTA with a series of publications including <i>Folder and promotional materials for AKT:</i><br><i>Albania Visitors Guide brochure</i><br><i>Albania Traditional cuisine brochure</i><br><i>Albania Nature and activities brochure</i><br><i>Albania Travel and Discover brochure</i><br><i>Albanian Cultural Heritage brochure</i> | Tirana                   | X                            | X                            | X                             |                              |

| Initiatives in Tourism  | Activity  | Activity Location                    | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011        | Quarter 4<br>Jul-Sep<br>2011 |
|---|---|--------------------------------------|------------------------------|------------------------------|--------------------------------------|------------------------------|
|   | <i>Albania Small and Beautiful brochure</i><br><i>Hotels one-pagers</i><br><i>Tour Operators one-pagers</i><br><i>Albania Yours to discover logo and bag</i>                                      |                                      |                              |                              |                                      |                              |
|   | Supported MTCYS in organization of UNWTO Conference on <i>Tourism as a Tool for Sustainable Regional Development</i> ; participation by UNWTO Secretary General                                   | Tirana                               | 25 Nov                       |                              |                                      |                              |
|   | Supported preparation of 4 company profiles that are included in NTA's Tourism Promotional Folder focusing on the MICE product segment  | Various                              |                              | X                            | X                                    | X                            |
| <b>WORKSHOPS AND TRAINING EVENTS</b>                          | Organized workshop on <i>Introducing the GSTC in Albania: Linking Sustainability Practices to Better Market Access</i> , co-financed with RCI   | Tirana                               | 22 Nov                       |                              |                                      |                              |
|   | Workshop on <i>E-Commerce and Web Site Promotion for Tour Operators and Travel Agencies</i> followed by one day one-to-one coaching in collaboration with CBI                                     | National                             |                              |                              | 6-7 June<br>8 June                   |                              |
|   | ToT Workshops for Tourism Consultants with EBRD's TAM-BAS:<br><i>Module 1: Marketing</i><br><i>Module 2: Human Resource Management</i><br><i>Module 3: Cost Management</i>                        | National                             |                              |                              | 13-15 June<br>27-29 June<br>6-8 July |                              |
| <b>REGIONAL COOPERATION ON NATIONAL GEOGRAPHIC INITIATIVE</b> | Signed MoU with RCI on the NatGeo Balkan Maps web portal; Action Plan developed   | Regional                             |                              |                              | X                                    | X                            |
|   | Represented Albania at three meetings of the <i>Regional National Geographic Maps Steering Committee</i> organized by the RCI and UNWTO   | Podgorica Montenegro<br>Sarajevo BiH | 16 Nov                       |                              | 20 May                               | 22 Sep                       |
|   | Participated at Regional Tourism Summit organized by RCI  | Sarajevo BiH                         |                              |                              |                                      | 20-21 Sep                    |
| <b>FIRM-LEVEL SUPPORT</b>                                     | Supported preparation of corporate identity materials for 7 tourism businesses that were included in NTA's Tourism Promotional Folder, and participation of 2 tourism businesses in travel fairs. | Various                              | X                            | X                            | X                                    | X                            |

**Table C-1.2 – FY2011 Technical Activities in Garment and Footwear Sectors**

| Initiatives in Garment and Footwear     | Activity  | Activity Location      | Quarter 1 Oct-Dec 2010 | Quarter 2 Jan-Mar 2011 | Quarter 3 Apr-June 2011 | Quarter 4 Jul-Sep 2011 |
|---|---|------------------------|------------------------|------------------------|-------------------------|------------------------|
| <b>ANALYSIS OF SECTORS</b>              | Updated database and analysis of sectors' profile after completing over 140 interviews with garment and footwear companies  | National               | X                      |                        |                         |                        |
|   | Contributed to garment sector analysis by SIPPO and development of action plan  | Tirana                 |                        | X                      | X                       |                        |
|   | SIPPO analysis presented at <i>Garment and Footwear Stakeholders Working Group</i> meeting  | German Embassy, Tirana |                        |                        |                         | 6 July                 |
| <b>STRATEGIC SECTORS PROMOTION</b>      | Albanian Garment industry website populated with complete database of garment companies ( <a href="http://www.albaniangarment.com">www.albaniangarment.com</a> )  | Tirana/ Nationwide     | X                      |                        |                         |                        |
|   | Website presented and promoted at 1 <sup>st</sup> Garment and Footwear Stakeholders Meeting   |                        |                        | 1Apr                   |                         |                        |
|   | Developed concepts and content for Albanian footwear industry website (STTA Support) <a href="http://www.albanianfootwear.com">www.albanianfootwear.com</a>   | Online                 |                        |                        | X                       | X                      |
| <b>PUBLIC PRIVATE DIALOGUE</b>          | <i>Albanian Textiles Week</i> Events and Conference co-organized with GIZ   | Tirana                 |                        | 26-29 Oct              |                         |                        |
|   | <i>Albanian Fashion Day</i> Organized Workshop on <i>Product Development</i> in cooperation with the AFDA   |                        |                        |                        | 24 June                 |                        |
|   | Local STTA mediator hired to support process of merging the NCGFM and CFA   |                        |                        |                        |                         |                        |
|   | Established <i>Garment and Footwear Stakeholders Working Group</i> and led and coordinated meetings   | Tirana                 | X                      | X                      | 1 Apr<br>15 May         | 6 July                 |
| <b>PRODUCTIVITY ENHANCEMENT PROGRAM</b> | 11 <i>Productivity Workshops</i> by expat STTA, John Haycock, in cooperation with PUT professors, the NGFA and CFA for garment and footwear companies on following topics:<br>(1) <i>Managing Information Systems and Improving Operator Performance</i><br>(2) <i>Industrial Engineering</i><br>(3) <i>KPI system</i><br>(4) <i>Line Balancing and Production Planning</i> | Tirana                 | 3Dec                   | 15 Feb                 |                         |                        |
|   |   | Fier                   | 24 Nov                 |                        |                         |                        |
|   |   | Durres                 |                        | 4 Feb                  | 11 May<br>30 June       |                        |
|   |   | Berat                  |                        | 9 Feb                  | 29 June                 |                        |
|   |   | Shkodra                |                        | 28 Jan                 | 4 May                   |                        |
|   | 3 <i>Productivity Open Lectures</i> by expat STTA, John Haycock for professors and students at PUT  | Tirana                 |                        | 2 Feb<br>17 Feb        | 28 April                |                        |

| Initiatives in Garment and Footwear          | Activity   | Activity Location                        | Quarter 1 Oct-Dec 2010 | Quarter 2 Jan-Mar 2011 | Quarter 3 Apr-June 2011 | Quarter 4 Jul-Sep 2011 |
|--|--|--|------------------------|------------------------|-------------------------|------------------------|
|  | Developed PEP toolkit including all materials from workshops and lectures  | National                                 |                        | X                      | X                       |                        |
|  | TOT for PUT professors on PEP toolkit  | Tirana                                   | X                      | X                      | 27 April<br>17 June     |                        |
|  | Productivity KPIs introduced and implemented at 34 garment companies to improve management practices and use of existing technologies with expat STTA and PUT professors support                           | Various                                  | X                      | X                      | X                       | X                      |
|  | Supported PUT Department of Textile and Fashion to organize the <i>Albanian Fashion Day</i>  |  |                        |                        | X                       | 1 July                 |
|  | Technology guides developed and finalized by expat STTA with local PUT professors feedback on:<br>(1) <i>Cutting Practices and Procedures</i><br>(2) <i>Machine Maintenance</i><br>(3) <i>Raw Material</i> |  |                        |                        | X                       | X                      |
|  | Dissemination of DVD and training to 18 local companies managers on the <i>PEP toolkit</i>   | National                                 |                        |                        |                         | X                      |
| <b>TRADE FAIR SUPPORT</b>                    | Assisted 4 garment companies with CIFF August 2010 follow up: letters, samples and pricing exchanged with interested buyers  | Tirana                                   | X                      |                        |                         |                        |
|  | Researched and disseminated information on trade fairs to 50 garment and 26 footwear companies   | Online<br>Direct contact<br>Associations |                        | X                      | X                       |                        |
| <b>STRATEGIC MARKETING AND SALES PROGRAM</b> | Workshop on <i>Strategic Marketing and Sales</i> by expat STTA, Bill Nichols   | Tirana                                   | 28<br>October          |                        |                         |                        |
|  | Firm-level assistance to 8 leading footwear companies by expat STTA, Bill Nichols  | Various                                  | X                      |                        |                         |                        |
|  | Developed and completed Corporate Identity Packages for 2 garment and 8 footwear companies   | Various                                  | X                      | X                      | X                       | X                      |
|  | Firm-level assistance to over 20 companies (mostly from footwear production chain ) from expat STTA, James Parchman  | Various                                  |                        |                        | X                       |                        |
|  | Supported and mentored garment and footwear companies to access domestic market (i.e. Madison Avenue, Ola1, Doniana, etc.)   | Various                                  | X                      | X                      | X                       | X                      |

| Initiatives in Garment and Footwear     | Activity   | Activity Location | Quarter 1 Oct-Dec 2010 | Quarter 2 Jan-Mar 2011 | Quarter 3 Apr-June 2011 | Quarter 4 Jul-Sept 2011 |
|---|--|-------------------|------------------------|------------------------|-------------------------|-------------------------|
| <b>SOURCING INITIATIVE</b>              | Coordinated meetings and company visits for Peace Corps Volunteer, Michael Fieman to assess potential for access to new markets  | Tirana, Durres    |                        | X                      |                         |                         |
|   | Workshop introducing the Sourcing Initiative during the <i>Albanian Fashion Week</i> , in cooperation with <i>Albanian Designers Associations</i>  | Tirana            |                        |                        | 2 Jun                   |                         |
| <b>CROSS-CUTTING WITH OTHER SECTORS</b> | Promoted leading garment and footwear companies to source packaging from Albanian producers following linkage of recycling company <i>Edipack</i> with footwear company <i>Donianna/ Cofra</i> | National          | X                      |                        |                         |                         |
|   | Identified and contacted software specialist to include the KPI system in software package used for management purposes by garment and footwear companies                                      | National          |                        |                        |                         | X                       |
|   | Explored and discussed idea of conducting a study on ICT needs in garment and footwear, in collaboration with GIZ  | Tirana            |                        |                        |                         | Sep                     |

**Table C-1.3 – FY2011 Technical Activities in the ICT Sector**

| Initiatives in ICT                       | Activity  | Activity Location | Quarter 1 Oct-Dec 2010 | Quarter 2 Jan-Mar 2011 | Quarter 3 Apr-June 2011 | Quarter 4 Jul-Sept 2011 |
|--|---|-------------------|------------------------|------------------------|-------------------------|-------------------------|
| <b>TECHNICAL SUPPORT TO AITA AND ASC</b> | Developed and signed MoU with AITA  | Tirana            | 16 Dec                 |                        |                         |                         |
|  | Developed and signed MoU with ASC   | Tirana            |                        |                        | 16 April                |                         |
|  | Supported AITA and members to hold B2B meetings with educational institutions at <i>English Speaking Union Conference</i> | Tirana            | 24-26 Oct              |                        |                         |                         |
|  | Mentored two ICT associations: AITA and ASC to prepare and attend TREALBEXPO 2011   |                   |                        | X                      |                         |                         |
|  | B2B meetings between tourism and ICT businesses held at TREALBEXPO 2011   | Tirana            |                        |                        |                         | 14-16Apr                |

| Initiatives in ICT   | Activity  | Activity Location | Quarter 1<br>Oct-<br>Dec<br>2010 | Quarter 2<br>Jan-<br>Mar<br>2011 | Quarter 3<br>Apr-<br>June<br>2011 | Quarter 4<br>Jul-<br>Sept<br>2011 |
|--|---|-------------------|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
|  | Follow-up meetings with ICT companies after FIAA tourism and ICT B2B event  | Tirana            |                                  |                                  | X                                 | X                                 |
|  | Developed action plans to assess ICT needs in garment/ footwear companies with GIZ  | Tirana            |                                  | X                                | X                                 | X                                 |
| <b>PROJECT MANAGEMENT PROFESSIONALS PROGRAMS (with AITA)</b> | Awareness and Networking Event on PMP certification program and training  | Tirana            | X                                |                                  |                                   |                                   |
|  | 3 training workshops on Project Management Essentials   | Tirana            | 22-24<br>Nov                     | 20-22<br>Jan<br>24-26<br>Feb     |                                   |                                   |
|  | First PMP Trainees awarded PM certificates at PMP Networking Event  | Tirana            |                                  |                                  | 30 May                            |                                   |
|  | Supported AITA to develop and collect feedback questionnaires on the PMP certification interest   | Tirana            |                                  |                                  | X                                 | X                                 |
|  | Organized networking meetings of PM alumni and other professionals on <i>Microsoft Project Management Software</i>  | Tirana            |                                  |                                  | X                                 |                                   |
|  | Supported AITA in organizing a themed networking event on advantages of the PMP certificate and PM Online Platform Soft Skills, including a conference call with the company providing the platform | Tirana            |                                  |                                  | 14 May                            |                                   |
| <b>ESTABLISHING ICT-TRC</b>                                  | SOW and schedule for expat STTA expert, Tomislav Bronzin  | Tirana            | X                                |                                  |                                   |                                   |
|  | STTA held more than 20 meetings with major ICT market stakeholders  | Tirana            |                                  | 10-14<br>Jan                     |                                   |                                   |
|  | Meetings with potential funding partners  |                   |                                  | X                                | X                                 | X                                 |
|  | ICT-TRC Business Plan developed and finalized with comments from founding partners; disseminated to other interested parties  | Tirana            |                                  | X                                | X                                 |                                   |
|  | Developed draft MoU between ICT-TRC founding partners   | Tirana            |                                  |                                  |                                   | X                                 |
|  | Developed SoW and public tendering process for ITC-TRC architectural design, winning bidding company selected   |                   |                                  |                                  |                                   | X                                 |
| <b>IT MARK PROGRAM</b>                                       | Collaborated with ESI Bulgaria and AITA on organizing <i>SPI Roadmap to Maturity</i> workshop   | Tirana            |                                  | X                                | 7 April                           |                                   |
|  | Awareness session on IT Mark Training   | Tirana            |                                  |                                  | X                                 |                                   |

| Initiatives in ICT | Activity  | Activity Location | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sept<br>2011 |
|--------------------|---|-------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
|                    | IT Mark training with ESI Bulgaria for ICT companies followed by company-level meetings to assess IT Mark interest and capability | Tirana            |                              |                              | 21 June<br>22 June            |                               |
|                    | Assessed ICT firms' needs and constraints through post-event questionnaires in collaboration with AITA and ESI Bulgaria           | Tirana            | X                            | X                            | X                             |                               |

## C2. FY2011 ACTIVITIES BY PROJECT COMPONENT

**Table C-2.1 – FY2011 Technical Activities in Trade and Investment Component**

| Trade and Investment Component  | Activity  | Activity Location | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sept<br>2011 |
|---|---|-------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| <b>Compliance with International Standards Improved (KRA1.1)</b>  |   |                   |                              |                              |                               |                               |
| <b>AAQM PROGRAM</b>   | AAQM Roll Out and Training Workshops in 5 municipalities (co-sponsored with ATA and EBRD's TAM-BAS)                               | Shkoder           | 11 Oct                       |                              |                               |                               |
|   |   | Vlora             | 15 Oct                       |                              |                               |                               |
|   |   | Gjirokastra       | 21 Oct                       |                              |                               |                               |
|   |   | Saranda           | 22 Oct                       |                              |                               |                               |
|   |   | Kukes             | 28 Oct                       |                              |                               |                               |
|   | 38 AAQM assessments completed   | Various           | X                            | X                            | X                             | X                             |
|   | Organized the first two AAQM Award Committee meetings to review 30 assessments  | Tirana            |                              | 31 Mar                       |                               | X                             |
|   | Developed Visual Brand Identity for AAQM  | National          | X                            | X                            |                               |                               |
| Award Ceremony for first 20 AAQM assessments  | Tirana  |                   |                              | 28 April                     |                               |                               |
| Promoted AAQM through media and press (Interviews at <i>TV Scan</i> , <i>Radio Travel</i> , <i>AS Agon</i> ; Articles in <i>Shqip</i> ) | National  |                   | X                            | X                            | X                             |                               |
| <b>IT MARK PROGRAM</b>  | Collaborated with ESI Bulgaria and AITA on organizing <i>SPI Roadmap to Maturity</i> workshop                                     | Tirana            |                              | X                            | 7 April                       |                               |
|   | Awareness session on IT Mark Training   | Tirana            |                              |                              | X                             |                               |
|   | IT Mark training with ESI Bulgaria for ICT companies followed by company-level meetings to assess IT Mark interest and capability | Tirana            |                              |                              | 21 June<br>22 June            |                               |
|   | Assessed ICT firms' needs and constraints through post-event questionnaires in collaboration with AITA and ESI Bulgaria           | Tirana            | X                            | X                            | X                             |                               |
| <b>INTERNATIONAL STANDARDS AND CERTIFICATION</b>  | Evaluated needs and access to standards such as ISO <sup>6</sup> and other industry-specific standards on a case-by-case basis    | National          |                              | X                            |                               |                               |
| <b>PROJECT MANAGEMENT PROFESSIONALS</b>   | Supported Awareness and Networking Events on PMP certification program and Chapter development                                    | Tirana            | X                            | X                            | X                             |                               |

<sup>6</sup> ISO is International Organization for Standardization

| Trade and Investment Component                                    | Activity  | Activity Location | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sept<br>2011 |
|---|---|-------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| <b>Use of ICT for trade-related activities expanded (KRA 1.2)</b> |   |                   |                              |                              |                               |                               |
| <b>ESTABLISHMENT OF INDUSTRY AND COMPANY WEBSITES</b>             | Albanian Garment Industry Website populated with complete database of garment companies ( <a href="http://www.albaniangarment.com">www.albaniangarment.com</a> )                    | Online            | X                            |                              |                               |                               |
|   | Garment website presented and promoted at 1 <sup>st</sup> Garment and Footwear Stakeholders Meeting   | Tirana            |                              | 1Apr                         |                               |                               |
|   | Developed concept and content for Albanian Footwear Industry Website (STTA Support) <a href="http://www.albanianfootwear.com">www.albanianfootwear.com</a>                          | Online            |                              |                              | X                             | X                             |
|   | Establishment of websites for 9 companies   | Online            | X                            | X                            | X                             | X                             |
|   | Workshop on <i>E-Commerce and Web Site Promotion for Tour Operators and Travel Agencies</i> followed by one day one-to-one coaching   | National          |                              |                              | 6-8Jun                        |                               |
|   | Workshop on <i>Introducing the GSTC in Albania: Linking Sustainability Practices to Better Market Access</i> , co-financed with RCI   | Tirana            | 22 Nov                       |                              |                               |                               |
| <b>TRAINING WORKSHOPS AND B2B MEETINGS</b>                        | Education for Sustainable Development – B2B meetings between ICT companies and Education & Training Institutions (ETI)  | Tirana            | 24-26 Oct                    |                              |                               |                               |
|   | Sales Presentations Skills Workshop by expat STTA to selected footwear companies  | Tirana            | Oct 2010                     |                              |                               |                               |
|   | Website maintenance and handover training sessions to Corporate Identity firms  | Tirana            |                              |                              |                               | 26 Sep                        |
|   | Tourism-ICT B2B meetings during TREALBEXPO event  | Tirana            |                              |                              | 14-16 Apr                     |                               |
| <b>Trade and Knowledge Skills Improved (KRA 1.3)</b>              |   |                   |                              |                              |                               |                               |
| <b>ACCESS TO FINANCE</b>  | Drafted road map on A2F and Investment for improved technologies and implemented through leasing follow-up on previous leasing roundtables, grants program, and factoring workshops | National          | X                            | X                            | X                             | X                             |
|   | Coordinated with the USAID's regional PFS project as the Albanian partner   | As needed         | X                            | X                            | X                             | X                             |
|   | Supported existing clients with ideas on how to use   | National          |                              | X                            | X                             | X                             |

| Trade and Investment Component                          | Activity   | Activity Location          | Quarter 1 Oct-Dec 2010 | Quarter 2 Jan-Mar 2011 | Quarter 3 Apr-June 2011 | Quarter 4 Jul-Sept 2011 |
|---|--|----------------------------|------------------------|------------------------|-------------------------|-------------------------|
|   | grants for productivity enhancement  |                            |                        |                        |                         |                         |
|   | Disseminated information to Albanian businesses on Finance Fair and Matchmaking Event in Macedonia (ASC attended event)                  |                            |                        |                        | X                       |                         |
|   | Signed MoU with AFS and ASCG to organize the A2F Factoring roundtables and follow up activities  | Tirana                     |                        |                        | 12Apr                   |                         |
|   | Organized 3 x A2F roundtables on Factoring in with cooperation AFS and ASCG  | Korca<br>Fier<br>Shkodra   |                        |                        | 21Jun<br>22Jun<br>23Jun |                         |
|   | Followed up and planned for 2 additional A2F Factoring Roundtables   | Various                    |                        |                        |                         | X                       |
|   | Developed A2F Information Package including 10 one-pagers on different financial products  | National                   |                        |                        | X                       | X                       |
| <b>CORPORATE IDENTITY PACKAGES AND COMPANY PROFILES</b> | Corporate Identity Packages developed and finalized for 14 companies (1 recycling, 2 footwear, 3 tourism, 8 garment)                     | Various                    | X                      | X                      | X                       | X                       |
|   | Supported preparation of 14 company profiles that were included in NTA's Tourism Promotional Folder focusing on the MICE product segment | Various                    |                        | X                      | X                       | X                       |
|   | Website and content development for 9 companies, training on website maintenance ongoing   | Various                    | X                      | X                      | X                       | X                       |
| <b>TRADE FAIR AND B2B PROGRAM</b>                       | Researched and identified several international trade fairs and disseminated information to project clients and target industries        | Various                    | X                      | X                      | X                       | X                       |
|   | Assisted 4 garment companies with follow up process on August 2010 CIFF: letters, samples and pricing exchanged with interested buyers   | Various                    | X                      |                        |                         |                         |
|   | Scheduled and promoted B2B meetings in Albania at regional meetings and trade fairs  | Tirana                     | X                      |                        |                         |                         |
|   | Established contact with Commercial Attachés in Albania for information on trade fair and access to new markets                          | National and International | X                      | X                      | X                       | X                       |
|   | Trained 2 tourism (ATA, ATOU) and 2 ICT associations (AITA, ASC) to set up, prepare and follow-up on B2B meetings during TREAEXPO 2011   | Tirana                     |                        |                        | X                       | X                       |
|   | Supported the organization of over 100 B2B meetings  | Various                    |                        | X                      | X                       |                         |

| Trade and Investment Component    | Activity  | Activity Location | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sept<br>2011 |
|-----------------------------------|---|-------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
|                                   | between Albanian tour operators, hotels and tourism associations and ICT companies at TREALBEXPO event                            |                   |                              |                              |                               |                               |
|                                   | Promoted leading garment and footwear companies to source packaging from Albanian producers following Edipack with Donianna/Cofra | National          | X                            |                              |                               |                               |
| <b>STTA FIRM-LEVEL ASSISTANCE</b> | Workshop on <i>Strategic Marketing and Sales</i> by expat STTA, Bill Nichols  | Tirana            | 28 October                   |                              |                               |                               |
|                                   | Firm-level assistance to 8 leading footwear companies by expat STTA, Bill Nichols   | Various           | X                            |                              |                               |                               |
|                                   | Firm-level assistance to 6 garment companies by expat STTA, Jeanne Atkinson   | Various           | X                            |                              |                               |                               |
|                                   | Firm-level assistance to over 20 companies from footwear production chain from expat STTA, James Parchman                         | Various           |                              |                              | X                             |                               |
| <b>VAT REIMBURSEMENT STUDY</b>    | Widely disseminated to companies and industry associations the ACIT report on Online Response Tool and followed up its use        | National          | X                            | X                            |                               |                               |

**Table C-2.2 – FY2011 Technical Activities in Productivity Component**

| Productivity Component   | Activity   | Activity Location | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sept<br>2011 |
|--|--|-------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| <b>Adoption of Innovative and Modern Technologies and Systems Promoted (KRA 2.1)</b> |  |                   |                              |                              |                               |                               |
| <b>PRODUCTIVITY ENHANCEMENT PROGRAM</b>  | 11 <i>Productivity Workshops</i> for garment and footwear companies on following topics:<br>(1) <i>Managing Information Systems and Improving Operator Performance</i><br>(2) <i>Industrial Engineering</i><br>(3) <i>KPI system</i> | Tirana            | 3Dec                         | 15 Feb                       |                               |                               |
|  |  | Fier              | 24 Nov                       |                              |                               |                               |
|  |  | Durres            |                              | 4 Feb                        | 11 May<br>30 June             |                               |

| Productivity Component                           | Activity  | Activity Location | Quarter 1 Oct-Dec 2010 | Quarter 2 Jan-Mar 2011 | Quarter 3 Apr-June 2011 | Quarter 4 Jul-Sept 2011 |
|--|---|-------------------|------------------------|------------------------|-------------------------|-------------------------|
|  | (4)Line Balancing and Production Planning   | Berat             |                        | 9 Feb                  | 29 June                 |                         |
|  |   | Shkodra           |                        | 28 Jan                 | 4 May                   |                         |
|  | 3 Productivity Open Lectures for professors and students at PUT   | Tirana            |                        | 2 Feb<br>17 Feb        | 28 April                |                         |
|  | Developed PEP toolkit including all materials from workshops and lectures   | National          |                        | X                      | X                       | X                       |
|  | TOT for PUT professors on PEP toolkit   | Tirana            |                        |                        | 27 April<br>17 June     |                         |
|  | Productivity KPIs implemented and introduced at 34 garment companies to improve management practices and use of existing technologies with local and expat STTA support | Various           | X                      | X                      | X                       | X                       |
|  | Weekly reporting of KPIs and mentoring for 25 garment and footwear companies from the local STTAs   |                   |                        | X                      | X                       | X                       |
|  | Supported PUT Department of Textile and Garment to organize the <i>Albanian Fashion Day</i>   |                   |                        |                        | X                       | 1 July                  |
|  | Dissemination and coaching of the PEP toolkit DVD to 18 companies managers  |                   |                        |                        |                         | X                       |
|  | Technology guides finalized by productivity expert on:<br>(1) <i>Cutting Practices and Procedures</i><br>(2) <i>Machine Maintenance</i><br>(3) <i>Raw Materials</i>     |                   |                        |                        | X                       | X                       |
|  | One-to-one website training on maintenance, update and statistics for Corporate Identity companies ongoing  | Various           |                        |                        |                         | 26 Sep                  |
| <b>GRANT TO FACILITATED ACCESS TO TECHNOLOGY</b> | Structured, need-based referral of companies to equipment supplies  | Tirana and other  | 22 Oct                 | X                      | X                       |                         |
|  | Grants Program APS issued   | National press    | 28 Oct                 |                        |                         |                         |
|  | Get-to-Grants Workshop held; application deadline March 4   | Tirana            |                        | 2                      | 4                       |                         |

| Productivity Component   | Activity   | Activity Location | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011              | Quarter 4<br>Jul-Sept<br>2011 |
|--|--|-------------------|------------------------------|------------------------------|--|-------------------------------|
|  | ATACT training through approved grant of 30 artisan women in business, and sales and marketing skills  | Pogradec          |                              |                              |  | 4-9 Jul                       |
| <b>Organizational and Managerial Capacity Enhanced (KRA 2.2)</b> |  |                   |                              |                              |  |                               |
| <b>PMP</b>   | 3 PMP Essentials training workshops  | Tirana            | 22-24<br>Nov                 | 20-22<br>Jan<br>24-26<br>Feb |  |                               |
|  | PMP Trainees awarded PM certificates at PMP Networking Event   | Tirana            |                              |                              | 30 May                                     |                               |
|  | Supported AITA to develop and collect feedback questionnaires on the PMP certification interest  | Tirana            |                              |                              | X  |                               |
| <b>AAQM TRAININGS AND TOT FOR TOURISM CONSULTANTS</b>            | AAQM Roll Out and Training Workshops in 5 municipalities (co-sponsored with ATA and EBRD's TAM-BAS)  | Various           | 11,15,<br>21, 22,<br>28 Oct  |                              |  |                               |
|  | ToT Workshops for Tourism Consultants with EBRD's BAS:<br><i>Module 1: Marketing</i><br><i>Module 2: Human Resource Management</i><br><i>Module 3: Cost Management</i> | National          |                              |                              | 13-15<br>June<br>27-29<br>June<br>6-8 July |                               |
|  | Workshop on <i>E-Commerce and Web Site Promotion for Tour Operators and Travel Agencies</i> followed by one day one-to-one coaching                                    | Tirana            |                              |                              | 6-8 June                                   |                               |
| <b>PEP WORKSHOPS AND FIRM-LEVEL ASSISTANCE</b>                   | 11 <i>Productivity Workshops</i> for garment and footwear companies by expat STTA and weekly reporting from local STTAs on company progress                            | National          | X                            | X                            | X  | X                             |

| Productivity Component              | Activity   | Activity Location | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sept<br>2011 |
|-------------------------------------|--|-------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| <b>OTHER TRAINING AND WORKSHOPS</b> | GTSTC workshop on international standards/criteria including AAQM                      | Tirana            | X                            |                              |                               |                               |
|                                     | UNTWO workshop on sustainable tourism as tool for regional development                 | Tirana            | X                            |                              |                               |                               |
|                                     | Tourism and ICT B2B meetings preparation for companies and associations.               | Tirana            |                              | X                            | X                             |                               |
|                                     | Factoring A2F informational package and lecturing on better management financial tools | Various           |                              |                              | X                             |                               |
|                                     | Workshop on <i>Strategic Marketing and Sales</i> by expat STTA, Bill Nichols           | Tirana            | X                            |                              |                               |                               |
|                                     | SPI Roadmap to Maturity awareness session to introduce IT Mark and CMMI standards      | Tirana            |                              |                              | X                             |                               |

**Table C-2.3 – FY2011 Technical Activities in Workforce Development Component**

| Workforce development  | Activity   | Activity Location | Quarter 1<br>Oct-Dec<br>2010 | Quarter 2<br>Jan-Mar<br>2011 | Quarter 3<br>Apr-June<br>2011 | Quarter 4<br>Jul-Sept<br>2011 |
|--|--|-------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| <b>Effectiveness of technical and vocational programs improved (KRA 3.1)</b> |  |                   |                              |                              |                               |                               |
| <b>ACCESS TO FINANCE FACTORING</b>   | Factoring roundtables to introduce better financial management tools to local successful companies | Various Locations |                              |                              | 21-23 June                    |                               |
| <b>PROJECT MANAGEMENT PROFESSIONALS</b>                                      | Awareness and Networking Event on PMP certification program and training                           | Tirana            | X                            |                              |                               |                               |
|  | 3 training workshops on Project Management Essentials  | Tirana            | 22-24 Nov                    | 20-22 Jan<br>24-26 Feb       |                               |                               |
|  | 45 PMP Trainees awarded PM certificates at PMP   | Tirana            |                              |                              | 30 May                        |                               |

| Workforce development            | Activity  | Activity Location                            | Quarter 1 Oct-Dec 2010 | Quarter 2 Jan-Mar 2011               | Quarter 3 Apr-June 2011                      | Quarter 4 Jul-Sept 2011 |
|----------------------------------|---|--|------------------------|--------------------------------------|--|-------------------------|
|                                  | Networking Event  |  |                        |                                      |  |                         |
|                                  | Organized networking meetings of PM alumni and other professionals on <i>Microsoft Project Management Software</i>  | Tirana                                       |                        | X                                    |  |                         |
|                                  | Supported AITA in organizing a themed networking event on advantages of the PMP certificate and PM Online Platform Soft Skills, including a conference call with the company providing the platform   | Tirana                                       |                        |                                      | 14 May                                       |                         |
|                                  | Mentored and supported AITA to develop and collect feedback questionnaires on the PMP certification interest  | Tirana                                       |                        |                                      | X  | X                       |
| AAQM PROGRAM                     | Technical skills training through <i>On Your Mark Workshops</i> for AAQM applying hotels  | Various                                      | X                      |                                      |  |                         |
|                                  | Company-level training to management during assessments   | Various                                      | X                      | X                                    | X  |                         |
| TOT FOR TOURISM CONSULTANTS      | Module 1: <i>Marketing</i><br>Module 2: <i>Human Resource Management</i><br>Module 3: <i>Cost Management</i>  | Tirana                                       |                        |                                      | 13-15Jun<br>27-29June                        |                         |
| CREATING EFFECTIVE INTERNSHIPS   | Developed and finalized content of set of <i>Internship Guidelines for the Student; the Host Organization and Education/Training Institution</i>  | Tirana                                       | X                      | X                                    | X  |                         |
|                                  | Finalized designed layout/printed publication and developed a distribution plan.  |  |                        |                                      |  | X                       |
| PRODUCTIVITY ENHANCEMENT PROGRAM | 11 <i>Productivity Workshops</i> for garment and footwear companies on following topics:<br>(1) <i>Managing Information Systems and Improving Operator Performance</i><br>(2) <i>Industrial Engineering</i><br>(3) <i>KPI system</i><br>(4) <i>Line Balancing and Production Planning</i> | Shkodra<br>Durrës<br>Berat<br>Fier<br>Tirana | 3 Dec<br><br>24 Nov    | 28Jan<br>4Feb<br><br>9 Feb<br>15 Feb | 4 May<br><br>11 May<br><br>29,June<br>30June |                         |
|                                  | Productivity KPIs implemented and introduced at 34 garment companies to improve management practices and use of existing technologies with local and expat STTA support   | Various                                      | X                      | X                                    | X  | X                       |
|                                  | 3 <i>Productivity Open Lectures</i> for professors and students at PUT  | Tirana                                       |                        | 2 Feb<br>17 Feb                      | 28 April                                     |                         |
|                                  | Developed PEP toolkit including all materials from  | National                                     |                        | X                                    | X  | X                       |

| Workforce development              | Activity  | Activity Location | Quarter 1 Oct-Dec 2010 | Quarter 2 Jan-Mar 2011 | Quarter 3 Apr-June 2011 | Quarter 4 Jul-Sept 2011 |
|------------------------------------|---|-------------------|------------------------|------------------------|-------------------------|-------------------------|
|                                    | workshops and lectures  |                   |                        |                        |                         |                         |
|                                    | TOT for PUT professors on PEP toolkit   | Tirana            |                        |                        | 27 April<br>17 June     |                         |
|                                    | Creating effective internships training for the PUT professors and follow up interviews with students   | Tirana            |                        |                        | X                       | X                       |
| <b>ESTABLISHMENT OF ICT-TRC</b>    | SOW and schedule for expat STTA expert, Tomislav Bronzin  | Tirana            | X                      |                        |                         |                         |
|                                    | STTA held more than 20 meetings with major ICT market stakeholders  | Tirana            |                        | 10-14 Jan              |                         |                         |
|                                    | Meetings with potential funding partners  |                   |                        | X                      | X                       | X                       |
|                                    | ICT-TRC Business Plan developed and finalized with comments from funding partners; disseminated to other interested parties                                     | Tirana            |                        | X                      | X                       |                         |
|                                    | Developed draft MoU between ICT-TRC founding partners   | Tirana            |                        |                        |                         | X                       |
|                                    | Developed SoW and public tendering process for ITC-TRC architectural design, winning bidding company selected   |                   |                        |                        |                         | X                       |
| <b>IT MARK PROGRAM</b>             | Collaborated with ESI Bulgaria and AITA on organizing <i>SPI Roadmap to Maturity</i> workshop   | Tirana            |                        | X                      | 7 April                 |                         |
|                                    | IT Mark training with ESI Bulgaria for ICT companies followed by company-level meetings to assess IT Mark interest and capability                               | Tirana            |                        |                        | 21 June<br>22 June      |                         |
| <b>AMCHAM JOB FAIR</b>             | Co-sponsored Career Advice stand and coordinated with Pedersen & Partners consultants to provide career advice for graduating students and other jobseekers     | Tirana            |                        |                        | 27-28Apr                |                         |
| <b>VET SUBSECTOR WORKING GROUP</b> | Participated at Subsector WG meeting hosted by Ministry of Labour on National Action Plan on Youth Employment   | Tirana            |                        | 24 Mar                 |                         |                         |
|                                    | Participated at Subsector WG meeting hosted by Ministry of Education and Science on VET Law amendments and potential launching of a new national VET initiative | Tirana            |                        |                        | 1Jul                    |                         |
|                                    | Participated at Subsector WG meeting hosted by Ministry of Education and Science on current VET status and ideas on a VET Action Plan                           | Tirana            |                        |                        |                         | 2 Sep                   |

## ANNEX E – OTHER ILLUSTRATIONS

### E1. MAP OF DEVELOPMENT ASSISTANCE IN ALBANIA

