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# USAID & SIDA FIRMA PROJECT

## ANNUAL REPORT: YEAR 2

**October 21, 2011**

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ANNUAL REPORT: YEAR 2

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Cardno Emerging Markets USA, Ltd.

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# Annual Report Year 2

## FIRMA Project USAID-Sida Bosnia & Herzegovina

Implemented by Cardno Emerging Markets USA, Ltd.



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<b>RE:</b>	<b>Project Progress Report: Quarter #8 and Year 2</b> Contract # 168-C-00-09-00103-00
<b>Date:</b>	11-Oct-11

This report is submitted pursuant to contractual requirements under USAID-Sida’s *Fostering Interventions for Rapid Market Advancement* Project for Bosnia & Herzegovina (“FIRMA” or “the Project”), implemented by Cardno Emerging Markets USA, Ltd. In keeping with contractual guidelines for report content, it is organized as follows:

### Contents:

1. Project Overview .....	3
2. Summary Accomplishments During Project Year 2.....	3
3. Significant Project Outputs by Sector and Work Area .....	6
a. Wood Sector .....	6
b. Tourism .....	8
c. Metal Processing.....	11
d. Access to Finance.....	13
e. Workforce Development .....	14
f. EU Alignment .....	16
g. Gender / Youth / Inclusion.....	17
h. Innovation.....	18
i. Environment .....	18
j. Development Partnerships and Sustainability Strategy .....	18
4. Project Progress versus Workplan and PMP.....	20
a. Progress versus Workplan .....	20
b. Progress versus PMP.....	21
5. Progress versus Budget .....	27
6. Significant Project Issues and Challenges.....	27
Attachment 1: Performance Management Indicators .....	30
Attachment 2: Collaborating Implementers Activities Funding .....	32
Attachment 3: Project Documentary Outputs.....	34

Attachment 5: FIRMA Work Organization – Year 2 .....	36
Attachment 6: Progress vs. Workplan – Year 2 Final.....	37
Attachment 7: Strategic Obstacles and Actions Update – Beginning Year 3.....	37
Attachment 8: Year 3 Workplan .....	37
<u>Tables:</u>	
Table 1: FIRMA Activities .....	3
Table 2: Summary of Business Results Objectives.....	4
Table 3: Business Results – FIRMA Designated Beneficiaries vs. Entire Sector .....	4
Table 4: FIRMA Investment Leveraging .....	5
Table 5: FIRMA Stakeholders .....	5
Table 6: Summary of Workforce Development Activities .....	16
Table 7: Partner Participation in FIRMA Activities.....	20
Table 8: FIRMA Grants .....	21
Table 9: Survey Respondents - Key Indicators.....	22
Table 10: Respondents by Employment Size .....	22
Table 11: Project Year 1 Business Results – Growth Rates by Sector.....	23
Table 12: Respondents’ Shares of Total BiH Economy .....	24
Table 13: Results of FIRMA-Supported Trade Fair Attendance .....	24
Table 14: Sector ROI.....	26
Table 15: Average Activity ROI.....	27
Table 16: Performance Management Indicators .....	30
Table 17: FIRMA Collaborating Implementers and Leveraged Funding .....	32
Table 18: FIRMA Documents & Reports – Year 2 .....	34

## 1. Project Overview

FIRMA is a five-year, \$20 million project that began in September 2009 and is funded by USAID and Sida. The purpose of the project is to support enterprise competitiveness in selected value chains of the tourism, wood, and light manufacturing sectors of BiH, in the process advancing the country's ability to meet the Copenhagen Economic Criteria for accession to the European Union. To support sustainability, the project works primarily through a group of key local implementing partners, known as the "FIRMA Consortium", who cover all regions of the country.

The goals of USAID and Sida for FIRMA are ambitious and transformational, and therefore require wide impact – in product design and quality, in ways of connecting to markets, in expertise of workforce, and in investment attractiveness. FIRMA's strategy is directed toward these systemic objectives.

The FIRMA workplan is defined at the private sector value chain level. Implementing partners (called "Value Chain Facilitators" (VCFs)) organize stakeholders first to identify and prioritize competitiveness obstacles through value chain analysis, and then to originate and manage discrete activities to address these obstacles. FIRMA supervises and supports these activities, providing strategic and operational guidance, expert technical assistance, and grants from its \$3 million Small Grants Fund. In order to maximize scale and impact, FIRMA works closely with other donors and local government agencies that provide development assistance programs consistent with FIRMA's objectives – so-called "collaborating implementers".

FIRMA is implemented by Cardno Emerging Markets USA, Ltd. (Arlington, VA), with consortium subcontractors SIPU International (Stockholm, Sweden), JE Austin Associates (Arlington, VA), Making Cents International (Washington, DC), Orgut Consulting AB (Stockholm, Sweden), Pi Consulting (Sarajevo, BiH), and 12 regional and local economic development agencies in BiH.

## 2. Summary Accomplishments During Project Year 2

This report covers the second full year (September 2010-August 2011) of the FIRMA project, incorporating the report for the eighth project quarter (June-August 2011).

During the second year of the project, FIRMA, together with its 16 local development agency partners who make up the FIRMA Consortium, designed and launched 187 distinct **competitiveness-supporting activities** of its focus value chains, bringing the total number of activities initiated since the beginning of the project to 235. 129 activities were completed during the second year, bringing total completed activities since project start to 147.

<b>Project Quarter / End Date</b>	<b>Activities Initiated</b>	<b>Activities Completed</b>
<b>Total Year 1</b>	<b>48</b>	<b>18</b>
Q1 / 30-Nov-2010	34	29
Q2 / 28-Feb-2011	62	30
Q3 / 31-May-2011	57	41
Q4 / 31-Aug-2011	34	29
<b>Total Year 2</b>	<b>187</b>	<b>129</b>
<b>TOTAL Project</b>	<b>235</b>	<b>147</b>

These activities appear to have had a significant cumulative effect on **the business results of project beneficiaries** – the principal contractual objectives of the FIRMA project. As of the end of

year 2, FIRMA had approximately 450 total private company stakeholders, defined as any firm that has actively participated in a FIRMA-supported activity. The following table summarizes key business results of all stakeholders for the first full year of the project (2010, for which actual results were available in early 2011).

Performance Objective	Year 1 (2011)	
	Target	Actual
Share of Sector Output	20%	24-30%
Sales Growth	5%	11.9%
Employment Growth	3%	4.7%
Finance Growth	6%	3.7%

The targets and results are cumulative relative to the project's base year (2009). The Year 1 actual results meet or exceed the interim PMIs targeted for all business results objectives except business finance. Furthermore, the actual results for Year 1, reported in the table below for FIRMA "designated beneficiaries" (firms who identified themselves in the Year 2 Baseline Survey as having significantly benefitted from collaborating with FIRMA) generally exceed the performance of each of the broader sectors in sales and employment growth. Aggregated for the three sectors, performance of FIRMA beneficiaries is much stronger than for the aggregated wider sectors:

Sector	Sales Growth		Employment Growth	
	FIRMA DBs	Sector	FIRMA DBs	Sector
Wood	6.3%	6.1%	0.6%	0.9%
Metal	16.3%	12.6%	6.8%	-5.6%
Tourism	8.6%	3.4%	4.9%	-2.6%
<b>Total</b>	<b>11.9%</b>	<b>8.9%</b>	<b>4.7%</b>	<b>-2.7%</b>

Sources: For FIRMA DBs: FIRMA Year 2 Baseline Survey. For Sector Sales and Employment growth; BiH Agency for Statistics special report provided July 2010.

Stakeholders' growth expectations in response early 2012 Baseline Survey questions were quite positive, but actual results for Year 2 will be known only in early 2012, when beneficiaries' full year financial reports for 2011 are available.

In addition to business results, FIRMA's other major contractual objective is identification and resolution of impediments in the **doing business / policy environment** affecting its sectors. FIRMA has achieved significant outputs in this area, which are reviewed in the sector discussions below. While a number of these are progressive meetings and events, for PMIs purposes we mark an output if it results in a concrete positive government-level legal, regulatory, or institutional change. We count eight of these to date, including official curriculum changes for adult education and workforce skills training with public educational institutions in three localities, sustainable forest management certification for two state-owned Forest Management Companies, privatization and reactivation of a state-owned factory in the RS, expansion of the BiH Independent Tax Authority's authorized exporter certification program, substantial contributions to the preparation of the BiH Export Promotion Policy, and adoption of an Action Plan for Gender Mainstreaming in Economic Growth with the BiH Agency for Gender Equality.

In the second year of the project, FIRMA also initiated several innovative **cross-cutting programs** that will run over the life of the project. These programs offer additional channels for FIRMA beneficiaries to address some of the more stubborn obstacles to their growth. These programs, further described below, are:

- Qualified Business Finance Consultants, part of our Access to Finance effort
- Vocational Education and Training (VET) Councils at the local level
- BiH Innovation Support Network

FIRMA continued during Year 2 its dedicated efforts to **build sustainability through collaborative partnerships** with local development and government agencies. This included (i) ongoing work to work through and strengthen the capacities of FIRMA Consortium partners, (ii) formation of concrete partnerships with local government agencies (City of Sarajevo, Una-Sana Canton and municipalities, FBiH Employment Agency, RS Government and municipalities, Bosna-Podrinje/Gorazde Canton, municipalities of Tešanj, Prijedor, and Prnjavor), and (iii) co-funding of activities benefitting FIRMA focus sectors with collaborating donors and local institutions.

	<b>FIRMA</b>	<b>Companies</b>	<b>Collaborators</b>	<b>TOTAL</b>
Year 1	176,396	338,428	94,965	609,789
Year 2	3,595,721	3,296,905	3,311,509	10,204,102
<b>Total</b>	<b>3,772,117</b>	<b>3,635,333</b>	<b>3,406,474</b>	<b>10,813,891</b>
Share	35%	34%	32%	100%

This table covers all 235 activities completed or under implementation since project outset. During Year 2, FIRMA collaborated in activity funding with 22 different institutional partners (detail in Table 17 below). FIRMA's efforts leveraged a total of KM 10.8 million in activity value, 2.9 times the KM 3.8 million USAID-Sida investment from the project's grant fund.

The following table lists identified FIRMA project stakeholders as of the end of Year 2. Stakeholders are those with whom FIRMA has had meaningful collaboration, including participants in FIRMA activities, collaborating implementers, activity implementers, and counterparts in strategy and action planning. The 464 private companies counted in the first row have all participated in some FIRMA activity.

<b>Stakeholder Type</b>	<b>Number</b>
Private Product/Service Company	464
Publicly-owned Company	10
Private consulting / BDSP	41
Financial Institution	21
International Donor	21
Media	5
NGO/Private non-profit	30
Business Association	44
Educational Institution	25
Government Agency	191
<b>Total</b>	<b>852</b>

This listing indicates the very wide reach and prominence of the FIRMA project, which is generally viewed as the leading private sector development effort in BiH.

### 3. Significant Project Outputs by Sector and Work Area

#### a. Wood Sector

##### *Outputs in Product & Productivity*

- **Financial Control and Enterprise Resource Planning Workshop:** Workshops were held in Banja Luka, Tuzla, and Sarajevo with 43 stakeholders to train companies in financial control and improve productivity by accurately measuring time and materials costs.
- **CAD/CAM Training:** FIRMA supported the REZ-originated activity of qualification of

“FIRMA’s support has enabled us to achieve our company’s key strategic and development goals, including developing an export and market positioning strategy, improving the technological processes of our firm, improving the design of our product, improving promotional and marketing tools, and promoting our company brand in key export markets. We have now achieved export success in a very short period of time.”

*Adem Niksić, Director, Rukotvorine, a medium-sized furniture exporter*

20 programmers from WS companies in CAD-CAM techniques indispensable in high productivity operations. The training was jointly delivered by ARTECO and the Tesanj Secondary Mixed School.

- **International Sales manager:** In cooperation with the Foreign Trade Chamber, this activity is primarily aimed to prepare sales managers of companies scheduled to exhibit at IMM Cologne in Jan 2011. Curriculum and presentations were prepared in cooperation with Bern University and ECOS of FTC, and will be sustained semiannually in the future.

- **FSC CoC Lead Auditor Training in Sarajevo and Banja Luka:** In collaboration with the BH Chamber system and the EBRD BAS consulting assistance program, FIRMA supported training and certification of 44 lead auditors for Forest Stewardship Council Chain of Custody certification.
- **Performance Improvement Plans (PIPs):** Six value chain-leading firms received technical assistance to improve their business results: Standard Prnjavor, Scontoprom, Nova Forma, Krivaja, FIS, and Vrbas Banja Luka, as a part of the FIRMA Leading Value Chain Company (LVCC) program. Technical improvements within these companies are spilled-over to their suppliers. These companies together have supplier networks of over 150 SMEs with over 1000 employees, all of which will benefit in terms of sales and increased employment through the LVCC Program.
- **Quality standards Fund in USK and RS:** FIRMA designed and contributed financially to a established two funds for Quality Standards in the Una-Sana Canton and the RS for wood sector companies obtain international trade certification.

- **CE mark training for WP companies in Žepče/Zavidovići :** A practical workshop was held for 14 WP companies to provide them

“Our company has collaborated with many international projects in BiH over the years, with limited benefit. FIRMA is the best project ever in BiH for business development, since it is helping companies solve their real problems. Its support to establishing a producer sales agency to access the US market is just one of many examples of this.”

*Edin Dacic, CEO, Standard Prnjavor, BiH, a medium-sized furniture exporter*

with one-on-one information on how to introduce CE Marking , four are in the process of preparing documentation to initiate the process.

#### *Outputs in Market Connections*

- **High Point Furniture Fair Fall 2010:** Seven significant BiH furniture producers were supported to attend the High Point Market week Fall 2010 in North Carolina, USA.
- **International Fair of Furniture, Equipment and Interior Decorations 2010 in Belgrade:** A joint stand was organized for five RS furniture companies together with VCF RS Chamber and a B2B meeting was held between BiH and Serbia wood processing companies.
- **EKOBIS 2010:** FIRMA supported seven USK companies to promote their products and services at EKOBIS trade Fair. The annual wood sector conference was also supported to including all Una-Sana wood-sector companies to discuss issues including design and implementation of FSC Chain of Custody certificate.
- **Improvement of BiH International Fairs:** A training curriculum based on best international practices was delivered to fair managers to widen their skills and knowledge about fair successful fair management. Managers from Interio, ZEPS and Ekobis attended.
- **SASO Split Fair 2010: FIRMA and VCF REZ supported the exhibition of** twenty companies at the fair from WS and LM sectors. Business-to-business meetings were organized with potential partners from Croatia, Italy, and Serbia.
- **Wood Sector Producer Sales Agency:** Two PSAs were established in the UK and USA with companies that are entering both markets. The producers and the UK PSA decided to collaborate in opening a showroom in London for BiH furniture products which is expected to open in October 2011.
- **Wood Cluster Prijedor Promotional Program:** FIRMA supported a DRVO Klaster Prijedor program to develop and implement a joint promotional program for 24 of its member companies, to intensify sales and export. The program consists of joint booth for trade fairs, joint catalogues, and a visit to the Klagenfurt trade fair.
- **BH National Pavilion - IMM Cologne:** In collaboration with SIPPO of Switzerland and FTC/BHEPA, FIRMA supported the exhibition of six important BiH furniture producers at the IMM 2011 Fair in Cologne, Europe's largest annual furniture industry event. BiH participants received "Design Innovation Winner 2011" awards, with their pieces displayed at a special exhibit. (BiH was the only non-West European country at the show to receive such an award for furniture.) FIRMA also helped support the BiH stand in a special hall at IMM for the **Student Designers Talent Competition**, as a result of which one young BiH designer's prototype was picked up for manufacture by a German furniture company.
- **INTERIO 2011:** In collaboration with SERDA and FTC/BHEPA, FIRMA supported the exhibition of BiH furniture producers on 550 sq. meters (largest ever) at the INTERIO 2011 Trade Fair in Sarajevo. FIRMA promoted and supported side events including a B2B, a seminar on in furniture markets and production trends, an employment fair, and a design competition.
- **GAST Fair 2011:** Ten BH wood industry exhibited at the FAST Fair in 2011.
- **Promotional Tools:** Over 100 companies were assisted in BiH to develop promotional materials.

### *Outputs in Business Environment*

- **World Bank Collaboration:** FIRMA closely collaborated with the World Bank final headquarters mission to BiH closing out its Forestry Development and Conservation Project (FDCP), with which USAID has collaborated since 2004. Through the Forestry Faculty of Sarajevo, FIRMA provided administrative and consulting support to the Bank's international mission for the Public Expenditure and Institutions Review, covering all publicly-owned forest management companies in BiH.
- **FSC Sustainable Forestry Management Certification Pre-Audits:** Working closely with Forestry PIU and cantonal FMCs, FIRMA facilitated substantial co-funding from the World Bank of €30,000 for official (pre)audits of three FMCs (USK, Tuzla, and Canton 10). Two Cantonal FMCs are now FSC SFM certified: USK is fully certified and Tuzla for two management units.
- **Joint Annual Forestry Conference:** FIRMA sponsored the fourth JAFC, in collaboration with the BiH Foreign Trade Chamber, attended by 40 representatives of principal forestry stakeholders in the country.
- **New factory investment facilitation:** FIRMA helped facilitate an agreement between the USK government and Scontoprom, that resulted in the reactivation of a production facility in Kljuc that is expected to employ 600 people by the end of 2012.

#### b. Tourism

### *Outputs in Product & Productivity*

- **Global Sustainable Tourism Criteria workshops:** GSTC is an initiative launched jointly by UNWTO, National Geographic, Expedia, and 52 other international organizations. The GSTC aims to provide guidelines and framework for developing sustainable tourism solutions. USAID RCI supported a series of workshops by the GTSC team in the RCI countries including in BiH.
- **Candidacy for EYOWF 2015:** FIRMA, in cooperation with the local partners Sarajevo Navigator and ZUP Bascarsija, provided support in design and production of the final set of promotional materials for the joint candidacy of Eastern Sarajevo and Sarajevo for hosting the 2015 European Youth Olympic Winter Festival
- **Outdoor Association Support:** FIRMA provided support to establish the Adventure Tourism Association made up of a core group of 10 outdoor service providers. The group is expected to increase membership to 30 shortly.
- **Sommelier Training and Certification:** Nineteen candidates from all parts of BiH were trained by the Sommelier Association of Croatia and certified.
- **Training in Catering and Tourism Management Practices:** With implementing partner Green Tour of Banja Luka, FIRMA supported catering and tourism management practices training for small hotels and rural/private accommodation providers from the Pliva-Vrbas region. The training consisted of 9 workshops, all together covering such topics as are eco tourism, hotel services and categorization, and catering. 28 candidates successfully completed the full training.
- **Sarajevo City Break Workshops:** Sarajevo Navigator and ZUP Bascarsija) organized workshops for over 20 tourism stakeholders in the Sarajevo area on specific actions planned for Sarajevo City Break.

- **National Museum Souvenir Shop:** On May 14, the Global Day of Museums, FIRMA with its local partners supported the opening a special authentic souvenirs shop in the National Museum of BiH.
- **Lifeguard Training and Certification:** FIRMA supported a program of open water lifeguard training, under international lifeguard association standards, through the BUK diving centre in Banja Luka. The first 29 lifeguards from Banja Luka and Jajce received certificates. Additional training sessions will be held in Sarajevo, Tuzla and Mostar, with the final goal of having some 80 internationally-certified lifeguards in BiH.
- **Una Pounje Monography:** FIRMA supported the publication of a monograph dedicated to Una River and its tributaries as the first publication that includes comprehensive information on flora, fauna and natural resources of Una river and its surroundings.
- **Sarajevo City Hall Revisited:** FIRMA supported an exhibition of original architectural drawings of the Vijecnica and historic photos in an effort to communicate the history of this landmark to visitors and improve the Sarajevo tourism offer. This opened the door to establish the City Hall Museum – as a permanent attraction managed by the City; launched discussions between the City and private sector on models of private-public-sector development and management of tourism attractions.
- **BiH Filming Locations Guide** FIRMA supported the development of the first ever BiH Filming locations guide. The guide was prepared by the Association of Film Industry Artists in an overall effort to develop BH as a strong regional film industry hub.
- **9<sup>th</sup> Mostar Blues Festival:** FIRMA continued to support for the second year the Mostar Blues Festival. In 2010 a limited initiative was launched to promote the event regionally – primarily along the Croatian coastline. Regional promotion was increased in 2011, the audience grew from 300 to 1000 in 2011.
- **Climbing Centre Smetovi:** FIRMA supported completion of the climbing centre Smetovi which will improve the overall adventure tourism offer in BH, and is a training center for other adventure tour operators.
- **Moja Slika Sarajeva Launch:** FIRMA in collaboration with the City of Sarajevo launched the Moja slika Sarajeva photo competition. The general public are asked to submit photos of Sarajevo. The competition serves a number of goals: to collect tourism photos of Sarajevo and it raises pride among the local population of their city.

#### *Outputs in Market Connections*

- **Weekend Media Festival:** FIRMA supported presentation of Sarajevo as a short break/city destination at the Weekend Media Festival in Rovinj, Croatia. This Festival is the largest annual event bringing together media and marketing professionals and agencies from the wider region (ex-Yu plus Austria, Hungary, Italy), attracting 3000+ participants.
- **B2B event during FAM trip for US tour operators:** FIRMA supported its VCFs Sarajevo Navigator and ZUP Bascarsija in organization of a special B2B event at the Brusa Bezistan for a US tour operators and media FAM trip organized by the Exploring BH agency.
- **US Market Entry Strategy:** FIRMA with the assistance of two experts assessed the opportunities and channels for entering the US tourism market. The first point of entry was the Outdoor Retailer Market Show in Salt Lake City where ATA presented

the BH offer as part of the BH stand. Additional B2B meetings were organized as well as meetings with specialized outdoor/adventure media and journalists.

- **Vakantiebeurs, Utrecht:** FIRMA supported EKO-PLIVA of Jajce in attending the Vakantiebeurs Fair in Utrecht, Holland.
- **Outdoor Journalists FAM Trip:** In collaboration with the USAID EI project-supported Exploring Bosnia agency, FIRMA supported a study trip for a group of 5 journalists and photographers of Montages Magazine group from France, focused on winter and overall outdoor tourism.
- **Fiets and Wandel Beurs Amsterdam:** The BiH Outdoor Association exhibited at a specialized adventure fair in Amsterdam, Holland. The presentation was delivered under the identity of *Brave Enough – Bosnia and Herzegovina*.
- **ITB 2011:** The ITB fair is one of the two largest tourism trade shows, held every March in Berlin. FIRMA supported exhibition by the BiH Adventure Tourism Association at a new special ITB hall for outdoor programs.
- **NEXPO Exhibition:** In collaboration with implementing partner Sarajevo Navigator and the government of the City of Sarajevo, FIRMA supported the presentation of Sarajevo as a tourism destination during the NEXPO fair, a two-day regional event held in Sarajevo this year bringing together representatives of local governance. Over 200 municipalities from SEE and 50 national and international associations of local governments and development agencies took part.
- **Herzegovina Branding:** In collaboration with REDAH and entity and cantonal tourism ministries, FIRMA is supporting the efforts of the Herzegovina to brand itself as a special tourism region, among other things through a special workshop at the spring Mostar Trade Fair, attended by 50 participants.
- **Slovene Matchmaking:** FIRMA cooperated with the Embassy of Republic of Slovenia in BiH to facilitate workshop with Slovene tourism service providers and BH stakeholders.

#### *Outputs in Business Environment*

- **Tourism Working Group:** FIRMA continued to participate in TWG meetings. FIRMA facilitated discussions on deciding which fairs should be selected to be supported with government funds, progress on resolving tourism statistics and involvement of UNWTO representative on the First Regional Tourism Conference.
- **RCI Tourism Strategy Group:** FIRMA is actively participating in the RCI Tourism Strategy Group which brings together representatives of all USAID-supported tourism initiatives active in the region. The strategy group developing regional solutions in market promotion and product development that would bring market benefits to at least three or more countries in the region. The group finalized a proposal for the establishment of regional Western Balkans Geo Tourism web presence (through National Geographic magazine). UNWTO was represented at the meetings, as well as other USAID projects supporting tourism in the Balkan region.
- **Donor Coordination:** FIRMA, jointly with the EU Delegation to BiH held the first donor group meeting to re-establish mechanisms for coordinating donor supported activities in BiH tourism. The following organizations participated: UNDP, SNV Netherlands, Oxfam Italy, Mozaik, and FIRMA.

- **Cooperation Agreement with the City of Sarajevo:** FIRMA and its implementing partners Sarajevo Navigator and ZUP Bascarsija furthered collaboration with the City of Sarajevo in developing the city as a travel destination. The Agreement confirms the commitment to joint goals and shared effort on developing Sarajevo as a tourism destination. The City subsequently opened a new line item for tourism promotion in its 2011 budget.
- **Global Tourism Forum:** FIRMA was represented at the annual UNWTO Global Tourism Forum in March, to promote BiH tourism, learn of recent developments in the tourism industry, and secure participation of UNWTO at the Regional Tourism Conference to be hosted by FIRMA and the USAID RCI project in September.

c. Metal Processing

FIRMA's work in metal processing receives principal technical support from subcontractor SIPU International of Stockholm.

*Outputs in Product & Productivity*

- **Welder Operators and Engineers Training:** Training of welder operators was completed in Mostar and Tuzla. Thirteen operators were trained and obtained EU certificates, and twelve welder engineers and technicians.
- **Solid Works CAD-CAM Training:** In cooperation with the USAID Excellence in Innovation Project and its supported MTTC Center from Gračanica, a series of trainings on Solid Works CAD-CAM Applications were held with six groups of five engineers. Trainings were held in Gračanica and Banja Luka.
- **Purchase of Laboratory and Training Equipment:** FIRMA supported the Machine Institute of the Engineering Faculty of Mostar in procuring of non-destructive testing (NDT) laboratory equipment, and of stainless steel and aluminum welding equipment. These will enable the Institute to obtain BATA accreditation, and to certify welders (TIG/WIG) of stainless steel and aluminum.
- **Education and certification in product and tool design:** At the Mechanical Engineering Faculty in Banja Luka 10 companies from the MP sector were educated and tested in product and tool design.
- **ERP Implementation:** FIRMA supported the implementation of Enterprise Resource Planning software in two BiH companies – aluminium and copper cable manufacturers. The installed software will improve both the efficiency and quality of production.
- **Purchasing of Cutting Machine:** Inox Trade of Maglaj, as leader of a six-company consortium, installed a new metal cutting machine to be jointly operated. After only few days of working multiple companies from the area are asking for services from the machine.

*Outputs in Connection to Markets*

- **Aluminum Fair in Essen, Germany:** FIRMA supported the visit of five BiH companies/13 participants to the largest Fair for aluminum in the Europe. The visit included a B2B Event with German companies.
- **Automechanika Fair in Frankfurt, Germany:** Eleven BiH automotive companies/27 participants visited the largest Fair for auto parts in the world. Over 55 meeting with potential German buyers were organized.

- **German PSA established:** As a result of the visit to Automehanika Fair, a German PSA was identified to provide permanent representation of BiH companies in the German auto parts market. With support from FIRMA, the PSA has signed an agents contract with four companies and seven contract leads were already initiated.
- **Visit of German Buyers:** Two German companies contacted through the German PSA visited 6 BiH MP manufacturers and potential suppliers.
- **Web Portal for MP Industry:** To provide ready business, product, and contact information to potential buyers, a web portal for the MP sector was designed and developed. Currently in working form, the site is now being populated with information and data.
- **ZEPS Intermetal Fair in Zenica:** FIRMA supported 7 MP companies with a joint exhibition at the fair at a new designed and constructed MP Trade Show Booth. FIRMA organized for 6 Swedish buyers to attend the fair for future business transactions.
- **Exhibition at SASO Fair in Split, Croatia:** FIRMA supported WP and MP exhibitors with the new constructed MP Trade Show Booth. Twenty companies from both sectors were present, out of which 9 were MP companies. A total of 746 business contacts were registered.
- **Buyers Visits in Sweden:** Through subcontractor SIPU International, FIRMA Consortium representatives visited the biggest and most important MP Fair in Sweden, ELMIA in Jönköping, to assess exhibition of BiH MP companies at the Fair in 2011. Separately, FIRMA representatives made a special visit to Scania, the biggest commercial vehicle producer in Sweden.
- **Automechanika Fair and Autoinvest Conference in St.Petersburg, Russia:** Four BiH automotive supplier companies and automotive cluster representatives organized by FIRMA implementing partner FTC BiH/BHEPA participated in the largest annual Russian auto show and automotive investment conference.
- **Exhibition in Kragujevac:** Seven companies exhibited at the only specialized automotive fair in Southeast Europe region, SEE AutoCompoNet 2011 in Kragujevac, Serbia. Over 55 new contacts were made including with major OEMs such as Fiat Srbija, Bosch, Magna, Federal Mogul, Mecaplast and others.
- **Exhibition at Hannover Fair 2011:** Seven companies exhibited at the world's largest industrial fair in Hannover. The BiH stand was organized by FTC BiH/BHEPA, SIPPO and FIRMA.

#### *Outputs in Business Environment*

- **Approved/Authorized Exporter Status Seminars:** A series of six seminars was organized to enable BiH manufacturers overcome border-related exporting issues by obtaining formal status with the BiH Taxation Authority as an approved/authorized exporter. The seminars were held in Banja Luka, Bihać, Sarajevo, Zenica, Mostar and Tuzla with 70 companies attending.
- **Workshop on Environmental Permits:** Awareness raising workshops were held together with a two-day specific training on requirements for mandatory environmental permits in Tesanj, Bugojno and Zenica. Over 50 companies attended.

d. Access to Finance

FIRMA's access to finance initiative consists of (i) improving company-level financial management and operational efficiency, (ii) stimulating financial product innovation on the part of banks, and (iii) supporting effective consulting intermediation between companies seeking finance and financial institutions. A particular focus is encouraging use of the USAID-Sida DCA program.

*Outputs in Access to Finance*

- **Qualified Business Finance Consultants:** FIRMA launched its Access to Finance program in late 2010. Over 50 people applied for the advertised Qualified Business Finance Consultant (QBFC) program, of which 29 applicants passed a FIRMA administered test and were selected to attend the QBFC training program. The 3-day training program, held at the end of November 2010, also officially launched the QBFC program. A second recruitment round held later in project year 2 brought a further 15 consultants into the program. FIRMA developed the QBFC program to address a key obstacle in SME access to finance – the need for trusted and competent consulting assistance to help SMEs approach financial institutions, while providing financial institutions with greater confidence in SME creditworthiness.

Since January 2011, when the certified consultants began to engage companies, FIRMA has approved 54 consultancy requests to support companies, for a total potential loan value of KM 66.0 million. Of these, 26 companies had received loans by the end of project year 2, with a total value of KM 9.4 million. This amount represents a year-on-year increase of over 18% in the business finance of the beneficiary companies so far during 2011. QBFC program use is spread across all three FIRMA sectors.

Sector	Total Engagements		Loans Approved	
	# Cos	Amount KM	# Cos	Amount KM
Metal	30	23,306,669	15	3,817,000
Wood	13	19,700,000	7	5,100,000
Tourism	9	22,998,000	4	485,000
<b>Total</b>	<b>54</b>	<b>66,004,669</b>	<b>26</b>	<b>9,402,000</b>

- **Financial Benchmarking Report:** FIRMA produced and published a Financial Benchmarking Report for the BiH wood and metal sectors. This research memorandum was targeted for the use of financial institutions in BiH, to better familiarize them with key financial indicators of successful companies in these two FIRMA focus sectors, so as to reduce uncertainty and risk in lending to firms in them. The report was distributed to all major financial institutions in BiH.
- **Support to Una-Sana Canton:** Upon the request of the Una-Sana Canton government, FIRMA provided technical guidance to establishing a SME credit guarantee fund in this Canton. FIRMA also facilitated a seminar on credit guarantee fund management by SERDA for USK.
- **Information about sources of financing:** FIRMA conducted a thorough review of all the sources of financing (commercial funding sources) in country for SMEs – and grant programs (government and donors) collected and made this information available on the FIRMA website.

- **A2F Matchmaking Events:** FIRMA organized A2F matchmaking events in Sarajevo, Bihać, Zenica, Tuzla and Banja Luka, to bring together loan officers from financial institutions, private companies interested in obtaining loans, and QBFC program consultants. The workshops provided information on the QBFC program, as well as financial facilities for SME's including DCA and other development credit lines. A total of over 100 people attended and the workshops attracted significant media attention.
- **BH Credit Information Report:** In our continual efforts to address the obstacles to access to finance, FIRMA undertook an assessment on the main credit information sources in BH. This included reviewing the two government operated institutions Central Registry of Credit – CRK and Central Registry of Corporate Transaction Accounts, as well as LRC which is the first private credit bureau in the country. Apart from providing information on institutions dealing with credit information the report also addresses the availability of corporate financial reports and debt collection as well as the pledge registration system.
- **Benchmarking reports for WS and MP sectors:** FIRMA prepared a Financial Benchmarking Report for commercial lending institutions to provide them with information about the performance of companies in these sectors. The report provides information on the growth period from 2006-2008, in order to be able to see financial indicators during a period of normal business, plus the recession year 2009. The report also includes an overview of the wood and metal sector structures as well as the outlook for the sectors performance in year 2011.
- **SME access to finance online search engine:** FIRMA engaged SERDA to develop and maintain an access to finance web portal and data base search engine which will contain information on all available sources of SME financing in B&H. This online application will help SME's to access information on currently available bank loans, leasing, factoring, grants and other financing available in the country at one place.
- **Leasing for SMEs Report:** FIRMA engaged a short-term expert to conduct an assessment of the obstacles to increase leasing financing to FIRMA-targeted companies. The report provides an overview of the financial leasing market in BiH, analyzing why FIRMA-targeted companies are not sufficiently utilizing financial leasing to expand their businesses. The findings and recommendations of this report clarify the obstacles and actions needed for the further development of leasing market in B&H.

e. Workforce Development

The lack of adequately-skilled workforce remains one of the most complex obstacles to growth of FIRMA-supported value chains. To address this FIRMA launched a Workforce Development Institutions Initiative in mid-2010 which includes the establishment of formal Vocational Educational & Training (VET) Councils and collaboration with existing adult learning institutions and employment bureaus to improve current adult training programs.

*Outputs in Workforce Development*

- **Vocational Educational and Training (VET) Councils.** A VET Council is a key public-private dialog mechanism to promote regular communication of workforce skills needs from employers to education and training providers. The councils are advisory, but have a significant effect on workforce development. They collect information on industry skills, convene regular meetings to discuss workforce issues, and recommend training programs, curriculum adjustments, and enrolment policy.

Table 1: FIRMA-Facilitated VET Councils	
VET Council Location	Partners
Tešanj	Tešanj Secondary Technical School, Tešanj Municipality, Mann Hummel, Alpina Bromi BA, KONTESA d.o.o, Local employment office, Local development agency TRA Tesanj
Prnjavor	Technical school Prnjavor, Standard furniture manufacturer, Municipality Prnjavor, Branch office of RS Employment agency
Prijedor	Prijedor Secondary Mechanical school, PREDA, wood and metal cluster Prijedor, Branch office of RS Chamber of Commerce, Branch office of RS Employment agency.
Bosna-Podrinje/Gorazde Canton	Employers (3 representatives), Ministry of Education, Trade Union, School representatives, Cantonal employment agency

As a

result of FIRMA's facilitation, four local-level VET councils have now been established in BiH, where none existed before. These are formal, registered organizations, with identified participants, as follows:

- Adult Vocational Training program for wood and metal sectors:** In collaboration with SERDA and the Secondary Mechanical Engineering School in Sarajevo, and after identifying skills gaps through a survey of companies, FIRMA supported the development of new adult vocational training programs for the wood and metal sectors, officially approved by the Ministry of Education of Sarajevo Canton, with which FIRMA signed a formal collaboration agreement. Sixty people completed the initial training program, focused on CNC, CAM, and CAD technologies.
- WfD Donors Group.** In order to avoid overlapping of activities and ensure better cooperation between individual projects, FIRMA catalyzed the establishment of a working group of donor-funded vocational education and training projects. So far the group includes GIZ, the EU VET Project, the Swiss Development Council, the Institute for Adult Education of RS, [OTHERS].
- Upholstery Training:** 20 employees of beneficiary stakeholder Scontoprom were trained in upholstery skills, to improve product quality and workforce knowledge, in connection with the Wood Team's performance improvement plan
- Curriculum expansion for Metal Processors:** In response to employer needs for 250 workers with specific skills not being provided by any accessible institution, the Tešanj VET Council facilitated expansion of the formally-approved curriculum for the metal processor/cutter occupational profile. Tešanj Secondary Technical School permanently added the training to its curriculum, including in-company apprenticeships for students, and the company guaranteed employment of all of those who successfully completed the course.
- Accreditation and curriculum for Mechatronic Technicians:** Also in response to VET council-identified industry needs for workers operating sophisticated machinery, a new multidisciplinary employment profile, mechatronic technician, has been introduced into the secondary technical school curriculum in Zenica-Doboj Canton. In addition to the formal 4-year education program, GIZ and FIRMA collaborated to fast-track 32 candidates through an adult-training program needed by employers.

- **Training of automotive interior workers:** FIRMA worked with the Gorazde municipality, technical school, and employment bureau, to develop a new curriculum and adult training for 600 new workers.
- **Qualified Technical Consultants Program:** FIRMA initiated an activity with REDAH to mobilize a cadre of qualified technical consultants to support SMEs in FIRMA targeted sectors through a consultancy voucher support program. Companies will be able to engage consultants for a range of services including optimizing production capacities, developing marketing strategies, support for design, in-house training. Around 50 companies will be supported.

The following table summarizes FIRMA workforce development activities through project Year 2:

Status	Number	Participants			FIRMA Investment KM
		Total	Female	Male	
Completed	43	1052	368	684	218,950
In Implementation	20	160	34	126	404,837
<b>Total Activities</b>	<b>63</b>	<b>1212</b>	<b>402</b>	<b>810</b>	<b>623,787</b>

Over 1,200 persons have participated in 63 training-related activities supported by FIRMA, of which one-third were women. Of these, 728 are reported to have gained employment or better employment as a result of the trainings. Based on the direct FIRMA investment of KM 624,000 in these activities, the cost per new or improved job was less than KM 1,000 each.

f. EU Alignment

All of FIRMA's competitiveness-enhancing and business environment-related activities are carried out with a view to alignment with EU trade standards and the *acquis communautaire*, since the EU is BiH's major export market, and the country is on the road to EU accession.

*Outputs in EU Alignment*

- **Standards Manual:** In collaboration with the BH Institute for Standardization (BAS), FIRMA supported the preparation of a 100+ page EU Technical Standards Manual. The manual provides a clear description of the need for standards and institutions and procedures for obtaining them, and a comprehensive reference list of all standards applicable to the wood and metal sectors.
- **Lab Assessment Report:** FIRMA and FARMA collaborated to complete a report which provides an overview of the status of labs in the country and their capacity to undertake product testing – for the FIRMA supported sectors and food testing.
- **EU Standards:** FIRMA initiated a program in which 66 companies prepared EU standards pre-assessments, the critical first phase in planning, prioritizing, and preparing for obtaining actual certifications, including ISO, CE, FSC CoC, and HACCP. FIRMA has been able to identify subsequent funding for Phase II - standards implementation for all but three of the companies.
- **Support to the BH Quality Association:** FIRMA supported the BiH Quality Association to maintain its membership within the European Quality Association, a network of organizations from European countries and other countries and experts in the field of quality. This support enabled the BiH Quality Association to participate at European

Association of Quality Annual Conference, and to deliver a series of trainings in the area of quality standards.

- **Seminars on ISO, FSC, OHAS and CE:** FIRMA supported the BiH Foreign Trade Chamber in holding five seminars in Sarajevo, Banja Luka and Tuzla with over 137 participants from the MP, WP and TO sectors, covering ISO 9001, FSC CoC, ISO 14001, OHSAS 18001, and CE mark.
- **EU EXPRO Project:** FIRMA assisted the EU-supported project tasked with assisting the development of a formal BiH Export Strategy, a condition for the country's integration into the EU. FIRMA consultants served as mentors and participants in five working groups organized by the EU EXPRO project: wood sector exporting, metal sector exporting, tourism, country branding, and export finance.

g. Gender / Youth / Inclusion

FIRMA seeks to promote inclusion in all of its activities, and has initiated certain activities consistent with its overall business results objectives that specifically target economic mainstreaming of women, youth, and persons with disabilities.

*Outputs in Gender and Social Inclusion*

- **BiH Handicrafts Value Chain:** Support for the BH Crafts value chain was initiated, which has as a key objective advancing the economic inclusion of poor women and persons with disabilities. An extensive assessment of 56 companies and organizations was conducted to determine what was required to sell their products in the tourism souvenir market. Most products required further design improvement and access to souvenir distribution sellers. For the purpose of improving design, FIRMA engaged expat STTA to deliver a workshop to students from the Sarajevo Academy for Fine Arts on how to support handicraft manufacturers in the country to improve the design of their products.
- **Gender Mainstreaming Conference:** In cooperation with the BiH Agency for Gender Equality and the BiH Foreign Trade Chamber, FIRMA organized a Gender Mainstreaming in Economic Growth Conference in May – the largest such event in BiH in several years. The conference addressed the enabling environment for gender equal entrepreneurship, knowledge and skills for women entrepreneurs, and business obstacles and opportunities for women entrepreneurs. The event attracted 86 participants representing companies, women entrepreneurs, government institutions and the non-governmental sector. It produced an Action Plan for Gender Mainstreaming in Economic Growth and established working groups to regularly monitor progress.
- **Report on support organizations for women entrepreneurs in Republic of Srpska:** FIRMA and the RS Gender Center supported a survey about the status of women entrepreneurs in the RS, organizations that support their growth and general reasons why women decide to become entrepreneurs. Over 70 associations and 350 women were interviewed.
- **Qualified Technical Consultants for Women-led Businesses:** Within the general QTC program a separate QTC program was launched for women-led businesses. Women-led companies face the same difficulties as male-led companies, however they are often over-looked when it comes to receiving government and donor support. Over 25 companies are expected to be supported.
- **Youth Entrepreneurship Pilot Program:** FIRMA is in the process of developing a pilot program for Youth Entrepreneurship Program in the Una-Sana Canton. The Una-Sana Canton and municipalities are committed to providing funds to support

youth start-ups and established businesses through a partial grant and loan program. FIRMA's assistance included designing the entire program and funding business plan training. Another important element incorporated in this program is to provide the young business people with mentors and advisors as they start their businesses.

h. Innovation

This initiative seeks to stimulate competitive, company-level innovation in BiH, to elevate the country's very low international country innovation rankings, by organizing and networking so-called Business Innovation Centers (BICs), to identify priority projects for further support, and to encourage collaboration across donors and local government agencies that are supporting innovation.

- **FIRMA Innovation Initiative:** After an initial assessment of the capabilities of eleven techno centers, FIRMA launched the first BiH Innovation Support Network. This network connects all stakeholders including BICs, to identify areas of specialization and collaboration, exchange of best-practices, and share skills and clients. FIRMA advanced the ISN initiative during the quarter through:
  - Preparation of an inception report, "Building the BH Innovation Support Network" . This report includes an overview of Entity innovation and R&D strategies, and provides an overview of measures that can be introduced to stimulate innovation, including innovation consultants voucher schemes, innovation funds, and graduate internship programs for company innovation development.
  - Sponsorship and presentation at a PREDA-organized "International Conference on Innovation, Research and SME Development" in Prijedor, attended by over 80 companies and BIC representatives.
  - A kickoff Innovation Workshop, organized by FIRMA, to develop the BiH Innovation Support Network, attended by 30 participants from BiH academic and R&D institutions as well as regional and local development agencies. The conference agenda included presentation by a representative of the European Business & Innovation Center Network (EBN) on quality standards for BICs.
  - Facilitation of connection with the European Business and Innovation Center Network (EBN), to enable membership by BiH ISN member BICs through FIRMA's umbrella membership. EBN provides qualification criteria for BICs, capacity building, and collaborative projects with other EBN members from all over Europe. activities FIRMA applied and was accepted to the membership.

FIRMA is supported in this activity by subcontractor J.E. Austin and Associates.

i. Environment

- **Green Design Festival:** FIRMA supported the Green Design Festival (GDF) in 2010. GDF, organized by the Sarajevo Faculty for Architecture, promotes new technologies and green solutions, and applies to all three FIRMA sectors.

j. Development Partnerships and Sustainability Strategy

FIRMA's strategy for sustainability rests on (i) partnering with local governmental agencies to prepare and improve development strategies, and to facilitate collaboration among them, and (ii) establishing the FIRMA Consortium as a permanent network of local development agencies fully capable of advocating for private sector development priorities and implementing development assistance projects, in keeping with USAID Forward objectives. In the second year of implementation, FIRMA was more easily able to promote its activities to collaborating partners.

In several cases other donors and government agencies were coming to FIRMA to seek technical advice and direction on how to support private sector development. Government ministries and agencies have funds to implement programs, but are under-resourced or do not have the skills to develop activities. FIRMA signed two formal Partnership Agreements in Year 2 to address this bottleneck in government support, and worked closely with a third government, without a formal agreement.

*Outputs in Development Partnerships and Sustainability*

- **Una- Sana Canton:** In collaboration the PLOD Center from Bihać (a FIRMA VCF), FIRMA helped prepare economic development strategy in advance of a major conference on the subject hosted by the Cantonal Prime Minister. FIRMA provided advice for policy measures to promote the competitiveness of companies in the FIRMA-targeted sectors in Una-Sana Canton, which will be incorporated in the 2012 cantonal budget.
- **Sarajevo City Partnership Agreement:** In January 2011, FIRMA signed a general Partnership Agreement with the City of Sarajevo which commits both organizations to working jointly for development of Sarajevo tourism as an important contributor to the region's overall economic growth. The agreement strengthened FIRMA and the City's ability to leverage each other's respective strengths, experience, methodologies and resources to reach a common goal: to further develop and promote the City as a prime tourism destination. Since signing the agreement in January 2011, 8 activities have been funded with total budgets of KM 1.2 million, with FIRMA covering 13% of the costs, the City 16%, and the balance from other public and private partners. These included among others the Vijećnica City Hall Exhibition to support renovation of this historical landmark, publication of the first *BiH Filming Locations Guide* and the new *Don't Miss Sarajevo* tourism magazine, and participation in the NEXPO International Municipal Fair.
- **Federal Bureau for Employment Partnership Agreement:** This agreement envisages extensive cooperation with the Bureau, which has funds for workforce development and needs assistance in programming them. So far, under this agreement FIRMA has collaborated with the Bureau in the training of 600 new employees in the Prevent plant in Goražde, and development and implementation of new training curricula for mechatronics in Tešanj and welders in Mostar.
- **Quality Standards Funds:** FIRMA's EU standards implementation program, which began with pre-assessments for 60 companies as described above, was followed by the establishment of two Quality Standards Funds with multiple local government agency contributions, one with the Una-Sana Canton government and 8 municipalities in the canton, and one with the Republika Srpska government and RS Agency for SME Development. These funds will support implementation of ISO, FSC COC and CE standards for FIRMA beneficiaries. In addition, other agencies, including the EBRD TAM BAS program, Zenica-Doboj Canton, the Federation Ministry for Tourism, the REDAH Credo project, and the SERDA EU Metal project have all confirmed their intention to assist companies in their areas who completed the pre-assessments to proceed to obtain the actual needed certifications. The total cost to implement the standards in the 60 companies is estimated to be approximately KM 680,000, of which FIRMA's investment is KM 113,000, or 17%.
- **Value Chain Facilitators:** FIRMA continued to work closely with its VCFs, the members of the FIRMA Consortium, to develop and implement sector action plans. FIRMA sector teams regularly met with their VCF counterparts to identify and design specific activities. VCFs were closely involved in the preparation of FIRMA's Year 2 and Year 3 strategies and

workplans. This process included a thorough review and update of the competitiveness obstacles and priorities in the sectors, and proposing of activities to address them.

FIRMA also continually offered VCFs opportunities for further capacity building. After several attempts to include all VCFs in general capacity building programs, FIRMA opted for a different approach by providing VCFs with tailored individual assistance. As a result three VCFs took up this opportunity: Plod, Sarajevo Navigator, and BZUP, and were trained in project management and project preparation.

The majority of the VCFs also took part in the QBFC training course, improving their knowledge about access to finance in general, cash flow projection, and different sources of financing.

FIRMA also conducted a survey in August 2011 to receive feedback from the VCFs about their interaction and partnership with FIRMA to date. Fifteen of sixteen VCFs responded. Through this questionnaire VCFs were asked about all aspects of cooperation between FIRMA and VCFs: attitudes of team members, mechanisms of cooperation, communication with the project, and whether they felt they were true FIRMA partners. While areas of improvement were identified (discussed in Section 6 below), overall the respondents were quite positive about their cooperation with FIRMA. All stated that they wished to continue cooperation with the project.

The following table summarizes the participation of development partners in FIRMA activities since project outset. 73% of all activities involved a VCF / FIRMA Consortium member, 82% had outside activity implementers (AIs), and 43% had co-funding from collaborating implementers (CIs) – other donors, government agencies, and NGOs..

Activity Status	Total Number	Number with Development Partners		
		VCFs	AIs	CIs
Completed	147	112	120	60
In Implementation	88	60	72	40
<b>Total Activities</b>	<b>235</b>	<b>172</b>	<b>192</b>	<b>100</b>
Share		73%	82%	43%

This demonstrates FIRMA's conscientious effort to implement development with and through local organizations, to engender sustainability and support USAID Forward themes.

Finally, FIRMA produced 23 substantive **documentary outputs** in Year 2, which are listed in Table 18 below.

#### 4. Project Progress versus Workplan and PMP

##### a. Progress versus Workplan

In Attachment 6 to this report, Progress vs. Workplan Year 2, we report the status of all of the tasks and activities contained in the original Year 2 Workplan that were due to be completed or initiated during the review period, as well as activities due to be completed earlier but carried over. Most activities due to be completed during the period were in fact completed, and almost all due to be initiated are in process. Exceptions and updates are reported in the status column of the table. There were no exceptions that significantly affected FIRMA's work.

We also submit, as Attachment 7 this report, our proposed Year 3 Workplan, for review and approval by USAID and Sida. The Year 3 Workplan follows from the Year 3 Sector Strategies

Updates, prepared in consultation with all FIRMA Consortium members, which are also submitted as Attachment 8 to this report.

#### *FIRMA Grants Fund*

FIRMA has a \$3.0 million grants fund to support activities – approximately KM 4.2 million at the average BAM/\$ exchange rate level during project Year 2.\* The following table summarizes grant approvals from TEC meetings convened through project Year 2. 107 grants were approved in Year 2, for a total of KM 3.1 million, and as can be seen, assuming that the dollar does not significantly appreciate from its Year 2 average, almost all of the grant fund has been provisionally committed in TEC meeting approvals. However, actual disbursements through Year 2 in USD were \$1.3 million (KM 1.8 million), less than half of the grant fund, so there is some room for adjustment, since grant agreements for all of the approved grants have not yet been signed.

<b>TEC Meeting Date</b>	<b># Grants Approved</b>	<b>Amount Approved</b>
<b>Total Year 1</b>	<b>30</b>	<b>KM 1,028,046</b>
22-Sep-2010	11	226,470
27-Oct-2010	10	160,290
15-Dec-2010	26	812,519
17-Feb-2010	19	655,685
30-Mar-2011	25	766,991
30-Jun-2011	16	452,010
<b>Total Year 2</b>	<b>107</b>	<b>KM 3,073,965</b>
<b>Total Project</b>	<b>137</b>	<b>KM 4,102,011</b>

Nevertheless, the commitment already of nearly all of the grant fund is a serious issue for the project, discussed further in Section 6 below, “Significant Project Issues and Challenges”, below.

#### b. Progress versus PMP

The FIRMA PMP consists of three primary elements: (i) business results, (ii) Performance Management Indicators (PMIs), and (iii) Return on Investment (ROI).

- **Business Results – Sector Level:** FIRMA’s key contractual objectives are expressed in terms of business results: substantial growth over the period of the project in the sales, employment, and business finance of beneficiaries, who must in turn represent at least 40% of the sales of their sectors.

Business results at the sector level are measured through annual Baseline Surveys, the second of which was completed during the first quarter of 2011, once beneficiaries had their final 2010 financial results. The Baseline Survey was distributed to the approximately 400

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\* The average exchange rate for Year 2 was BAM/\$ 1.41. When the original budget for FIRMA was prepared in March 2009, the RCO instructed bidders to use an exchange rate of BAM/\$ 1.55, which would have translated the \$3.0 million grant fund into KM 4.65 million. Thus approximately KM 420,000 in FIRMA grant capacity has been lost due to depreciation of the US\$ since the original project budget was prepared.

companies then in FIRMA's database of stakeholders. The following table summarizes respondents by size:

<b>Table 9: Survey Respondents - Key Indicators</b>					
2010 – KM MM					
<b>Sector</b>	<b>#Cos</b>	<b>Sales</b>	<b>Exports</b>	<b>Finance</b>	<b>#Jobs</b>
<b><u>All Stakeholders</u></b>					
Wood	64	352.1	175.8	165.6	3840
Metal	68	445.4	282.0	245.5	3923
Tourism	59	126.8	42.2	42.3	4075
<b>Total All Cos</b>	<b>191</b>	<b>924.3</b>	<b>500.0</b>	<b>453.4</b>	<b>11838</b>
<b><u>Designated Beneficiaries</u></b>					
Wood	31	215.0	117.5	102.0	2190
Metal	36	167.5	113.2	88.6	2390
Tourism	29	64.0	13.3	12.1	2273
<b>Total DBs</b>	<b>96</b>	<b>446.5</b>	<b>244.0</b>	<b>202.8</b>	<b>6853</b>
DBs / All Cos	50%	48%	49%	45%	58%

191 companies responded, just under half of all the companies then in the FIRMA stakeholders database. They were spread evenly over the three sectors. Their sales totaled an estimated KM 924 million, about 2.1% of the entire BiH economy. Total exports, at KM 500 million, were about 6% of total BiH exports of goods and services. Business finance, at KM 453 million, represented 6.4% of total bank claims on private business. Total employment, at 11,840, represented 1.5% of the labor force. FIRMA therefore impacts a significant share of the BiH economy.

About half of the respondents, accounting for about half of these results, identified themselves as having "significantly benefitted from the FIRMA project". These represent the group of "designated beneficiaries".

The following table provides a breakdown of the 191 respondents by employment:

<b>Table 10: Respondents by Employment Size</b>					
<b>Indicator</b>	<b>&lt;25</b>	<b>25-100</b>	<b>100-250</b>	<b>&gt;250</b>	<b>Total</b>
<b>Total # Cos</b>	<b>95</b>	<b>61</b>	<b>17</b>	<b>18</b>	<b>191</b>
<b>Total Employment</b>	<b>1063</b>	<b>3300</b>	<b>2975</b>	<b>4500</b>	<b>11838</b>
<b>Avg Employment</b>	<b>11</b>	<b>54</b>	<b>175</b>	<b>250</b>	<b>62</b>

Half the respondents were small companies with less than 25 employees, but the represented less than one-tenth of total employment. The majority of employment was in companies ranging from 25 to 250 employees. Overall major business results from the survey were as follows:

<i>Table 11: Project Year 1 Business Results – Growth Rates by Sector</i>				
2010/2009				
Sector	Sales	Exports	Finance	Jobs
<b>Year 1 Target</b>	<b>5.0%</b>	<b>10.0%</b>	<b>6.0%</b>	<b>3.0%</b>
<b><u>All Company Stakeholders</u></b>				
Wood	6.5%	7.0%	5.1%	1.0%
Metal	16.8%	19.1%	2.5%	6.8%
Tourism	7.6%	6.4%	6.3%	6.3%
<b>Total</b>	<b>11.9%</b>	<b>14.1%</b>	<b>3.7%</b>	<b>4.7%</b>
<b><u>Designated Beneficiaries</u></b>				
Wood	6.3%	4.8%	1.7%	0.6%
Metal	16.3%	18.3%	2.5%	6.8%
Tourism	8.6%	8.4%	5.8%	4.9%
<b>Total</b>	<b>10.8%</b>	<b>10.2%</b>	<b>2.4%</b>	<b>4.2%</b>

In all sectors, stakeholders experienced good-to-very-good growth in sales, exports, and employment in 2010. For information, our survey also asked respondents for their expectations, and they generally expected growth to be stronger growth in 2011, more so for FIRMA Designated Beneficiaries.

Overall, these results suggest that FIRMA is well ahead of its contractual objectives in terms of key business results indicators for sales, exports, and jobs. The business finance growth indicator was below target as of the survey period. Bank credit standards are still quite conservative in the wake of the financial crisis, and some firms are reluctant to borrow.

Nevertheless, FIRMA's access to finance program is showing success. Based on results so far, in only nine months of operation the QBFC program has increased its 26 direct beneficiaries' business finance by 18% year-on-year, contributing on its own a 4% expansion of the business finance all approximately 100 reporting Designated Beneficiaries'. It is likely, therefore, that thanks to this targeted FIRMA initiative the cumulative business finance growth objective through Year 2, once fully measurable, will be met or exceeded.

As noted, in addition to growth in sales, employment, and finance, FIRMA's major contractual business results objectives include coverage by its beneficiaries of at least 40% of the total sales of its focus sectors' in the economy. The following table provides an estimate of the economic shares of FIRMA beneficiaries. Respondents to the Baseline Survey accounted for an estimated 29% and 27%, respectively, of value-added wood and metal sectors total sales, and substantially larger shares of their exports – 44% and 40%, respectively. Foreign tourist arrivals handled by tourism sector beneficiaries accounted for 24% of the estimated total foreign tourist arrivals for the three FIRMA-focus tourism subsectors (outdoor, cultural, and "city breaks").

<b>Table 12: Respondents' Shares of Total BiH Economy</b>			
2010 Estimate			
<b>Sector</b>	<b>Total Sector Sales</b>	<b>FIRMA Stakeholder Respondents</b>	
		<b>Amount</b>	<b>Share</b>
<b>Sales</b> KM MM			
Wood	1200	352.1	29%
Metal	1500	445.4	30%
<b>Exports</b> KM MM			
Wood	400	175.8	44%
Metal	700	282.0	40%
<b>Tourism</b> Arrivals			
	250,000	59,900	24%

These shares exceed the interim PMI economic share target for Year 1 – 20% – and furthermore are underestimates of total FIRMA beneficiaries, because they are based on only the results of the companies that responded to the survey – about half of total FIRMA stakeholders. It is highly likely, therefore, that FIRMA is already exceeding the 40% economic share targeted for the end of the Base Period for all three of its focus sectors.

As presented in Table 3 above, FIRMA beneficiaries, overall, also significantly exceeded the aggregated growth rates for sales and employment of their broader economic sectors in Year 1. By sector, FIRMA metal and tourism beneficiaries substantially outstripped the performance of their broader sectors, while those from wood were about at the sector growth rate. These results generally indicate positive project impact relative to firms not collaborating with the project.

- **Business Results – Activity Level:** Impact of FIRMA support can be measured directly at the activity level. FIRMA classifies and tracks activities in a number of predefined categories, including “Connection to Markets”. These activities consist of (i) participation in trade fairs, (ii) business-to-business meetings (B2Bs), and (iii) support for Producer Sales Agencies (PSAs).

Through project Year 2, FIRMA supported companies in its three focus sectors to either visit or exhibit at 13 international and BiH fairs. At all of these fairs, FIRMA also organized business-to-business meetings allowing for companies to meet with potential buyers. FIRMA has also supported the establishment of PSAs representing BiH producers so far in the US, German, Swedish, and UK markets. The following table summarizes the investment cost and sales impact of results of fair attendance supported by FIRMA:

<b>Table 13: Results of FIRMA-Supported Trade Fair Attendance</b>					
<b>Trade Fair</b>	<b>FIRMA Cost</b>	<b>Sales Impact KM</b>	<b># Reporting</b>	<b># Attending</b>	<b>ROI</b>
European Aluminum Fair 2010- Essen, Germany	15,500	2,500,000	2	5	161.3
ZEPS Intermental 2010	21,850	211,000	4	7	9.7
Belgrade Furniture Fair Promotion Program	14,850	1,575,000	4	12	106.1
BH National Pavilion - IMM Cologne Fair	55,000	1,725,464	6	10	31.4
Interiors NEC Birmingham Fair 2011	17,600	1,050,000	4	7	59.7
GAST Fair 2011	63,910	3,075,000	6	12	48.1

*Table 13: Results of FIRMA-Supported Trade Fair Attendance*

Trade Fair	FIRMA Cost	Sales Impact KM	# Reporting	# Attending	ROI
INTERIO Fair 2011 WS Joint Exhibition and Promotion	87,605	2,257,842	6	12	25.8
High Point Spring Fair 2011	14,037	850,000	3	6	60.6
Exhibition of MP companies at Hannover Fair 2011	84,385	1,888,000	3	6	22.4
SEE Auto Compo 2011 Fair in Kragujevac	24,130	1,050,000	2	7	43.5
Fair ICFF New York	8,800	560,000	1	2	63.6
Automechanika Fair 2010-Frankfurt	28,700	825,000	4	8	28.7
High Point Market Week Fall Fair 2010	33,392	300,000	2	7	9.0
<b>Total</b>	<b>469,759</b>	<b>17,867,306</b>	<b>47</b>	<b>101</b>	<b>38.0</b>

The direct ROI of these activities (the ratio of sales impact to FIRMA investment) is 38.0 x – a remarkable result. Furthermore, the direct KM 17.9 million sales impact comes only from that directly reported by participants, who represented only about half of total attendees, so that the actual impact is significantly higher. This demonstrates that, as fully expected and as continually revealed in competitiveness strategy development, trade fair attendance is an essential channel for achieving business results impact that is highly efficient in terms of investment of project resources.

- PMIs: FIRMA’s approved PMP stipulates tracking of 17 PMIs – the USAID-Sida-approved “dashboard” of quantitative project results objectives. Table 16 below shows all PMIs and their status as of the end of Year 2. Indicators are based on activity evaluation reports from 840 participants and grant monitoring reports covering all 161 “parent” activities (235 including “children”) either completed or in progress.

Except for business finance indicators, FIRMA has surpassed all of its observable PMI targets for Year 2, most by substantial amounts. As noted above, sectoral business results targets for Year 1 were also surpassed, except for business finance growth. Actual sectoral business results for Year 2 will be available only in early 2012, when beneficiaries’ full-year financial results are available.

As for access to finance, FIRMA’s QBFC program, which got off the ground in early 2011, has already shown significant results, and will make a strong contribution toward achieving the interim target for sectoral business finance growth for full year 2011. Mobilization of DCA loans has been less than successful in terms of numbers of loans, though in amount (KM 1.05 million) the two loans placed in DCA at least represented a respectable share of the cumulative Year 2 target (KM 1.8 million). We will redouble efforts in Year 3, through the QBFC program, to mobilize DCA finance. Our access to finance program still envisages using DCA to stimulate the rollout of new working capital loan products by the participating banks. This is something we will also work on in Year 3.

- Return on Investment: FIRMA tracks ROI at the sector level and at the activity level.
  - *Sector level ROI* is the ratio of cumulative growth in sales of project beneficiaries, measured on an annual basis in the Baseline Survey, to cumulative FIRMA investment. Investment of project resources is total FIRMA expenses through the end of 2012 (\$4.0 million, or KM 5.6 million), allocated by estimate to the sectors.

The following table provides this calculation for the first full calendar year of the FIRMA project, 2010, for which actual sales increase results were available from the Baseline Survey carried out in early 2011:

<b>Sector</b>	<b>Sales Growth KM MM</b>	<b>Investment KM MM</b>	<b>ROI</b>
Wood	21.8	1.75	12.4
Metal	78.1	1.86	41.9
Tourism	7.8	2.03	3.9
<b>Total All Companies</b>	<b>107.7</b>	<b>5.64</b>	<b>19.1</b>

Looking at all respondent stakeholders, their total sales have grown by KM 108 million over this period, for an overall sector ROI for FIRMA of 19.1, versus the 14.2 target submitted in FIRMA's Performance Management Plan for the project as a whole, which would occur if the 50% total beneficiaries sales growth objective is achieved. Overall, then, this objective is also being achieved, though there are variances at the individual sector level that we believe will even out in time.

It must also be noted that these ROI results are minimums, because they are conservatively based only on the 191 companies which responded to the Baseline Survey questionnaire, with no extrapolation for nonrespondents. If all 400 stakeholders had responded, ROIs would have been significantly higher.

- *Activity Level ROI* is measured using FIRMA's Activity ROI model, which scores each activity based on its expected contribution to a range of FIRMA business-related objectives for beneficiaries, including (i) growth in sales, employment, and finance, (ii) obtaining formal standards and certifications required for exporting to EU and other global markets, (iii) certification of workforce skills, (iv) obtaining finance, and (v) achievement of cross-cutting gender and social inclusion objectives. An activity that produced maximum results in all of these categories would score 100 points in the Activity ROI model.<sup>†</sup>

ROIs are estimated by FIRMA staff prior to the approval of any activity, incorporating their expected results (we refer to this estimate as Ex Ante 1). Activity ROI is then re-estimated based on Activity Evaluation Forms completed by participants themselves at the completion of an activity, in which they record their expected results, with no input from FIRMA staff (Ex Ante 2). Subsequently, after a number of months, participants are again surveyed twice again to determine the actual results of the activity (Ex Post 1 & 2).

Through Year 2 there were 166 activities for which an Ex Ante 1 ROI was estimated by FIRMA staff, 50 activities for which an Ex Ante 2 ROI was calculated based on input from activity participants, and 23 activities for which an Ex Post 1 ROI was obtained from activity participants. These results are reported in the following table:

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<sup>†</sup> This is not yet a "true" ROI, because it does not "score" the value of the FIRMA investment in the activity – i.e. it measures the numerator (the return) only, rather than calculating a ratio with a denominator (the investment). This is something we intend to go back and correct after experience enabling us to "score" the investment in a way that is comparable to the "score" for the return.

Item	Ex Ante 1 (FIRMA)	Ex Ante 2 (Participants)	Ex Post 1 (Participants)
ROI Score	31.3	36.1	35.9
# Reports	166	50	23
Minimum / Maximum	11.0 / 62.0	15.5 / 75.5	16.5 / 61.0

Based on their completed evaluation forms at the start of activities (Ex Ante 2), participants expect somewhat better results on average, as well as a more positive minimum/maximum range, than FIRMA staff projected at the activity approval stage (Ex Ante 1). Based on a limited number of ex post reports reported by participants, actual return (Ex Post 1) is about equal to what participants expected ex ante.

The Activity ROI procedure remains a useful methodology to require consideration of all FIRMA project objectives in advance of investment in an activity. During Project Year 3, now with an adequate experience base in using the activity ROI model and procedure, we will begin to set minimum ROI hurdle scores for activities in order to qualify them for FIRMA grant fund support.

## 5. Progress versus Budget

Expenditure during Year 2 rose substantially relative to startup Year 1, as expected. Whereas Year 1 ran under the straight-line budget burn rate by 29%, Year 2 exceeded it by 19%. This left cumulative spending for the entire project through Year 2 still about 4% under budget.

The main reason for the above-budget performance in Year 2 was support activity expenditures – primarily grants and procurements. By the end of Year 2 these expenditures were cumulatively 42% over budget. This reflects FIRMA’s success in generating demand-driven technical assistance requests through its broad implementing partner network, and in strongly elevating FIRMA’s public profile through dedicated PR efforts. This issue / challenge is further discussed in Section 6 below.

*Staffing:* Total project employment at end Year 2 was 21 full-time and 8 part-time / STTA, consisting of 15 full-time and 6 part-time professional technical staff, and 5 full-time and 3 part-time general and administrative staff. The Year 2 organization chart is provided in Attachment 3 below. As of early Year 3, full-time staff is scheduled to decline by two persons, with part-time staff unchanged.

## 6. Significant Project Issues and Challenges

While FIRMA is generally exceeding its contractual objectives, and we expect continued success, in this section we highlight challenges that we face at the end of Year 2 in project implementation.

- **Grant fund budgetary pressure:** Due primarily to FIRMA’s success in building a wide implementing partner network, and in encouraging activity initiation through this network, the demands on FIRMA’s grant fund have progressed at a high rate. These demand-driven funded activities have produced FIRMA’s positive results and have gained substantial media attention for USAID-Sida’s contributions through FIRMA to economic development in BiH. As discussed above, most of the grant fund has now been committed, though a little less than half is actually disbursed. Additional funding for

FIRMA grants is needed in order to maintain momentum, and justified given the highly effective use of these funds to date.

- Exchange rate depreciation budgetary impact. FIRMA's grant fund has also been unexpectedly depleted by depreciation of the USD relative to the BAM/\$ exchange rate, directed by the RCO in 2009, which was the basis for our approved cost proposal. This difference has cost the grant fund approximately KM 420,000 in availability for activity support. Furthermore, given that almost half of non-activity expenses (labor and operating costs) are KM-denominated, an additional KM 630,000 in budgetary availability has been lost, which could otherwise have been shifted to activity support. In all, then, over KM 1 million has so far been lost to the project due to USD depreciation.
- Budgetary impact of FIRMA initiatives. FIRMA's larger, thematic initiatives (in access to finance, gender/inclusion, innovation, producer sales agencies, lead firms in value chains, EU certification, workforce, foreign investment promotion), while all relevant to contractual objectives, are broader, more innovative, and more ambitious than anticipated in the original contract. These have consumed funds but are all worth continuing. However, we simply do not have the funding to support the systematic development of these valuable initiatives in a systematic way. (For example, in the FIRMA Innovation Initiative, developing a process whereby we connect service providers, companies, and technology centers and fund certain innovation support projects.) Without additional funding these initiatives will have to be curtailed, even though FIRMA is in fact best positioned to execute them.
- Improvement of relationship with VCFs. While the relationship between FIRMA and its implementing partners is generally good, as indicated by our recent survey, further efforts to improve lines of communication, collaborate with, and implement through the VCF network is needed. In some cases, where despite our efforts original FIRMA Consortium relationships have not or do not work out as planned, members may need to be dropped and possibly replaced with new more productive partners. There is at least one VCF presently that could end up in this category.
- Widening fair participation: The participation of FIRMA beneficiaries in trade fairs needs to be widened, as the cost share of those who have regularly attended is increased. FIRMA support for trade fair attendance for companies that have attended two or more trade fairs will be phased out, while FIRMA will develop a program to support companies that are not yet ready to exhibit their products. This will include support for product design, productivity improvement and innovation development. This will widen the number of companies benefitting from trade fair attendance. FIRMA will also deepen market analysis to ensure that trade fair attendance, which is expensive, is selective and effective.
- Tourism sector limitations. Under the CCA project, some of the headline activities were in tourism, because we had the budgetary availability to spend substantial sums on such high-profile things as the Enjoy Life videos, the award-winning tourism trade show stand, and attendance at the World Tourism Market trade fair in London. After CCA had demonstrated effectiveness, it was expected that government tourism-related support would continue these big budget items and others (road infrastructure to access sites, etc.), so that FIRMA's more constrained budget could be devoted to supportive tourism product improvement activities. However, despite FIRMA's best efforts (reviving the Tourism Working Group), as well as a new EU project devoted solely to building state-level institutional support for tourism, BiH political difficulties and bureaucratic inertia / special interests have prevented the consolidated budgetary support needed. (For example, BiH has not attended WTM since CCA supported it in 2007.) This serious

problem limits the impact of FIRMA's support for BiH tourism broadly. We are seeking to exploit relationships with government levels that have been receptive, such as the City of Sarajevo, and this has promise since Sarajevo is the primary foreign tourist destination.

- Construction elements and tools value chain. This value chain, within the metal sector, remains weakly defined and our impact there has been less than effective. There are many different types of products within it, which has meant that it was difficult for us to identify what type of support the companies need – which markets, which shows, what types of product to develop. We are re-assessing this value chain and expect to further breaking it down into subgroups, on the basis of which we can better design support activities, or, if impact is judged to be limited, divert support elsewhere.

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*This concludes the narrative section of our Annual Report. Supporting detail is provided in the following attachment exhibits and tables.*

Attachment 1: **Performance Management Indicators**

All PMIs in the approved FIRMA Performance Management Plan are reported below. Yr2 Actuals reported through Project Q8 / full Project Y2. Indicators are based on activity evaluation reports from 840 participants and grant monitoring reports covering 161 “parent” activities (235 including “children”) either completed or in progress.

Table 16: Performance Management Indicators													
Work Area	Indicatr Type	Indicator Number	Performance Indicator	Contr Req*	Unit**	Target (Cumulative)						Data Source	
						Yr1		Yr2		Yr3	Yr4		Yr5
						Tgt	Act	Tgt	Act				
Competitive-ness	F	101	Firms with improved management practices as a result of USG assistance	X	number	65	11	190	417	315	440	565	Activities
	F	102	Firms receiving USG assistance that obtain certification for international standards			20	22	40	194	60	80	100	
	F	103	Exports of firms receiving USG assistance to increase their exports	X	increase	10%	13%	25%	n.a.	35%	45%	60%	Baseline Surveys***
	Custom	104.1	Private financing mobilized with a DCA guarantee - Number of Loans		number	12	0	18	2	32	45	60	Activities
	F	104.2	Private financing mobilized with a DCA guarantee - Amount	X	amount MM \$	1.2	0	1.8	1.05	3.2	4.5	6.0	
	Custom	105	Aggregate economic scale of beneficiaries	X	beneficiaries sales / % total sector sales	20%	24-30%	30%	n.a.	40%	40%	40%	Baseline Surveys***
	Custom	106	Sales of project beneficiaries	X		5%	9%	15%	n.a.	30%	40%	50%	
	Custom	107	Employment of project beneficiaries	X	increase	3%	5%	10%	n.a.	21%	28%	35%	
	Custom	108	Business finance to project beneficiaries	X		6%	2.4%	12%	n.a.	24%	32%	405	
	F	109	Firms receiving USG assistance that obtain EU-aligned standards or certifications		number	10	>	30	189	50	85	100	Activities
Workforce Development	F	201	Persons completing USG-funded workforce development programs		number / age	225	359	750	1,212	1,275	1,800	2,325	Activities
	F	202	Persons gaining employment or better employment as a result of participation in USG-funded workforce development programs	X		150	125	350	728	550	750	950	

Table 16: Performance Management Indicators

Work Area	Indicator Type	Indicator Number	Performance Indicator	Contr Req*	Unit**	Target (Cumulative)					Data Source		
						Yr1		Yr2		Yr3		Yr4	Yr5
						Tgt	Act	Tgt	Act				
	Custom	203	Persons participating in FIRMA-supported WfD programs from disadvantaged / excluded groups			50	>	100	438	150	200	250	
Gender / Inclusion	Custom	301	Women-led businesses in the 3 FIRMA focus sectors		# / increase	#/0%	43	#/3%	121/181%	#/5%	#/7%	#/10%	Activities
	Custom	302	FIRMA beneficiary SMEs employing the socially / economically excluded		#/ share	#/ 3%	n.a. ++	#/5%	123	#/8%	#/10%	#/12%	
Business Environ-ment	F	401	Policy, legal, and regulatory changes adopted in connection with USG assistance		number	track	0	>>	8 <sup>+</sup>	>>	>>	>>	Activities
Sustainabili-ty	Custom	501	Implementing partners fully capable of taking over FIRMA functions and financially sustainable		number	1	2	2	2	5	6	7	Indepen-ent Assess-ment

\* X = indicator required by contract      \*\* All data disaggregated by gender whenever meaningful      \*\*\* Reported results of FIRMA stakeholders responding to Baseline Survey carried out in early 2011, covering full-year financial results for 2010. Yr2 results will be available from Baseline Survey to be carried out in early 2012, when full-year financial results for 2011 are available.    + See text    ++ Not captured in initial baseline survey.

## Attachment 2: Collaborating Implementers Activities Funding

Table 17: FIRMA Collaborating Implementers and Leveraged Funding		
Institution	FIRMA Activities	Complementary Funding KM
Federal Ministry of Environment and Tourism	<ul style="list-style-type: none"> <li>BH border crossing tourism promotion campaign</li> <li>Gastro Tourism Guidebook Herzegovina</li> <li>Herzegovina Promotion in Scandinavian Market</li> </ul>	33,090
Foreign Trade Chamber, BiH	<ul style="list-style-type: none"> <li>Improvement of BiH International Fairs</li> <li>Conference on Gender Mainstreaming</li> <li>BH National Pavilion - IMM Cologne Fair</li> <li>High Point Market Week Fall Fair 2010</li> <li>Fourth Joint Annual B&amp;H Forestry Conference</li> <li>Interiors NEC Birmingham Fair 2011</li> <li>GAST Fair 2011</li> <li>WEB Portal – Wood Sector</li> <li>FTC workshops on EU Standards and Training of Trainers by TUV Academy</li> <li>Performance Improvement Plan Standard Prnjavor</li> <li>UK Furniture Export Marketing Program and PSA</li> </ul>	167,333
Grad Sarajevo	<ul style="list-style-type: none"> <li>Candidacy Process for Winter European Youth Festival 2015</li> <li>NEXPO Fair 2011</li> <li>Don't Miss (Inside) Magazine</li> <li>Sarajevo City Hall - Tourism Attraction Exhibition</li> </ul>	207,340
MTTC	<ul style="list-style-type: none"> <li>Education and Certification in Operating CAD-CAM Integration</li> <li>High school teacher training in Solid Works</li> </ul>	20,290
Muzički centar Pavarotti	<ul style="list-style-type: none"> <li>9th Mostar Blues Festival</li> </ul>	61,590
Outdoor Association	<ul style="list-style-type: none"> <li>US Tourism Market Entry</li> </ul>	15,000
PREDA	<ul style="list-style-type: none"> <li>Conference: Innovations in SME development</li> </ul>	21,060
Sajam Split	<ul style="list-style-type: none"> <li>SASO 2010 Fair</li> <li>GAST Fair 2011</li> </ul>	28,150
SIPPO	<ul style="list-style-type: none"> <li>BH National Pavilion - IMM Cologne Fair 2011</li> <li>International Sales Manager Training</li> </ul>	75,810
Una-Sana Canton Government	<ul style="list-style-type: none"> <li>Trade / Quality Certification Fund</li> </ul>	48,000
Republika Srpska Government	<ul style="list-style-type: none"> <li>Trade / Quality Certification Fund</li> </ul>	40,000
UNDP	<ul style="list-style-type: none"> <li>Don't Miss (Inside) Magazine - Promotion of Sarajevo and Herzegovina</li> </ul>	170,000

<b>Table 17: FIRMA Collaborating Implementers and Leveraged Funding</b>		
<b>Institution</b>	<b>FIRMA Activities</b>	<b>Complementary Funding KM</b>
Urbing doo	<ul style="list-style-type: none"> <li>• Sarajevo City Hall - Tourism Attraction Exhibition</li> </ul>	287,680
REDAH	<ul style="list-style-type: none"> <li>• Sommeliers Course in Herzegovina</li> <li>• Gastro Tourism Guidebook Herzegovina</li> <li>• Qualified Technical Consultants</li> <li>• Herzegovina Branding Process</li> </ul>	39,150
REZ	<ul style="list-style-type: none"> <li>• CAD/CAM Info Workshop</li> <li>• CAD/CAM Training</li> <li>• SASO 2010 Fair</li> <li>• Intense Business English Course for SMEs</li> <li>• CE Mark - Info Workshop</li> <li>• GAST Fair 2011</li> <li>• Performance Improvement Plan FIS Vitez</li> </ul>	64,700
Sarajevo Navigator	<ul style="list-style-type: none"> <li>• City-break and Outdoor Presentation at Sarajevo Tourism Fair</li> <li>• Strengthening SA Navigator's Capacities to Serve the Industry</li> <li>• Annual Overview of Sarajevo City-break offer</li> <li>• NEXPO Fair 2011 - Sarajevo Tourism Presentation</li> </ul>	60,040
Zona unapređenog poslovanja Bašćaršija	<ul style="list-style-type: none"> <li>• Support to expanding activities of ZUP Bašćaršija</li> <li>• Pilot Certification and Promotion of Bašćaršija handicrafts</li> </ul>	52,620
Ženski Centar Trebinje	<ul style="list-style-type: none"> <li>• Trebinje Medieval Market Tourism Product</li> </ul>	41,050
EducAid	<ul style="list-style-type: none"> <li>• Fontana Hotel Assistance</li> </ul>	250,000
Privredna Komora RS	<ul style="list-style-type: none"> <li>• Belgrade Furniture Fair Promotion Program</li> <li>• Trade Certification Program - USK and RS WP Companies</li> <li>• Performance Improvement Plan Standard Prnjavor</li> <li>• Performance Improvement Plan Nova Forma Samac</li> <li>• USK Wood sector promotion program</li> <li>• Performance Improvement Plan – Nova DI Vrbas</li> </ul>	41,090
<b>22 Collaborating Institutions</b>	<b>56 Activities</b>	<b>1,723,993 KM</b>

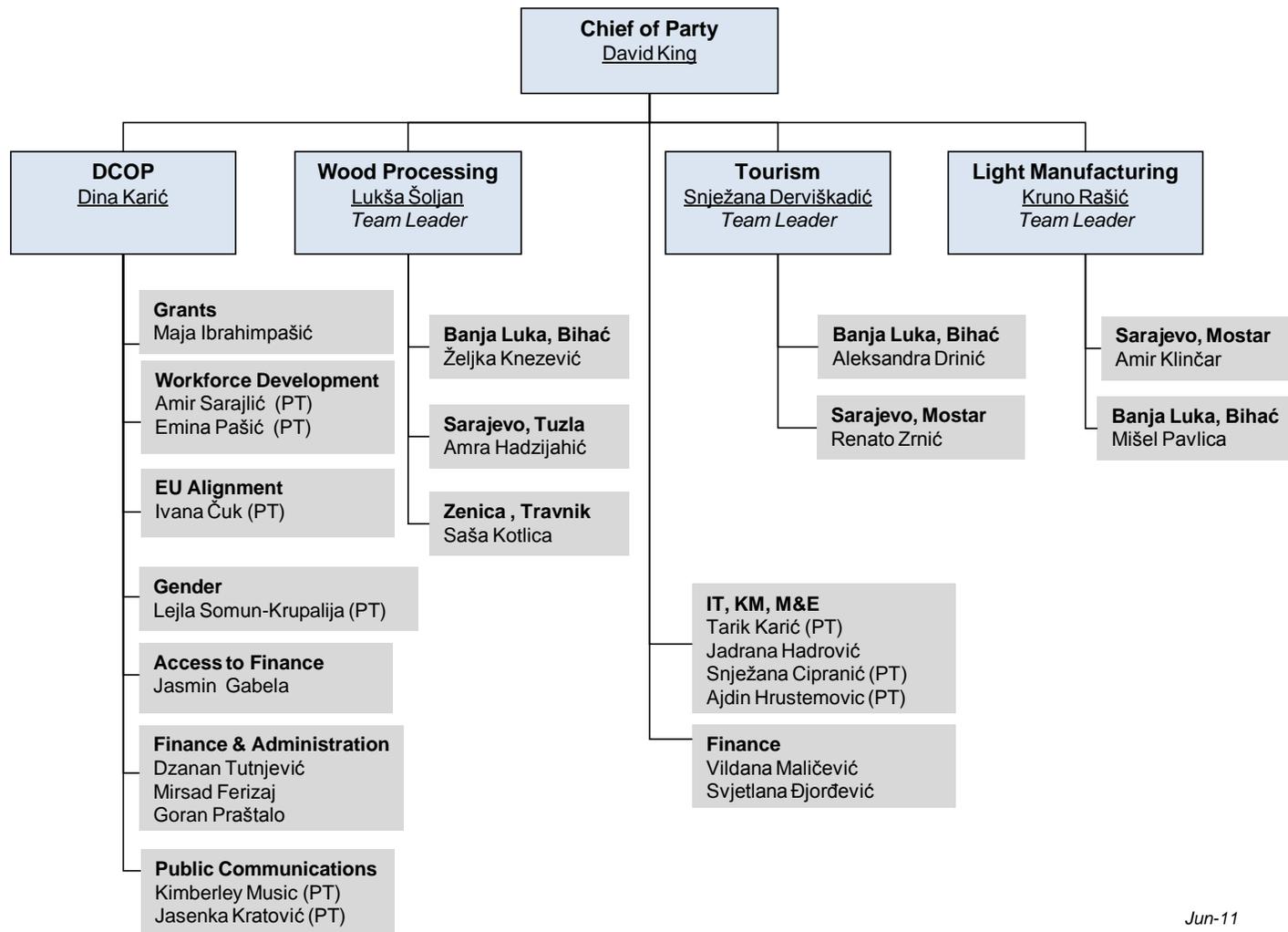
Attachment 3: **Project Documentary Outputs**

FIRMA prepared 23 significant assessments and reports in Year 2:

<i>Table 18: FIRMA Documents &amp; Reports – Year 2</i>	
<b>Document</b>	<b>Date</b>
1. Progress Reports – Q5,Q6,Q7 and Yr2*	Quarterly
2. Year 2 Work plan	2-Oct-10
3. Gastro Tourism Guidebook Herzegovina	28-Apr-11
4. Benchmarking Report 2011 – Wood and Metal Sectors	07-Jul-011
5. Technical Standards Manual	10-Sept-10
6. The state of laboratories in Bosnia and Herzegovina	12-Oct-10
7. Sawlog Market Assessment Bosnia and Herzegovina	4-April-11
8. FIRMA Baseline Survey 2011 Report	13-Apr-11
9. ISO, FSC, HACCP seminar material	7-May-11
10. CE mark seminar material	7-May-11
11. Innovation - ED Center Survey results for wood and metal industry	29-Oct-10
12. Promoting Sarajevo Candidacy EYOWF Katalog	21-Oct-10
13. CAD/CAM training – training material and Curriculum	1-Oct-2010
14. Obstacles to increasing leasing financing for SMEs	1-Aug-2011
15. Credit Information Report	1-Mar-2011
16. Bosnia and Herzegovina in The US Tourism Market – The Way Forward	1-Feb-2011
17. Herzegovian Gastro Tourism Assessment	1-Jan-2011
18. Destination Sarajevo – annual overview of Sarajevo offer brochure	1-Jun-2011
19. NEXPO – Sarajevo Tourism Investment Opportunities - brochure	1-Mar-2011
20. BiH Filming Location Guide	1-Jul-2011

<i>Table 18: FIRMA Documents &amp; Reports – Year 2</i>	
Document	Date
21. Dont't Miss Magazine - Sarajevo	1-Jul-2011
22. Trebinje Brochure	1-Jun-2011
23. Una Pounje Monography	1-Jun-2011
24. Inspiration Herzegovina Magazine	1-May-2011
25. Sarajevo City Hall Revisited	1-Jul-2011
26. Life Guyide Training Manuals	1-May-2011
27. Jajce – Sipovo Eko Pliva Brochure	1-Jan-2011
28. Brave Enough Brand Identity Guide	1-Jul-2011
29. Brave Enough – Bosnia and Herzegovina brochure	1-Jul-2011
30. Success Story: <u>BiH Firms Promote Local Automotive and Aluminum Industries in Germany</u>	30-Sep-10
31. Success story: <u>High Point Visit Opens Doors for BiH Furniture Firms to Enter US Market</u>	17-Oct-10
32. Success story: <u>Six BiH Firms Obtain Loans Thanks to FIRMA's New QBFC Program</u>	1-Nov-10
33. Success story: <u>Exhibition in Cologne Opens New Business Opportunities for BiH Furniture Makers</u>	28-Jan-11
34. Success story: <u>BH Furniture Firms Gain New Foothold in UK Market at Birmingham Fair</u>	02-Feb-11
35. Success story: <u>BiH Metal Companies Anticipate Increased Sales After Exhibition at Hannover Messe Fair</u>	19-Apr-11
36. Success story: <u>Inox Ajanović to Sign Contract With Prominent British Manufacturer of Luxury Automobiles</u>	27-Apr-11
37. Success story: <u>Scontoprom: The Result of One Woman's Vision, Persistence and Courage</u>	13-May-11

Attachment 5: FIRMA Work Organization – Year 2



Jun-11

The following attachments are delivered in separate files:

Attachment 6: **Progress vs. Workplan – Year 2 Final**

Attachment 7: **Strategic Obstacles and Actions Update – Beginning Year 3**

Attachment 8: **Year 3 Workplan**