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ALBANIAN ENTERPRISE DEVELOPMENT & EXPORT MARKET SERVICES



USAID
FROM THE AMERICAN PEOPLE

Albania Enterprise Development & Export Market Services

(EDEM)

QUARTERLY REPORT

For the period

1 January 2005 through 31 March 2005

Prepared by

Development Alternatives, Inc.

For

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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TABLE OF CONTENTS

SECTION	PAGE No.
A. Activity Summary	3
Highlights	3
Economic Growth SO Indicators	5
B. Business Assistance Activities	
Meat Processing	6
Herbs/Spices	12
Leather Goods / Shoe Production	16
Other Companies	21
Specialty Tourism	23
C. SME Development	28
D. Business Environment	29
E. Communications	31
F. Administration	33

Albania Enterprise Development & Export Market Services

EDEM

This Quarterly Report covers the period from 1 January 2005 through 31 March 2005.

EDEM is expected to contribute to USAID/Albania's Economic Growth Strategic Objective, Growth of Self-Sustaining Private Enterprises (SO 1.3), and the following Intermediate Results:**

- IR # 1 – Competitiveness Capacity of Assisted Enterprises Strengthened;
- IR # 2 – Access to Assisted Enterprises to Credit Increased; and
- IR # 3 – Competitive Business Environment Improved.

** Please note, the SO and IR's were revised in the fall of 2004 and differ from the SO and IR's identified in the DAI/EDEM contract.

In addition, EDEM is expected to contribute to USAID/Albania's SO # 2.1 – Increased Involvement of Civil Society in Economic and Political Decision-Making – and its IR # 1 – Increased Citizen Participation in Public Discussion on Key Government Issues, as well as link with IR # 3.2 – Public Advocacy Against Corruption Strengthened.

A. ACTIVITY SUMMARY

Activities during this reporting period continued to focus in two major areas:

- the project has concentrated its efforts on implementing the transition from reliance on a cluster approach to support development of Albania's private sector competitiveness to an approach with a more intense firm level assistance involvement.
- EDEM continued to identify firms to whom EDEM will provide firm level assistance including: developing individual business profiles, assessing assistance needs and developing 'action plans' for the delivery of assistance.

Highlights

- A significant result of EDEM support to the meat processing industry has been a growing number of business linkages between Albanian meat producers and meat processing companies and between the processors themselves. EDEM activities in 2004 provided fertile ground for business-to-business meeting during

which discussions have led to the development of a series of cooperative efforts.

- As a result of efforts to establish a training program that will provide a continuing supply of qualified footwear specialists, initiated between the industry and the National Labor Agency and the Professional Education Department, the Filanto Company has agreed to hire 26 previously unemployed people in the Shijak area.
- Nine Albanian herbs and spices businesses along with representatives of GOA agencies participated in a study tour to Germany. The study tour offered the opportunity for the businesses to take part in a major exhibition in Berlin, meeting with selected importers and brokers as well as visits to equipment manufacturers and suppliers. The businesses were exposed to the current international market trends and developments, were provided with insights on the wide range of products supplied in the market, final quality of products, packaging requirements and standards, bio-certification, and technology upgrade.
- A group of 12 individuals participated in a USAID sponsored market/study tour to the ITB Tourism Fair in Berlin. The group was exceptionally successful in making business contacts and establishing positive media relations. A number of international tour operators expressed interest in coming to Albania for a FAM trip, including Abercrombie and Kent one of the most renowned operators, as did a number of international media outlets. FAM trips for both are being programmed for May of this year.
- The first (with fees paid by the participants) leadership training was given by trainers trained by EDEM on February 8 to 11. Representatives from 12 companies representing a wide variety of industries participated in the training. Several of the participants, who were owners and top managers of privately owned companies, were so impressed with the training that they started to make arrangements for the participation of members of their staff in subsequent seminars or for the seminar to be given to their staffs.
- IDRA prepared a document titled “*Some Comments and Suggestions for the Anti Corruption Matrix 2004-2005*”. The comments and suggestions, directed at improving the government’s draft action plan for fighting corruption, were accepted by the Anti-Corruption Unit in the Council of Ministers and incorporated in the plan’s final version.
- On behalf of USAID and the EDEM project, IDRA published the new Tax Guide 2005. The guide is a comprehensive guide for Albanian business on Albania’s 2005 tax system. The guide includes the explanation for the changes of the new fiscal package which were passed by Parliament. The guide will support improvement in the environment by encouraging more transparency in business operations.

- The second issue of the EDEM Newsletter reporting on the activities that EDEM is involved with was produced and published in February. Five hundred copies were delivered electronically and via hard copy to the Albanian business community, members of EDEM supported industries, donor projects in the field of development, BSP's, and the public.

Collaboration

Central to EDEM's support of Albania's SME community is building off and leveraging the assistance efforts of other USAID funded projects, other donor organizations, NGO's, as well as the programs of government agencies. EDEM has continued to foster strong relationships with the donor community so that appropriate resources can be marshaled to address the business community's priority needs. During this past Quarter, EDEM continued to meet on a regular basis with key assistance providers such as the Small Business Credit and Assistance Project, the Participant Training Program (World Learning), Livestock and Service Centers (Land O'Lakes), ACIT, Land O'Lakes, GTZ, and IFC-SEED. These discussions were held to investigate and implement opportunities for the various programs to work together, to update the others on latest EDEM developments, and to keep EDEM informed regarding the capability of the different programs to assist the industries/businesses that EDEM is assisting in addressing their issues and obstacles.

While all USAID contractors involved with supporting the development of the SME community are making attempts to coordinate and collaborate on overlapping activities, there are, on occasion, times when efforts are not working smoothly. Most often these occurrences seem to result from a lack of communication. USAID/Albania has recently instituted regular meetings between the Economic Growth Strategy partners, which hopefully will increase the communication opportunities and reduce the instances where the projects are not fully being coordinated to the benefit of their clients.

EDEM's Contribution to USAID/Albania's Strategic Objective 1.3

The following table is intended to give USAID and other report readers, a quick overview of EDEM's progress in supporting USAID/Albania's Strategic Objective 1.3. It is not all inclusive of the results obtained by EDEM activities. This is an interim report and includes only firms that are currently being actively assisted. A complete reporting, including the results from all firms assisted, will be given at the end of each reporting year.

Indicator	Baseline 2003	Jan. – Mar. 2005	Total through 3/31/05	Life of Project Target
S.O. 1 Number of self-sustaining private enterprises benefiting directly from USAID assistance.	NA	4	53	87
S.O. 2 Number of private enterprises benefiting indirectly from USAID assistance.	NA	24	596	942

S.O. 3 Value (in Leke) of sales of Albanian products and services in domestic markets by USAID-assisted enterprises.	1,781.8	472.7	3,098.9	8,116.2
S.O. 4 Value (in Leke) of target Albanian products and services exported by USAID-assisted enterprises.	110.6	63.9	363.8	1,349.9
I.R. 1.1 Number of assisted enterprises with increased productivity and/or improved quality of products or services.	NA	5	26	52
I.R. 1.2 Number of assisted enterprises that implement a marketing strategy for their products and/or services.	NA	5	16	38
I.R. 2.1 Number of loans to assisted enterprises from commercial banks.	NA		4	24
I.R. 2.2 Number of loans to assisted enterprises from non-bank sources.	NA	5	17	29
I.R. 2.3 Value of loans to assisted enterprises from commercial banks.	NA		34	145.0
I.R. 2.4 Value of loans to assisted enterprises from non-bank sources.	NA	22.9	66.6	101.0

Employment Opportunities

Indicator	Jan – Mar 2005	Total through 3/31/2005	Life of Project
Number of Employees of assisted enterprises F- female, M- male, T- total	F 41 M 68 T 109	F 403 M 343 T 746	F 1470 M 1030 T 2500

B. BUSINESS ASSISTANCE ACTIVITIES

This Quarterly Report will continue the EDEM's project transition from reporting on 'cluster' activities to work with industry groups and individual firms. Within the industry groups, there are still activities that apply industry wide and do involve industry support and service organizations. However, the majority of EDEM's efforts are being directed at strengthening individual firms with the goal that as they grow, the need for cluster activities will become more apparent and industry firms will naturally evolve towards cluster formation.

Meat Processing

Industry Development Summary:

EDEM's assistance to the meat processing industry during this Quarter shifted significantly towards firm level support. Five companies are receiving ongoing assistance through EDEM's collaboration with the Land O'Lakes Livestock Services Project. Support includes development of business strategies, improvement in marketing and production standards, introduction of quality management and securing financing. Two other meat production companies are supported solely by EDEM. Efforts for these companies have focused on improving production

standards and securing new markets. In addition, EDEM has been instrumental in linking a meat processing equipment supplier with meat processors so that they can access the most advanced technologies, which has the potential to make the industry more competitive, both domestically and in export markets.

Closure of the 2004 financial books for meat processing companies occurred at the end of this March. It is not possible to precisely separate out the past quarter's results from the whole of 2004, the results shown by the companies are exceptionally encouraging. Progress during this past year included major sales increase, higher employment, new markets and production, and increase in production capacities. Sales increase for the seven meat processing companies supported by EDEM ranged from 8% to 20 %, with a total of 90 new employees, and 10 – 15 new products per each company. One meat producer has recently begun to export one-day old chicks to Kosovo. It is expected that four of the EDEM-assisted companies will begin to export to Kosovo during the coming months. Three of the leading meat processing companies are looking to EDEM for support on meeting HACCP food safety standards and qualifying for ISO 9001 quality certification.

Firm Level Assistance:

TONA CO

- In collaboration with LSC, EDEM is delivering intensive business development support to the Korca-based TONA CO. The company is diversifying its product line by launching the first domestically produced canned meat products. To support this new product, 10 new employees are being hired. Four new canned meat products will be launched in April to markets throughout Albania.
- EDEM, with Land O' Lakes, completed a market survey of canned meat that included 103 markets in the Tirana and Durres regions. The research provided TONA CO with current sales, prices, characteristics of existing products and brands, and the opinion of customers and salespersons. The research report was provided to the company and used as a base for launching the new products. EDEM is continuing to support the company by assisting its effort to develop promotional materials including a flyer and poster to be displayed in markets carrying TONA products. In addition, EDEM is providing key assistance to support a public launch ceremony to be organized in May.
- EDEM is working with the company's management to develop and implement a three year business strategy to guide and ensure sustainable growth. The company's vision, goals and objectives for the next three year are directed at increasing annual sales by 10% by increasing market presence and meeting international food safety standards. To support implementation of the strategy, EDEM assisted the company management in creating a new Marketing Director position, drafting a position description, and hiring an individual to fill the position. Marketing for the company had previously been carried out on a part time basis by the company owners.

- During the coming quarter, EDEM will support TONA in developing quality management systems according to ISO standards, targeting new markets in Albania, improving its marketing information systems and distribution, and developing additional promotional materials.

MEAT MASTER

- EDEM and the LSC team provided the new company manager with a number of marketing ideas that if implemented have the potential to significantly increase company sales. One of the first steps involved in supporting the company's marketing efforts was connecting the company with fast food outlets in Tirana. The results of the initial efforts will be evaluated in April. A follow up activity will be connecting Meat Master with Tirana restaurants and supermarkets. Included among the ideas was advice on developing a media plan that would broadly distribute information about the company's products
- With assistance from EDEM, Meat Master is undertaking efforts to receive HACCP and ISO 9001 certifications. These certifications will significantly assist the company as it continues efforts to target and expand into export markets. The company is also in the process of establishing a solid quality management system and meeting GMP standards

BARDHI

- The Bardhi company is currently making large investments to improve its production capabilities in order to reach GMP standards, introduce new, technologically updated machinery, open factory outlets and build new facility that will accommodate its expanding business. By June 2005, with assistance from EDEM, the company will organize a public ceremony for inaugurating its new investments and publicly announcing its receiving an ADAMA Seal of Quality for several of its products.
- In addition to current investments, Bardhi is seeking a new loan from local banks to finance new vacuum packaging machinery, obtain increased working capital and complete its new facilities. EDEM is advising the company regarding its financial management, business plan developments and is supporting its efforts in approaching local banks.

ROZAFI KACI

- The Shkodra-based Rozafa Kaci Company, with EDEM assistance, developed a full line of promotional materials for its participation in the ADAMA sponsored Seal of Quality trade fair in November 2004. As a result of its participation, the company has been very successful in early 2005 in expanding its market presence in Tirana by breaking into high end retail chains. The promotional materials prepared by EDEM are placed in every outlet where company is selling.

- EDEM is working closely with the company management to develop an overall business strategy. The strategy will focus on market expansion, new product development, introduction of GMP standards, and continued participation in ADAMA's Seal of Quality program. EDEM is providing the company with information on market opportunities in Kosovo, distribution and retail contacts, and trade fairs.

EKSPRES

- EDEM and LSC are supporting Ekspres' efforts to improve its marketing and production standards. Through one-to-one meetings, EDEM is advising the company on approaches to improving its product distribution process across Albania. The company is selling through 40 local distributors but the retail outlets used by the distributors and the prices charged were not known by managers. Following EDEM advice, Ekspres is now undertaking a campaign to develop its own distribution network, cutting out the middle man and will supplying direct to its retail customers. EDEM also assisted the company design a new leaflet showing that more appropriately described the company line of new products.

ENZY –ABDUA

- Through partnership between ENZY food processing company and ABDUA company a hatchery poultry farm has been established near Kavaja. The joint operation is producing one-day old broiler chicks and has started to supply several Albanian chicken producers. EDEM is providing marketing information focused on Kosovo export opportunities where there is an undeveloped poultry market. To take advantage of opportunities, EDEM accompanied a group of Kosovar poultry producers to the Kavaja facility and assisted in discussions between the parties. Abdua has established a relationship with Agraria Commerce in Kosovo and exported two batches of one-day old chicks.
- EDEM has produced for the company a series of written recommendations to improve hygiene standards and production efficiency. The majority of recommendations focused on biological safety and the handling of eggs in the hatching process. The company readily adopted the recommendations. EDEM also shared Kosovo retail and distribution information to ABDUA Company to promote its own Halal products.

ALBIDEA

- ALBIDEA is one of Albania's few fresh meat producers. The company sells its fresh meat through franchised shops and to other meat processors. During regular meetings EDEM has provided advice to the company on animal feed improvements and reviewed their franchised system compared to alternative markets. With facilitation from EDEM, the company's newly hired marketing assistant took part in an intensive two day HACCP training delivered by the Albanian Institute of Quality. EDEM is also supporting the ALBIDEA company's efforts to obtain ISO certification.

MULTIVAC

- Multivac is a high caliber German supplier of vacuum packaging equipment. Individual meat processing companies have often visited the Multivac exhibition at European trade fairs and have showed great interest in Multivac developing an Albanian presence. Multivac was first introduced to the overall Albanian meat processing industry at the Specialty Meat Product mini-fair organized by EDEM in July 2004.
- EDEM surveyed the meat processors and developed a list of machinery specifications the companies were looking for. This information along with a list of company contacts was supplied to Multivac for follow-up. As the Albanian companies are able to install technologically up-to-date vacuum packaging machinery they will be able to significantly enrich their product portfolio and improve product shelf life, enabling them to be more competitive both domestically and in export markets.
- During this Quarter Multivac installed a 70 000 euro vacuum packaging machine at Fix meat processing in Korca. Companies like Tona Co and Bardhi are finalizing purchasing orders. Multivac is expected to open a new office in Durres and hire 2 technicians to assist clients.

Business Linkages:

- A significant result of EDEM activities has been a growing number of business linkages between Albanian meat producers and meat processing companies and between the processors themselves. EDEM activities in 2004 provided fertile ground for business-to-business meeting during which discussions have led to the development of a series of cooperative efforts. Business linkages that have developed over the past year include:

Albidea and EHW	-	Supply of Albidea fresh meat for processing;
Albidea and Ekspres	-	Supply of Albidea fresh meat for processing;
Albidea and Driza	-	Produce of Albidea chickens on Driza farm;
Ekspres and Piervis	-	Selling meat processing products in Tirana and Berat;
Bardhi and Driza	-	Driza chicken distributed via Bardhi's network in Tirana;
Meat Master and Driza	-	Driza chicken distributed by Meat Master in Shkodra; and
Tona Co and Rozafa	-	Tona's new canned meat products distributed by Rozafa in northern Albania.

Summary of Quarter's major activities:

Company	Town	Technical Assistance	Results
TONA CO	Korca	<ul style="list-style-type: none"> - business strategy; - market research canned products; - promotional materials; - launching ceremony; - marketing director - hiring and job description support. 	<ul style="list-style-type: none"> - 10 %annual sales growth; - additional employment; - expected \$6,000/mo. sales of new canned products; - improved company image; - improved distribution efficiency / new markets.
MEAT MASTER	Shkodra	<ul style="list-style-type: none"> - media plan; - improved marketing / target new markets. 	<ul style="list-style-type: none"> - improved company image; - expected sales increase.
BARDHI	Tirana	<ul style="list-style-type: none"> - securing loan; - financing strategy. 	<ul style="list-style-type: none"> - increased investment; - added employment.
ROZAFI KACI	Shkodra	<ul style="list-style-type: none"> - develop business strategy; - target Kosovo market. 	<ul style="list-style-type: none"> -sales growth of 15%; - additional employment; - new markets opened; - expected export increase.
ENZY-ABDUA	Kavaja	<ul style="list-style-type: none"> - recommendation on improving bio-safety hygiene and production efficiency; - provide new business contacts and Kosovo market information. 	<ul style="list-style-type: none"> - improve production rate/sales and exports; - expected exports to Kosovo.
MULTIVAC Albania	Durres	<ul style="list-style-type: none"> - support with industry information; - business contacts; - machinery specifications in Albania. 	<ul style="list-style-type: none"> - new technologies introduced; - processors develop new products.

Herbs and Spices

During the quarter, EDEM continued to provide technical assistance to the aromatic and medicinal herbs producer and exporters at both the industry and individual company level. The market learning efforts and assistance to companies in establishing trade links with prospective European and US buyers included participation of several Albanian businesses in a study tour to Germany, contacting US and European buyers by FFF Associates, and continuous efforts in facilitating communication between new and existing buyers offered. Heavy emphasis was placed in assisting the companies develop marketing plans, pursuing new product development and facilitating repositioning of the companies to respond to the market needs in terms of product type, product quality and organic certification.

The assistance resulted in four companies developing marketing plans, three companies developing new consumer products, six companies developing appropriate promotional material as a marketing tool, and three companies investing in processing equipment to increase quality.

At the onset of the 2005 production season, EDEM will continue to offer technical assistance to selected companies exerting the initiative to increase their competitiveness by diversifying into value added products. In addition, EDEM will continue offering assistance at the industry level by facilitating business linkages and information sharing on issues pertaining to the industry as a whole.

Industry Level Assistance

Germany Study Tour January 22-29, 2005

Nine Albanian herbs and spices businesses and representatives of GOA agencies participated in a study tour in Germany. The study tour concept was developed by EDEM and the tour was facilitated by the USAID funded Participant Training Program implemented by World Learning. The study tour comprised of the companies taking part in a major exhibition in Berlin, meeting with selected importers and brokers as well as visits to equipment manufacturers and suppliers. The purpose of the study tour was to help industry businesses focus more on value adding of their products, technology upgrade and establishing new market links. The participating businesses were exposed to current international market trends and developments, were provided with insights on the wide range of products supplied in the market, final quality of products, packaging requirements and standards, bio-certification, and technology upgrades. The study tour, as cited by the businesses, helped foster significant collaboration momentum not only with the international community but among the Albanian businesses themselves.

Assistance in Developing Marketing Strategies

Following the market learning tour in Germany, EDEM provided intensive technical assistance to companies committed to developing individual marketing plans inclusive of actions devoted to product diversification, developing new products and market repositioning. Four companies received assistance and developed written marketing strategies over the quarter.

Assistance in Facilitating Organic Certification

During the quarter EDEM contacted over 20 international certification organizations from throughout the region, that have been accredited by the EU Commission and USDA to offer organic certification for herbal products. Nine certification companies expressed an interest in offering business services in organic certification to Albanian firms. During the next quarter EDEM will facilitate business links between targeted Albanian companies and the organic certification bodies with a goal of companies beginning the certification process during the 2005 harvesting season.

Facilitation in Regional Marketing Cooperation

EDEM assisted three companies in registering and advertising their offers on the Balkan Herbal Initiative web page (www.balkanherbs.org). The site offers an opportunity for introducing the potential of the Albanian herb and spice businesses to other regional entities as well as for fostering cooperation between the herb and spice businesses in the Balkan region. EDEM is working with other companies who have expressed interest in signing up in to this web page.

Buyer-Seller meeting in Skopje

EDEM initiated Albanian industry participation on the B2B Conference in Skopje, Macedonia that is to be held in April. This conference and business-to-business meeting will gather more than 40 companies from: Bosnia and Herzegovina, Serbia and Montenegro, Bulgaria, Macedonia, Albania, Switzerland, Austria and Germany and will provide an excellent opportunity for Albanian companies to develop cooperative ties with counterparts in other countries, plus, importantly, offer an opportunity to establish direct connections with Swiss and EU buyers.

Coordination with other development activities

EDEM assisted The Forum of Albanian Women by providing extensive information on the aromatic and medicinal herbs industry for their use in designing a grant proposal to be submitted by the Forum to Cooperazione Italiana.

Out of country Technical Assistance

FFF Associates conducted several activities over the quarter in support of the Albania herbs/spice industry:

- began registering several Albanian companies under the US Bio Terrorism Act;
- established links and began discussions with a number of prospective US and EU companies interested in Albanian value added herbal products including: Whole Herb Company CA, KHL Flavors NY, Atlantic Quality Spice & Seasonings NY, Vann's Spices NY, S&D Biosys Limited UK, Adrian America Inc. NY, and Herb Trade Inc. NV.;
- delivered product samples to prospective buyers and followed up on results;

- solicited interest from prospective buyers for an inward trade mission to Albania; and
- provided EDEM in country staff with continuous information on trade trends and opportunities.

Firm Level Assistance

Company	Town	Technical Assistance	Results
Gurra	Tepelena	<ul style="list-style-type: none"> - Develop promotional materials and product samples as well as developing appropriate product labels; - Assist in developing company marketing strategy; - Identify equipment supply and spare parts sources for reviving old herbs cleaning equipment and facilitating contacts with the machinery producing companies in Serbia; - Assist in sending product samples to two prospective US buyers, issuing recommendations on improved warehousing sanitation that are closely linked to the quality of the exported items, assistance in developing an application to receive non-commercial bank investment. 	<ul style="list-style-type: none"> - Refurbishing of old equipment identified domestically to be put in use over the 2005 production season commenced; - Sample delivered to two new prospective buyers in the US.
Tealb	Tirana	<ul style="list-style-type: none"> - Develop promotional materials; - Issue recommendations in responding to export market packaging and labeling requirements; - Assist in developing market strategy based on product quality improvement and expansion on the domestic market; - Assist in developing non-commercial bank investment proposal for cultivation of endangered herbal species; - Assist in developing an offer published on the Balkan Herbal Initiative web site. 	<ul style="list-style-type: none"> - Results in the next quarter: expected increased in domestic market share from sale of consumer packaged herbal infusions.
Xherdo	Skrapar	<ul style="list-style-type: none"> - Develop product samples; - Assist in establishing direct link with organic certification BSP; - Assist in developing new marketing strategy focused on developing new products and addressing new clients in the USA and Great Britain; 	<ul style="list-style-type: none"> - New export market (Hungary) acquired for small size packaged essential oil products; - Xherdo started exporting essential

		<ul style="list-style-type: none"> - Product diversification and development of consumer packaged essential oil products; - 	<p>oils in small containers to Hungary (a new market); this new development seems promising as cited by the owner of the company; sales figures are being recorded.</p>
Elbashehu	Elbasan	<ul style="list-style-type: none"> - Assist in developing new markets for Juniper berries and Red clover; samples delivered; - Assist in developing promotional material; - Recommendation issued on site regarding facility improvement, establishing macroscopic quality control laboratory and endangered species seedlings production for expanded cultivation; - Assist in developing direct links with organic certification bodies for the season 2005. 	<ul style="list-style-type: none"> - New trade links established with prospective US buyer; - Facility improvement conducted for increased sanitation.
Erba	Malesi Madhe	<ul style="list-style-type: none"> - Assist in developing promotional material; - Assist in developing new marketing strategy; - New product development and product introduction; - Establish direct link with GTZ technical assistance project; - Recommendations issued regarding new equipment purchasing. 	<ul style="list-style-type: none"> - Introduced new products, consumer packaged teas: sage, melissa, rosehips, laurel; - Completion of installation of cleaning equipment pending in the next quarter.
Pepa	Durres	<ul style="list-style-type: none"> Assist in developing promotional material; Assist in developing new marketing strategy; New product development and product introduction. 	<ul style="list-style-type: none"> - Introduced new products, consumer packaged spices: oregano and rosemary (10 and 50 gram packages) on the domestic market. Sales satisfactory and product competitive to imported products.
Albatrading	Durres	<ul style="list-style-type: none"> - Assist in product diversification. 	<ul style="list-style-type: none"> - One new product

			(rubbed sage) developed. Samples sent to prospective customers in the US.
Alboem	Tirana	- New product development and product introduction.	- Three new products introduced: ground sage, ground rosemary and ground bay leaves. Samples sent to prospective buyers in the US.

Activities Planned for the Next Quarter

- follow up on herb and spice companies' wanting to develop organic certified products by facilitating contacts and collaboration between organic certification BSP's and target companies;
- facilitate successful participation of nine Albanian companies in a B2B Conference in Skopje, Macedonia by enabling their presentation, communication and follow up services towards trade transactions established during the meeting; and
- follow up on implementation of individual company's marketing strategies; and
- direct individual technical assistance, recommendations and training in production quality improvement, assistance in establishing stable contractual links along the herbs marketing chain, new product development, and promotion.

Leather Goods/Shoe Production

Industry Development Summary:

1. Published a tri-lingual brochure on the Albanian leather goods and footwear industry

A tri-lingual (Albanian, Italian and English) brochure was published highlighting the competitive advantages of Albania in this sector. Its purpose is to encourage foreign investment in the industry. The brochure illustrated success stories of profitable joint ventures currently operating in Albania and contained a complete directory of Albanian leather goods/footwear companies. The brochure will be mailed and e-mailed to interested stakeholders such as: Italian companies, footwear associations in the EU, chambers of commerce, trade attaches, and footwear trade fairs. *For a copy of this brochure please contact ACIT.*

2. Workshop on marketing strategies & assistance available from ACIT/EDEM

The workshop, which took place on February 3, presented to participants the type of assistance provided by ACIT & EDEM, the importance of developing a company marketing strategy. During the workshop discussions the participants shared ideas on activities they believed

important regarding marketing efforts, including holding B2B and B2C events with retailers/wholesalers/consumers.

3. Developing an education/training program for the footwear industry through the government vocational training network

Several meetings were organized between companies and the National Labor Agency and Professional Education Department to make the government aware of the sector's importance in terms of employment. The purpose of the meetings was to find ways of collaboration between the footwear sector and the state institutions. The meetings succeeded in increasing the government's awareness (Mr. Limaj, head of National Labor Agency, visited the Filanto factory) and establishing relations between the Labor Agency, the Labor Office and private companies. Meetings between the companies (Filanto, Donianna & MasTorr) and the government organizations have been scheduled to further discuss how best to provide professional training so that the industry retains a supply of qualified footwear specialists.

4. Market research on retail footwear market

The market research aims to assess the current retail shoe market in Tirana and identify problems domestic producers face in penetrating the domestic market. A first draft of the research has been completed this quarter. The report will be finalized and discussed industry members at a workshop scheduled for April 28. This research took place from beginning of February with a survey of about 70 retail shops in Tirana. The survey was done in collaboration with the Economic High School, whose students were trained as interviewers by ACIT. Data gathered was processed in collaboration with EDEM.

5. Promotion of industry members to stakeholders

Promotion took place in several forms:

- meetings with representatives of Albanian Agency for Foreign Investments, a World Bank Project engaged in a sectorial study, Agency of Export Promotion, EC-UNDP project, ICE, and INSTAT. During these meetings an overview of the industry and the directory of companies was shared;
- insertion of industry information and directory of companies at ACIT website;
- insertion of specific companies in web portals - www.acit-al.org, www.shoeinfonet.com, www.intracen.org, www.leatherdirectory.com;
- individual Italian companies were contacted via email; and
- promotion through the EDEM newsletter.

6. Workshop on policy issues

A workshop on non-tariff barriers was organized by ACIT in March. Businesses from the footwear and herbs & spices industries were presented with customs information from representatives of the applicable government agencies charged with implementing customs tariffs.

7. Possible study tour in collaboration with USAID's Participant Training Program

Discussions with PTP, ACIT and EDEM have raised the possibility to undertake a study tour to Italy to expose Albanian producers to the processes and demands of Italian shoe producers. ACIT is in the process of preparing a proposal after discussions with several footwear producing companies. However, the EDEM leather goods STTA is not convinced that a study tour, at this time, is the most effective use of resources. Further discussion will occur in the following Quarter.

Firm-Level Assistance:

Services delivered and results achieved	Target indicators update as related to PMP
1. FILANTO	
<p>1. Professional Education <u>Service:</u> Facilitated several meetings between Filanto, Mr. Limaj (Head of National Labor Service) and Mr. Gzheli (Director of Professional Education), as well as with Professional Education Center in Shijak for training program of unemployed people in Shijak area, where one of Filanto's factories is located. <u>Results:</u> By the end of March, 26 unemployed persons have been registered and went through a training program, of which 7 have completed a considerable part of the training and offered a full time contract at Filanto factory. As soon as the others successfully complete the training, Filanto will provide a full time contract to them too.</p> <p>2. European and Albanian potential importers/buyers <u>Service:</u> Researched and provided to Filanto a list of EU buyers (in internet) and Albanian buyers (through the survey of footwear retail market in Tirana). <u>Results:</u> Filanto is following up with these potential buyers.</p> <p>3. Customs regime as negotiated in free trade agreements between Albania and EU/regional countries; rules of origin; changes in fiscal package <u>Service:</u> Delivered information and explanations in a timely and proper manner; please note that such info is not easily accessible to a normal business person, while it helps in completing successfully a business transaction or planning for the future. <u>Results:</u> Exports of Filanto to Serbia-Montenegro took place in order to test the market. Information on Free Trade Agreements confirmed Filanto plans to continue production in Albania and to seek local and Balkan</p>	<ul style="list-style-type: none"> • Export sales growth rate: 15%; • Domestic sales growth rate: n/a; • Employment growth rate: 5%; • Investment growth rate: constant; • Number of new technologies adopted: constant; • Number of best management practices adopted: constant; • Number of best marketing practices adopted: new commercial contacts in Albania; • Number of new products: new samples and designs with international reputation; • Number and value of new bank loans: n/a; • Number and value of new non-bank investments: n/a.

<p>markets.</p> <p>4. Promotion services <u>Service:</u> Promoted Filanto through the ACIT brochure on leather goods/footwear (company story on first page), EDEM newsletter (briefing on professional education taking place at Filanto), ACIT website, etc. <u>Results:</u> Good image of the company in the public, increased contacts.</p> <p>5. Networking services <u>Service:</u> Shared information with AIIOA (Italian Investors' Association) promoting Filanto as a potential subcontractor. <u>Results:</u> More contacts and information flow necessary for a larger company like Filanto.</p>	
<p>2. DONIANNA</p>	
<p>Professional Education: <u>Service:</u> Facilitated meeting with Donianna and Mr. Gzheli (Director of Professional Education) for training program of unemployed people in Vora area. <u>Results:</u> By the end of March, 60 unemployed persons have been registered at labor office in Vora. Efforts for starting the theory part of the training to take place during the next quarter.</p> <p>2. Promotion services <u>Service:</u> Promoted Donianna through the ACIT brochure on leather goods/footwear (company story on first page), ACIT website, international footwear portals, etc. <u>Results:</u> Image and visibility of company increased at the international level. More contacts with potential buyers are expected.</p> <p>3. Customs regime in the region and as negotiated with EU; changes in fiscal package <u>Service:</u> Delivered information and explanations in a timely and proper manner; please note that such info is not easily accessible to a normal business person, while it helps in completing successfully a business transaction or planning for the future. <u>Results:</u> Information on Free Trade Agreements as related to leather and footwear help Donianna plan near term business activity.</p>	<ul style="list-style-type: none"> • Export sales growth rate: 23%; • Domestic sales growth rate: 0%; • Employment growth rate: 23%; • Investment growth rate: 145%; • Number of new technologies adopted: n/a (investments in new technology have taken place); • Number of best management practices adopted: n/a; • Number of best marketing practices adopted: 3 (domestic fair, ACIT brochure, web portals); • Number of new products: n/a; • Number and value of new bank loans: n/a; • Number and value of new non-bank investments: about 600,000 Euro;
<p>3. GAMA</p>	
<p>1. Promotion services <u>Service:</u> Promoted Gama in the ACIT brochure on leather goods/footwear, ACIT website, several international footwear portals, etc. <u>Results:</u> Image and visibility of this Albanian company</p>	<ul style="list-style-type: none"> • Export sales growth rate: 10%; • Domestic sales growth rate: 0%; • Employment growth rate: 0%; • Investment growth rate: n/a; • Number of new technologies

<p>increased. The company has received emails for collaboration from foreign companies and is following up on them.</p> <p>2. Participation at non-tariff barriers workshop <u>Service:</u> Information on non-tariff barriers was delivered along with guidelines on how to deal with them. <u>Results:</u> Better understanding of non-tariff barriers in their operations and planning for the near future.</p> <p>3. Customs regime in the region and as negotiated with EU; changes in fiscal package <u>Service:</u> Delivered information in a timely and proper manner; please note that such info is not easily accessible to a normal business person, while it helps in completing successfully a business transaction or planning for the future. <u>Results:</u> Information on Free Trade Agreements as related to leather and footwear will help Gama plan its near term business activity.</p>	<p>adopted: 20 new pieces of equipment;</p> <ul style="list-style-type: none"> • Number of best management practices adopted: 1 (installed effective human resources system); • Number of best marketing practices adopted: 3 (ACIT brochure and international portals, AmCham international guide and directory of Chamber of Commerce); • Number of new products: several new models of finished shoes; • Number and value of new bank loans: n/a; • Number and value of new non-bank investments: 1 (re-investing profits of about 13,000 Euros).
<p>4. MAS-TORR</p>	
<p>1. Promotion services <u>Service:</u> Promoted MasTorr in the ACIT brochure on leather goods/footwear, ACIT website, several international footwear portals, etc. Designed the first draft of a leaflet for MasTorr company (company profile, story and technology). <u>Results:</u> Global image and visibility of company increased. Several international companies have contacted MasTorr, which is in the process of following up with them. The company has agreed on the text of drafted leaflet.</p> <p>Professional Education: <u>Service:</u> Facilitated a meeting with MasTorr and Mr. Begolli (Director of Professional Education in Korca region) for training program of unemployed people in Korca area. <u>Results:</u> Parties have agreed on mutual benefits of this training. They will both write the proposal, with each parties' rights and obligations and present for review to ACIT for a modest co-funding.</p>	<ul style="list-style-type: none"> • Export sales growth rate: 11%; • Domestic sales growth rate: 0%; • Employment growth rate: -9%; • Investment growth rate: n/a; • Number of new technologies adopted: n/a; • Number of best management practices adopted: 1 (Management by objectives); • Number of best marketing practices adopted: 2 (ACIT brochure/directory and international portals); • Number of new products: diversification of products' line; • Number and value of new bank loans: n/a; • Number and value of new non-bank investments: n/a.

While ACIT and EDEM are providing development support to the companies, the companies themselves are taking steps to utilize the assistance in a manner that maximizes its effectiveness. Examples include:

- Filanto is co-sharing the training costs of the professional education program;

- Filanto is willing to disseminate the brochure produced by ACIT to all Italian companies in Puglia region;
- Gama (whose director also serves as the Head of Albanian Footwear Association) has generated several ideas on product development and recommended to the project ways how its assistance would best serve the company's efforts;
- Donianna is generating ideas and has asked for assistance in boosting its domestic sales activity whereas previously the company was export directed; and
- MasTorr has agreed to finance the publication of the ACIT/EDEM supported promotional leaflet.

Next Steps :

Following up with the work done so far and based on the needs of the industry, the next Quarter's work plan for the footwear sector will include the following tasks to be carried out with support from EDEM:

- Mailing and e-mailing industry brochure to specific footwear companies in Italy, chambers of commerce, footwear associations, trade attaches, and international footwear trade fairs.;
- Follow-up with the professional education project, literature materials, and designers' training;
- Follow up, as decided by USAID, on possible Italian study tour for footwear companies in collaboration with Participant's Training Program;
- Present domestic retail market survey findings to producers and retailers on April 28; following up with activities as agreed between participants;
- Firm-level assistance with individual companies (marketing strategies, promotion materials, assisting in boosting domestic and export sales, etc);
- Enriching the footwear portal within ACIT website;
- Cross-cutting trainings as foreseen at EDEM work plan; and
- Investigate opportunities in Macedonia for cross border cooperation as well as for markets for Albanian products.

Individual Companies:

In addition to providing development support to companies in selected industry, firms from other industry sectors will be identified and provided with hand's-on firm level assistance. By broadening and diversifying the industry sectors supported by project activities, EDEM can create a much larger impact on the SME community in promotion of competitiveness concepts. EDEM will look to identify firms that can serve as demonstration models for other firms, either in their industries or elsewhere, and that provided with an appropriate level of assistance have the potential to significantly expand their operations, sales and employment within a short time frame.

EDEM has started the process of identifying and working with candidates for such assistance. Companies to which EDEM has started providing assistance include:

1. *Poseidon, Lezha:*

EDEM has been actively engaged with the company management to develop a total system for processing of sardines for sale in domestic and international markets. During the last quarter the main focus was placed on identification of suppliers for a complete canning production line, refrigeration equipment and to identify fishing vessels capable of catching sufficient quantities of fish to be used as raw materials in the current and future production lines of this company. In addition to the continuation of the activities started, in the next quarter EDEM will also assist in locating appropriate financing and the acquisition of equipment for the Poseidon processing plant in Lezha, supporting efforts for the start of production, and assisting in developing a marketing campaign of the canned sardines in the domestic and international markets.

2. *Quality Lines, Quality Marine Management, Durres:*

EDEM has been assisting this operator of the fast ferries between Durres and Bari, Italy in a change of strategy to introduce a fast ferry with car carrying capacity. In addition EDEM has been providing support on financing options and bank relations. EDEM has also been advising the company management on product development of potential new services to be introduced in the future that potentially will include an Albanian intra coastal service.

3. *Shoqueria VILA, Maliq near Korca:*

The company has completed its first trial production of white button mushroom (*Agaricus Bisporus*). It is the first attempt in commercial scale production of this type of mushroom in Albania. The first production of *Agaricus Bisporus* was based on spawn produced at VILA's own laboratory. A total of 530 bags of compost (30 kg each) were seeded with spawn. The output from the first round of trial was about 44 kgs, significantly below expected yield. The firm subsequently has begun the second trial production with spawn purchased from Greece. An additional 520 bags of compost were seeded with spawn. VILA expects to harvest in May. EDEM has and will continue to provide the company with information on good practices in commercial scale farming of *Agaricus Bisporus* and the market situation in Tirana. From March 1 the company has employed about 35 new workers. EDEM is also assisting VILA in improving its product quality and develop distribution channels. In addition to mushrooms, EDEM is also assisting the company in marketing potting soil made from "Spent Mushroom Substrate", a by-product of mushroom growing. The company also plans to enter the potted plant market.

4. *SAM, Tirana:*

For this garment production company, EDEM was engaged in finding an appropriate solution to finance the acquisition of equipment required to fulfill a major new contract with a French customer. EDEM brought the client to SBCA, which also is supporting efforts for the company to find appropriate finance. In the next quarter EDEM will continue its support efforts by providing assistance in developing promotional materials and by providing management training.

During the next Quarter, EDEM anticipates providing active assistance to an additional three to four companies.

Tourism

Note: During the Quarter, EDEM hired a new local Business Development Specialist to manage the efforts provided to the tourism industry. Ms Majlinda Nurka worked part time from January 3rd and joined the project full time on February 10th. The external tourism consultant, Scott Wayne, was in Albania from January 26th to February 8th, with Albanian tourism study tour participants in Berlin from March 10th-16th and then in Albania from March 16th-25th.

EDEM's support to development of Albania's tourism industry continues to focus on three major functional areas:

- Marketing and Promotion;
- Education and Training; and
- Government and Policy.

Marketing and Promotion:

Participation in trade fairs

I. ITB Tourism Fair, Berlin, March 11-15

- 1) The focus of this past Quarter was on organizing a market/study tour to the ITB Tourism Fair in Berlin, March 11-15, for a group of Albanian tourism businesses. The focus for EDEM was on generating new sales, marketing and media leads for the participants, as well as for other tourism businesses in Albania.
- 2) The study tour was sponsored by USAID through its Participant Training Program (PTP) implemented by World Learning and organized by the German consulting firm, gh consulting. There were 12 participants from among the companies with which the EDEM tourism initiative has been working.
- 3) During his first visit of the Quarter, Scott Wayne met with PTP and met with the tour participants to brief them about ITB. He also began contacting potentially interested international media and tour operators that are either already offering or possibly interested in offering travel to the Balkans.
- 4) A list of European Tour Operators that had been used for a similar USAID project in Bosnia and a list of tour operators that serve Montenegro were adapted for use in conjunction with the study tour. Over 100 tour operators, mainly in the target countries of Germany, Austria, Italy and the UK were contacted by email and follow-up telephone calls were made to more than 20 of the operators.
- 5) Either separately or jointly, the EDEM team and the study tour participants met with at least 21 tour operators at ITB. A major international tour operator, Abercrombie & Kent, indicated they are definitely interested in visiting Albania for a familiarization tour. A FAM trip is being scheduled for this May. With the other tour operators,

there was a range of interest from willing to meet Albanian operators to no interest at all.

- 6) The EDEM team also met with 21 media outlets at ITB, including the Director of Communications for the World Tourism Organization, an Editor for Germany's largest travel trade publication, FVW, and Austria's main travel trade publication, TIP. Several media representatives expressed an interest in participating in a study tour of Albania.
- 7) A short article about the study tour appeared in the ITB Media Daily, which was circulated to over 7,000 journalists who were attending ITB.
- 8) Over 100 postcards from the "Greetings from Albania" campaign and 20 Albania media kits were distributed at ITB. The latter contained information about the study tour participants' businesses.
- 9) Part of the last two weeks of this Quarter was dedicated to following up with media for the publication of information about Albania and a media tour around the country. EDEM is also focused on following up with tour operators about possible familiarization tours.
- 10) Several of the study tour participants expressed concern about the relatively sad state of Albania's stands at the Fair. The stands were not at all reflective of the culture of the country. Overall, though, the participants were very pleased with their participation and ITB experiences and introductions to the many product, marketing and promotion ideas offered by ITB.

II. Improving Albania's presence at travel trade fairs

- 1) Upon returning from ITB, the EDEM team met with tour participants about improving the country's presence at travel trade fairs. Two members of the industry group are developing a proposal for an improved presence. The proposal will be reviewed and implementation discussions will take place in May.
- 2) EDEM met with the new Director of Marketing and Promotions for the Ministry of Territorial Adjustment and Tourism and offered to organize a workshop on best practices for travel trade fairs. The workshop will be conducted in May.
- 3) EDEM visited with the Mayor of Korca and a group of local Korca area stakeholders, including hotel managers, GTZ, SNV and a Peace Corps volunteer to brief them on taking advantage of the ITB experience. This visit was a follow-up to the intention expressed by Dritan Naumi, ITB study tour participant, of wanting to introduce local stakeholders in Korca to the importance of ITB for their tourism development efforts.
- 4) A similar briefing was also conducted for the Mayor of Pogradec.

Media

- 1) Seven journalists at ITB expressed an interest in joining a media tour of Albania. EDEM has tentatively scheduled a journalist FAM trip for this coming May.
- 2) On March 23rd, Scott Wayne and Majlinda Nurka were interviewed on the TVSH morning program, "NOT ONLY COFFEE" about ITB and EDEM's support of Albania's tourism industry.
- 3) Articles about the study tour and EDEM support were circulated to the South East European Times and e-turbo News. The latter now reaches over 200,000 travel trade professionals.
- 4) Copies of some of the articles were distributed online to the Albanian tourism industry through the yahoo user group: Turizmi Shqiptar.
- 5) Media attended the ITB briefing in Korca from two local television stations.
- 6) At ITB, the study tour participants were interviewed by the Albanian language service of German broadcaster Deutsche Welle.
- 7) EDEM met with Denalda Kuzumi, Contributing Editor for Tourism Section for the Monitor, a national publication focused on business and economy. EDEM assisted the reported with the development of articles about ITB and tourism trends.

Greetings from Albania Campaign

- 1) Over 100 postcards were distributed at ITB as a promotional tool.
- 2) After ITB, EDEM began pursuing the possibility of commercializing the postcards through non-governmental and possibly international organizations and children's charities.
- 3) The campaign will be continued throughout the country and used, as much as possible, as an international promotional tool for the Albanian tourism industry. EDEM will work to distribute the postcards to Albanian embassies around the world.

Brochure stand

- 1) The new airport authorities, Tirana Airport Partners, have designated an area at the airport for the information stand, which will contain information from tourism industry members from throughout Albania.
- 2) The target date for placement of the stand at the airport is April 15th, which is the date for the transfer of ownership and management of the airport to the Tirana Airport Partners.

- 3) EDEM intends to maintain the stand and then transition its maintenance to local parties.

Marketing for hotels

- 1) With EDEM assistance, the hotel association and hotels in Albania were introduced to the free online listing service, Hotel Reservations Service (<http://www.hrs.com>). EDEM will be assisting with completion of the application forms. This process will continue into the following Quarter.
- 2) Tourism cluster member Kliton Gherxani, Albania-hotel.com, was introduced to BKT. BKT has a loan portfolio of 79 hotels, many of which could benefit from Kliton's online hotel booking service.
- 3) With EDEM's assistance, BKT was brought together with the Ministry of Tourism for co-sponsorship of travel trade fairs in Skopje and Pristina. Through this assistance, up to 60 hotels and numerous other Albanian tourism businesses are expected to benefit from marketing to the key markets of Macedonia and Kosovo.

Education and Training:

- 1) EDEM conducted a travel technology workshop on February 3rd at EDEM's offices. The session offered the opportunity for a group of 12 tourism cluster participants to talk online with representatives of four travel technology companies and be presented live demonstrations of their products. The following companies presented online: Webservice Europe, Reservewire, Globe Track and Viasinc. Ramesys.com was presented by the consultant. Jeff Wasson, founder and former CEO of TravelNow.com presented the TravelNow story and described his current venture.
- 2) Internship program: EDEM received 15 resumes from students and commitments from six businesses. Students are in the process of being matched with tourism businesses for internships.
- 3) Travel trade fair best practices: As mentioned above, EDEM will conduct a best practices workshop for the Ministry of Tourism in this coming May.
- 4) The Turizmi Shqiptar yahoo user group continues to add members and grow as an educational and networking resource for the Albanian tourism industry. In the first Quarter, the group increased membership by 75% to 142 stakeholders. The Peace Corps has integrated its tourism network of volunteers and local public and private sector stakeholders into the user group.

Government and Policy:

- 1) The EDEM team met with Arben Golemi, Director of Marketing for the Ministry of Tourism and agreed to develop a collaborate agreement covering the following activities where EDEM will:

- a. organize a workshop on best practices in travel trade fairs;
 - b. provide assistance with best practices on structures and strategies of national tourism organizations in other countries;
 - c. identify ways to work with the World Tourism Organization for the benefit of Albanian tourism; and
 - d. assist with the development of sponsorship opportunities between BKT and the Ministry beginning with travel fairs in Kosovo and Macedonia.
- 2) The EDEM team met with Enver Mehmeti, President of the Albanian Travel Agents Association, and agreed to draft an agreement for possible assistance with maximizing the presence of Albanian tourism at travel trade fairs.
 - 3) EDEM met with the Mayors and other municipal officials in Korca and Pogradec to raise awareness about the economic importance of tourism at the local level. The municipality of Korca has asked for advice on establishing a consensus-building process for tourism. EDEM will provide them with some best practice examples. The mayor of Pogradec has asked for additional assistance on product development and marketing.
 - 4) EDEM also met with the Mayor of the Commune of Voskopoje at the Hotel Akademia and discussed some of his local issues. He was particularly concerned about the garbage problem and was looking for solutions. EDEM offered to work with Dritan Naumi, Manager of the Hotel Akademia, in completing an application for a grant from USAID's PTP. The Commune is willing to contribute \$2,000 towards a clean-up initiative.

In addition to efforts in the three main activity areas, the following related activities were undertaken:

- Regional cooperation and joint efforts are being pursued with USAID's Macedonia Competitiveness Activity (MCA). The EDEM Tourism Team met with the MCA COP and MCA Competitiveness Manager to discuss the following:
 - development of cross-border tours and events (e.g. tours covering both the Macedonian and Albanian parts of Lake Ohrid);
 - coordinated" Earth Day (April 22nd) Campaign – environmental awareness campaign among communities, especially those that are tourism destinations;
 - joint efforts regarding marketing the region's tourist attractions;
 - familiarization trips by tour operators and journalists to take place possibly in late May;
 - joint meeting of hotel associations and travel agents associations from both Albania and Macedonia in Pogradec and Ohrid in late May coordinated by EDEM and MCA for discussions of lessons learned and introduction of best practices of associations in other parts of the world; and
 - cooperation with the East-West Institute.

EDEM will be following up with the MCA during the coming Quarter.

- National Service Day program with the National Democratic Institute and the Opportunity International was discussed in a meeting with both organizations. The main idea is to declare a national day for community improvement. The result could be targeted to current and potential tourist destinations.

C. SME DEVELOPMENT

(Principal EDEM SME development activities not addressed elsewhere)

Leadership Training delivered by BSPs

The first leadership training was given by trainers trained by EDEM On February 8 to 11, 2005 in the Mondial Hotel in Tirana. Representatives from 12 companies representing a wide variety of industries participated in the training. Several of the participants, who were owners and top managers of privately owned companies, were so impressed with the training that they started to make arrangements for the participation of members of their staff in subsequent seminars or for the seminar to be given to their staffs.

The next leadership training seminar will be given in Tirana April 20 – 22, 2005. Subsequent seminars are planned to be given throughout Albania.

Business Ethics Training of Trainers

The business ethics training program was developed in this quarter by EDEM's local subcontractor, IDRA. This Training of Trainers (TOT) program has as its aim to prepare potential trainers to teach business ethics to representatives from Albanian enterprises and government institutions. Trainers will be enabled to train owners, managers and employees of business enterprises in addition to government representatives on all levels on the subject of business ethics as a management discipline. The training program has been designed to combine the theoretical business ethics concepts with practical cases from the reality of doing business in the Albanian business environment.

This program will be delivered in two stages. The first stage is a TOT where a pool of trainers on business ethics will be prepared to deliver the training to Albanian business people; the second stage will be for the trainers to deliver actual training in business ethics to representatives from Albanian enterprises and government institutions.

The first TOT training session is planned to be organized from the 25th to the 27th of April 2005. The participants will be potential trainers from BSPs, Chamber of Commerce and business associations.

Cooperation with Business Service Providers

In addition to several independent consultants, EDEM is actively working with four Business Service Providers (BSP), all of whom have been participating in the Leadership Training

Program. These BSPs are CIVET, EPTA, RDA (Tirana), and Quality & Standards Association. EDEM will continue its efforts to develop the capabilities of Albanian BSPs and will expand efforts to include BSPs from throughout the country.

D. BUSINESS ENVIRONEMNT

Monitoring report for the Government Anti-Corruption Matrix

During January and February IDRA prepared a document titled “*Some Comments and Suggestions for the Anti Corruption Matrix 2004-2005*”. The comments and suggestions were aimed to improve the government’s draft action plan for fighting corruption and were delivered to the participants attending a meeting organized by the Anti-Corruption Unit in the Council of Ministers. The representatives of state institutions as well as the specialists of the anti-corruption unit valued the material and found it very useful in providing improvements to the matrix draft. The material was distributed in hard-copy form to the participants and also sent electronically by the Anti-Corruption Unit to all contact points of the Anti-Corruption Board in all institutions involved. The action plan for fighting corruption 2004-2005 was approved with a decision of the Council of Ministers and the Anti Corruption Unit will deliver a copy to all the interested organizations and individuals. They are currently preparing a meeting to launch the approved action plan 2004- 2005, and will continue with other meetings to monitor the progress of the each institution involved in implementing matrix activities. IDRA will continue to monitor the implementation of the matrix and will continue to participate in the Anti-Corruption Unit’s meetings. The report of the Anti-Corruption Matrix can be found in English at <http://www.idra-al.org/pdf/en/Matrix2004-2005IDRAenglish.pdf>

Tax Guide

On behalf of USAID and the EDEM project, IDRA published the Tax Guide 2005. The guide is a comprehensive guide for Albanian business on Albania’s 2005 tax system. The guide includes the explanation for the changes of the new fiscal package which were passed by Parliament. The guide is in line with the EDEM program objective for “improving business climate” and transparency in business operations. The guide will be distributed accordingly to business with which EDEM works as well as to chambers of commerce, business associations and other interested parties. The guide is also published on ALBIC portal online free charge for all interested users. (www.albic.net).



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The link to the Internet version of this guide is:

http://www.albic.net/Shqip/InfoBiznesi/SistemiFiskal/Taksat/taksat_hyrje.htm

The English version of the guide is also available on request.

Public Procurement Guide

IDRA has begun the work on the preparation of the “*Guide on public procurement*”, which will be completed in the next Quarter.

The guide includes the legal framework of the public procurement process, explanations of the most often used terms, steps to be followed by businesses wanting to be successful in the public procurement process, factors that influence the public procurement and includes standard documents useful for the businesses. The Guide has been designed to be business-friendly guide as opposed to the current guide produced by the Public Procurement agency. This guide is designed using the existing Albanian legal framework, in accordance with the European Union legislation. The guide is being finalized and is in the process of translation from Albanian to English. The guide will be published in early May. The guide will also be launched at the internet address www.albic.net. It will be distributed widely to businesses and other interested parties.

Business Ethics Training

IDRA has prepared all the materials and completed the logistical organization of the Training of Trainers for Business Ethics. The training will be organized at the end of April in the Shalom Center in Tirana. This is a ToT training which will be followed by Trainings of Business managers and owners.

The modules of Business Ethics training prepared are:

- *Ethics* – Basic theories and history (a blend of philosophical, economic and business schools of thought);
- *Ethics and Economics* - What is the relationship between ethics and economics, ethical and economic behavior of agents, trust between agents as an economic variable;
- *Business Ethics / “applied” ethics* – Need, classification, moral and business, “prisoner dilemma”, games and social experiments management concepts, responsible management and responsible business enterprise;
- *Business Ethics program and Instruments* – Ethical situations, Codes of Ethics, ethics program (How to assess situation, how to implement business ethics program);
- Length – 2,5 days
- Trainers – Auron PASHA, Engjell SKRELI
- Participants – Business management trainers (Business Service Providers) , representatives of Chambers of Commerce, Business Associations, private companies (interested in becoming Trainers in Business Ethics). Twelve people have confirmed participation from Chamber of Commerce, Foreign Investor Association of Albania, Small Business Foundation, Regional Development Agency, Albanian Tourism Institute, and CIVET 2000 (a local BSP involved in EDEM activities).

Export Guide

During this past Quarter, IDRA has begun preparation of a guide to export from Albania that will be of significant benefit to Albanian businesses as they attempt to enter regional, EU and other export markets. After consulting different publications of the same nature and other already available information sources, IDRA developed a structure for an Export Guide. The Guide is conceived as a practical tool for business community so they know the procedures for successfully exporting into the EU and other countries in the region. The Guide is expected to give all the necessary information with regard to the following:

1. Albanian trade – general information about trade partners, volume and geographical orientation of exporting flow (based on Foreign Trade Statistics);
2. Albanian and EU legislation on trade (standardization, rules of origin, requirements regarding composition, labeling and packaging of goods, EUR 1, export contracts and dispute of settlements, international conventions regarding transportation, and other countries' import regulations);
3. Practical issues – custom procedures for Albania, EU and other countries, financing exports, export documentation, and transport issues; and
4. Theoretical bases – export strategies, methods of exporting, products for export, pricing, transportation and promotional strategy for exports.

After establishing the structure, several meetings and discussions with specialists from the Ministry of Integration, Ministry of Agriculture and Food, General Department of Standardization (GDS) and other institutions were held. The meetings were focused on different issues related to:

- EU trade legislation – Ministry of Integration;
- Albanian Standards and Certificate of Conformity;
- GDS Safety regulations and Phyto-sanitary certificate; and
- Ministry of Agriculture and other related institutions.

During the next Quarter, IDRA will finalize the Guide and distribute to the business community and other interested organizations.

E. COMMUNICATION

During the past Quarter, EDEM's communications efforts as well as efforts by others to promote Albania's competitiveness included the following activities:

- Assistance was provided to 6 herb and spices businesses in developing and producing promotional materials for participation in Berlin International Green Week Trade Fair and Germany Study Tour. Four logos, 5 business cards, 6 leaflets and 1 poster were developed.

- A press release was prepared describing the herb and spices study tour to the Berlin “Green Week” Trade Fair.
- An article in “Korrieri” daily newspaper was published about the herbs and spices industry, challenges the businesses face and their study tour to the Berlin “Green Week” Trade Fair. The article was written by a local processor who participated in the study tour. The article focused on the assistance provided by USAID through the EDEM project in assisting the industry face its every day challenges as presented by operating in a market economy. The article was published on the DAI webpage.
- An article appeared in the “Monitori” magazine about the herbs and spices industry.
- Postcards from the ‘Greetings from Albania’ campaign have been posted to the [www. Shqiperia.com](http://www.Shqiperia.com) internet page.
- A 45 minute TV program for young people in Top Channel TV dedicated to the postcard campaign and Albanian tourism was broadcast. Around 9,000 online messages from young Albanians living all around the world were exchanged during the program.
- A press release was prepared highlighting the postcard campaign and the digital album in the [www. Shqiperia.com](http://www.Shqiperia.com) internet page.
- Several articles were included in the supplement of Monitory Magazine dedicated to special interest tourism.
- Assistance was offered to market/study tour participants attending the ITB International Tourism Fair in Berlin on how to communicate more effectively to international media, how to write a successful press release, and appropriate promotional materials were prepared distribution at the Fair.
- One hundred postcards were distributed at ITB.
- The participation of Albanian tourism professionals in ITB news program of Deutsche Welle Radio providing valuable publicity for Albania.
- A 25 minute TV program was prepared by the Public TV Shqiptar highlighting the participation of the Albanian tourism professionals at ITB.
- Assistance was provided to “Tona” Meat Processing Company in launching a new canned meat product. A flyer and poster promoting the new products were developed.
- EDEM Newsletter No 2 reporting on recent EDEM activities EDEM was published in February. Five hundred copies were delivered electronically, via mail, email, meetings and different contacts to the Albanian business community, government agencies, NGOs, other development projects, BSPs, and other interested parties.

F. ADMINISTRATIVE

The major non-routine administrative issue addressed during the Quarter was preparation of comments responding to issues and questions raised by USAID/Albania regarding the EDEM Year 2 draft Work plan. EDEM prepared and submitted its response and is waiting for USAID's acceptance or further comments.

Short Term Technical Assistance

During the Quarter two STTAs traveled to Albania in support of the EDEM project: In addition, the project received continuing support from the Tourism STTA, Scott Wayne, from his home base in the US as well as from James Parchman in support of the leather goods industry and FFF Associates for the herbs and spice industry.

Consultant	Assignment Dates	Assignment Summary and Results
Scott Wayne	January 26 – February 8	Advanced the tourism cluster development process through orientation of the new tourism coordinator, additional planning for ITB, meetings and telephone conversations with cluster members and industry stakeholders, participation in the Peace Corps inter-municipal tourism committee meeting, a visit to Shkodra and a workshop on travel technology.
Daniel Edwards	February 8 – 11	Assist the efforts of the trained team in conducting their first training session by guiding the trainers through the sessions and providing them immediate feedback on methods to improve their presentations and how to increase the learning of session attendees. Twelve businesses paid fees and participated in the initial training session.
Scott Wayne	March 10 – 25	Assisted with the ITB market/study tour, which produced significant contacts with the international media and tour operators and raised the image of Albania as a tourist destination; visited Tirana, Korca, and Voskopoje to meet with local stakeholders; planned cooperative efforts with the Macedonia Competitiveness Activity; continued strong interaction with Peace Corps volunteers serving in Albania.

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