



**Albania Enterprise Development & Export Market Services**  
**(EDEM)**

**QUARTERLY REPORT**

For the period

**1 January through 31 March 2006**

Prepared by

**Development Alternatives, Inc.**

For

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# Albania Enterprise Development & Export Market Services

## EDEM

This Quarterly Report covers the period from 1 January through 31 March 2006.

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.

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

#### Highlights

- Meat Master of Shkodra made its first large scale export of processed meat products to Kosovo. The company has initial orders to deliver 12 tons per month (sales value of approximately \$30,000) with an expectation to increase the contract to a delivery of 300 tons per year valued at \$750,000.
- Rozfa Kaci has opened a retail outlet in Shkodra that carries both its traditional processed products and its new fresh meat product line. Gross sales in the first month were over \$20,000.
- As a result of USAID's sponsored meat processing study tour to Poland, Tona CO of Korca made direct contact with a Polish equipment supplier leading to Tona's purchase of a new cutting machine that extensively expands Tona's capacity.
- Tona CO developed an effective organizational chart defining position functions and responsibilities. The chart helps company management delegate more authority to appropriate individuals in marketing, finance, production and quality/safety. Delegation of authority is a major step in a company's progress toward growth and long term sustainability.

- The Xherdo Company sold 2.5 tons of Organic Essential oils worth \$150,000 to an Austrian importer. This is the first time Albanian produced certified organic essential oils have been exported.
- A \$36,000 export sale of Sage was made by the Gurra Company to a US buyer. This export was the first time Gurra concluded a direct sale to a US company.
- Agroherbal closed an export contract with a US buyer. This is the first time Agroherbal has exported to the US. The contract is worth \$39,000 and involved three different products - Red clover, Juniper berries and Elder berries.
- In recognition of EDEM's efforts and the successes that EDEM-assisted companies have had, several herb and spice companies that have had very limited participation in previous project activities have approached EDEM and are now asking for hands-on assistance.
- For the first time Albania has a group of tour guides certified by the World Federation of Tourist Guide Associations. Five individuals have received their certifications and a sixth will be receiving his shortly. These six are now in the process of training others throughout Albania.
- Twelve hotels have been added to the Web Reservations International (WRI) system, giving them access to over 3,000 websites.
- Albania's presence at the ITB, one of the world's largest travel/tourism fairs, was significantly upgraded from past efforts at ITB and other travel/tourism fairs. ITB was the first major international fair ever attended by an Albanian Minister of Tourism.
- Three small Albanian owned footwear producers have signed production contracts with a large Italian owned firm operating in Albania. These contracts diversify their markets, can lead to longer term relationships and demonstrate the growing capabilities of the Albanian firms.
- A BertToni Company effort to create job opportunities in a small city that has an extremely high rate of unemployment has been selected by World Bank as one of the 10 best projects in Albania and now enters a Balkan wide competition, which could result in the company being awarded a \$30,000 grant.
- Shkalla Olive Oil Company has successfully shipped a trial pallet of its product to Norway. The Norwegian importer is evaluating and test marketing the oil. If the results are positive, Shkalla has the opportunity to enter into a long term contract with the importer.

- The Villa mushroom company has been able to refinance existing debt and obtain new working company as a result of obtaining 430,000 euro in new financing. Preliminary to receiving the loan, the company revamped its entire business plan including a reevaluation of its overall financial situation, development of financial forecasts and a marketing plan, and created an organizational structure to handle the expected future growth.
- To support the developing competitiveness of Albanian companies and Albania as a country, the concept of implementing comprehensive branding strategies is being introduced as a necessity for operating in a global economy. A series of branding activities were initiated that introduced the concepts of and need for effective branding strategies to four communities:
  - Businesses;
  - Business Service Providers (BSPs);
  - Local Governments; and
  - The National Government through the Ministry of Tourism, Culture, Youth, and Sports.
- To develop closer ties between EDEM-trained BSPs and the business community and to strengthen the BSP's capabilities, EDEM is including a real life experience in each training activity where participants apply their learning to actual situations by working directly with business as a part of the training effort.
- For the second year, a comprehensive and practical guide of the Albanian tax system and procedures was published and distributed to Albania's business community. The guide is based on the Government's new fiscal package for 2006.
- Twenty five Korca businesses signed a 'Declaration of Values', which includes the companies' commitment to adopt internal codes of ethics. Subsequently, 17 of those businesses participated in a business ethics workshop to better understand the steps to be taken that will help them adopt and apply a company-wide code of ethics.
- The 6<sup>th</sup> issue of EDEM's newsletter was published and circulated to 500 individuals and organizations

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	Results for Oct 2005 - March 2006	Actual through 3/15/06	Life of Project Target
S.O. 1 Number of self-sustaining private enterprises benefiting directly from USAID assistance.	NA	24	95	87
S.O. 2 Number of private enterprises benefiting indirectly from USAID assistance.	NA	46	727	942
S.O. 3 Value (in 000,000 Lek) of sales of Albanian products and services in domestic markets by USAID-assisted enterprises.	1,781.	8,970.4	13,469.8	8,116.2
S.O. 4 Value (in 000,000 Lek) of target Albanian products and services exported by USAID-assisted enterprises.	110.6	2115.8	3582.8	1,349.9
I.R. 1.1 Number of assisted enterprises with increased productivity and/or improved quality of products or services.	NA	0	42	52
Sub-IR 1.1 Number of people trained in new technologies	NA – new	132	265	TBD
Sub-IR 1.2 Number of people trained in good management practices	NA – new	119	248	TBD
Sub-IR 1.3 Number of people trained in marketing strategy	NA - new	124	237	TBD
I.R. 1.2 Number of assisted enterprises that implement a marketing strategy for their products and/or services.	NA	0	25	38
I.R. 2.1 Number of loans to assisted enterprises from commercial banks.	NA	1	17	24
I.R. 2.2 Number of loans to assisted enterprises from non-bank sources.	NA	1	27	29
I.R. 2.3 Value of loans to assisted enterprises from commercial banks (in 000,000 Lek).	NA	21.2	388	145.0
I.R. 2.4 Value of loans to assisted enterprises from non-bank sources (in 000,000 Lek).	NA	1.4	160	101.0

**Employment Opportunities**

Indicator	Results for October 2005 – March 2006	Through 3/15/2006	Life of Project Target
Number of Employees of assisted enterprises F- female, M- male, T- total	<b>F -26</b> <b>M -32</b> <b>T -58</b>	F 1469 M 720 T 2,189	F 1,470 M 1,030 T 2,500

## **B. BUSINESS ASSISTANCE ACTIVITIES**

### **Meat Processing**

#### **Industry Development Summary**

The industry experienced major concerns during this quarter in regard of the supply of raw meat for processing. Over 95 % of raw meat is imported from countries such as Brazil, Uruguay, New Zealand, and India. The majority of Albanian importers operate under long-term trade agreements with international meat producers as well as with the Albanian meat processing companies, who almost totally rely on their supplies from the importers. With a major outbreak of BSE in Brazil, which contributes almost 40 % of Albania's meat imports, and the resulting GoA ban on imports from any Brazilian State, importing companies are unable to meet the demands of the processors. This is resulting in a major crisis on the supply side, an increase in raw meat prices and insecurity for the continuity of operations. Combined with the avian influenza affluence negatively affecting meat processors' retail of chicken products, this is another major shock for the industry.

EDEM is providing current information to the industry about the situation with BSE and the GoA's policies to control the import of raw meat. EDEM is assisting larger companies develop their own procurement contracts and build transportation logistics and refrigerator spaces. This would result with better priced and quality control by the industry of raw materials. Efforts are also being made to establish business linkages with major local farms and slaughterhouses, which currently focus almost entirely on the fresh market and provide the processors with very limited raw material supplies.

#### **Firm Level Assistance**

##### *Tona Co*

Tona Co is undergoing major transformation in management, marketing and adoption of a food quality/safety system. With intensive involvement of EDEM, Tona Co developed a "Marketing Strategy 2006-2008" that incorporates numerous activities and innovative models to support sales growth and implement best management practices. The company is investing in plant infrastructure, increasing production capacities and building new food stores in Korca.

Using a redesigned logo, EDEM is working with Tona and a designer on introducing new labeling for new product categories targeting premium markets (Tona Gold), regular products (Tona Family) and children oriented products (Tona Kids). The launch of each product category will be supported by strong promotional campaigns. Negotiations have started with Korca Brewery to jointly promote Korca-produced meat (from Tona Co) and beer (Korca Brewery) products for use at summer barbeques. The promotion will be targeted at consumers in Tirana, Durrës, Vlora and Pogradec

EDEM assisted the company develop an effective organizational chart laying out position functions and responsibilities. The chart is helping company management delegate more authority to appropriate individuals in marketing, finance, production and quality/safety.

Tona Co hired a new quality manager who is working to develop production flow charts and a product registration process. EDEM is supporting the new position by producing and assisting in the implementation of on GMP standards, traceability systems, and supplier and machinery documentation. These steps form the basis for the company obtaining ISO and HACCP certifications.

Following the Poland study tour, Tona Co showed interest in procuring a new automatic Nowicky cutter machine. One of the company owners visited Poland in March and negotiated a contract. This modern machinery will process 200 kg of salami per hour and will support the increase of Tona's production capability. The company has also begun to negotiate importing meat from reliable EU certified Polish slaughterhouses that were met on the USAID supported study tour.

The company expressed a major need to develop a system to monitor the costs of each product and production line in light of constantly changing raw materials prices and the use of different mixtures. EDEM developed a user friendly computer program and is training Tona's technology staff on its use. This program will help the company monitor input costs, and the cost of developing new products and contain.

### *Meat Master*

Meat Master signed an initial contract to export to Kosovo 12 tons/month of salamis and sausage (\$30,000). The Kosovo importer/distributor was identified during EDEM's review of the Kosovo market undertaken in 2004. Meat Master's export is expected to reach 300 tons/year. The Kosovo distributor supplies to a network of hundreds of outlets throughout Kosovo and has long time experience serving to the Albanian and Serbian populations. EDEM also supported Meat Master's efforts by reviewing Albania's legislation on VAT exemptions for importation of raw materials used for exports and helped them prepare promotional materials to support export sales.

Meat Master is exploring the possibility of exporting to Macedonia and Montenegro, the former was covered by EDEM's 2004 market review. The main issue is compliance with the veterinary barriers imposed by these countries on foreign products. EDEM is assisting Meat Master review these requirements.

Meat Master is exploring the opportunity of processing de-boned chicken meat that could be supplied by poultry producers in the Shkodra region. This raw material, which currently is only available as in import, is widely used in processing different types of sausages. EDEM has previously identified machinery needs and international sources to supply the equipment.



### *Rozafa Kaci*

EDEM is closely working with Rozafa Kaci to address its marketing needs. Assistance is focused on improving the branding of the company's products. A new logo and label are being created to support the company's new image. With support from EDEM, Rozafa Kaci established a business linkage with one of the largest farms in Albania, located in Lezhe, to secure fresh meat for both retailing and to be used for processing.

EDEM assisted in designing and opening a new company outlet in Shkodra, combining the retail of fresh and processed meat. This effort is proving to be successful as the company has secured \$20,000 in new monthly sales. EDEM is working with Rozafa Kaci to replicate this successful sale of both fresh and processed meat products by creating a distribution network that will cover several cities beyond Shkodra.

### *Albidea*

Albidea is working intensively on adopting food quality/safety standards. Their objective is to receive ISO 9001 quality certification in 2006. EDEM is providing advice on production traceability and identifying what input documentation is required. The company, with several partners, is continuing to develop its chicken production and slaughterhouse in Durres. A review of its branding efforts helped the company identify improvements to be made to support its effort to adapt the company logo and promotional materials to wider range of products beyond its basic pork products.

### *Bardhi*

During the holiday season Bardhi participated in the GTZ and EDEM sponsored "Enjoy the Quality of Albanian Products" campaign. A special product called "sallam turist" was placed in the product basket that was distributed to Embassies, donor organizations, the Prime Minister and high ranking government officials. The campaign was an effort to promote Albania production and the companies that produced them. The campaign and Bardhi's product were well received and garnered considerable publicity including an article in Monitori Magazine.

Bardhi recently bought and installed new machinery for vacuum and air packaging, which will be used for packaging sausages and salamis in variable sized quantities. Packaged in this way, consumers have the ability to choose the package size most appropriate to their needs, leading to more demand and the company's products receiving wider placement in supermarkets.

Jerky is a new specialty product produced in Albania only Bardhi. The idea is to promote it in pubs and bars where it can be consumed as a snack with beer and other drinks. EDEM will carry out a market review to identify places where an interest exists to try this concept that is new to Albania.

With EDEM's assistance, Bardhi is reviewing the requirements to get an internationally recognized barcode for its products. EDEM has reviewed with Bardhi the various uses of a barcode as well as how to officially obtain one by either registering at the EAN central office in Brussels, or by registering at one of the local EAN offices in Italy or Greece. Currently, Albania does not have an EAN office.

Bardhi is investigating use of its new packaging equipment to expand its product lines and package ready made sandwiches and fresh salads. The product would be sold at bars, school, or institutional canteens.

### *Multivac*

During 2006 Multivac supplied four meat processing companies with new vacuum packaging machineries. The company is in the process of signing new orders of advanced packaging technologies with two leading meat processing companies. Following from the successful new technologies workshop organized by EDEM last year, EDEM is cooperating with Multivac to organize a new promotional activity during May-June. This year's workshop will present the latest technologies to the meat and dairy industry as well as fresh fruit and vegetable producers and consolidators.

### *Isoterm*

Isoterm, using up-to-date facilities, is involved in Styrofoam production, the only producer in Albania. Their primary market is construction, but they are also supplying a few types of Styrofoam packaging to some exporting companies for the packaging of fish, frogs and vegetable products. The company has an interest in expanding its production of packaging for the food industry but has been reluctant due to the high fixed costs of producing limited production for small-scale clients.

Nonetheless, EDEM is encouraging the company to investigate the possibility of producing packaging trays for meat products. The Albanian meat industry is retailing large quantities of packaged meat, currently packed on imported trays. EDEM is researching the size of the domestic market and EU regulations related to Styrofoam product standards. EDEM facilitated a meeting between Multivac (packaging machinery supplier) and Isoterm to discuss the adaptability of Styrofoam trays to the existing machinery used by the meat industry.

## **Livestock Production**

EDEM assisted in the development of a detailed business plan and bank loan application for Vangjel Vako to establish a pig farm in Vreshtaz, Korca. The loan application of \$45,000 for the construction and purchase of sows is currently under consideration. A cost analysis and recommendations were also produced for Bektash Zhiva to establish a beef farm in Korca. The efforts to support these two farms are being undertaken on behalf of Tona Co and KMY who are looking at establishing fresh meat production operations.

To further support increasing the supply of fresh meat production in Albania, EDEM is reviewing the operation of a modern automatic slaughterhouse in Korca. Due to lack of strong state controls, this private business is facing major difficulties as most of the slaughtering is done in poor conditions. EDEM will facilitate a round table in Korca between the Ministry of Food and Agriculture, Tona Co and the slaughterhouse administrators to address issues on food safety.

**Summary of Quarter’s major activities:**

<b>Company</b>	<b>Town</b>	<b>Technical Assistance</b>	<b>Results</b>
TONA Co	Korca	<ul style="list-style-type: none"> <li>- “Marketing Strategy 2006-2008”</li> <li>- logo and promotional materials redesigned</li> <li>- new cooperation with Korca brewery</li> <li>- company management chart</li> <li>- traceability and documentation</li> <li>- GMP implementation</li> <li>- secure new automatic vacuum cutter machine</li> <li>- software on product cost analysis</li> <li>- new ways to supply raw meat</li> </ul>	<ul style="list-style-type: none"> <li>- expected increased in production/sales</li> </ul>
MEAT MASTER	Shkodra	<ul style="list-style-type: none"> <li>- assistance on exporting to Kosovo</li> <li>- exploring Montenegro and Macedonia veterinary regulation</li> <li>- establishing de-boned meat operation</li> </ul>	<ul style="list-style-type: none"> <li>- sales growth</li> <li>- new employment</li> </ul>
Albidea	Tirana	<ul style="list-style-type: none"> <li>- assistance on building quality management system (ongoing)</li> <li>- assistance on branding</li> </ul>	<ul style="list-style-type: none"> <li>- expected new management practices</li> <li>- sales growth</li> </ul>
Rozafa Kaci	Shkodra	<ul style="list-style-type: none"> <li>- assistance on improving marketing,</li> <li>- open a new outlet</li> <li>- new logo and labeling</li> <li>- new cooperation with pig farm in Lezhe</li> </ul>	<ul style="list-style-type: none"> <li>- new sales</li> <li>- new source of meat supply</li> </ul>
Bardhi	Tirana	<ul style="list-style-type: none"> <li>- assistance on product promotion</li> <li>- new product development</li> <li>- barcode registration</li> </ul>	<ul style="list-style-type: none"> <li>- new sales</li> </ul>

## *Herbs and Spices*

### **Industry Development Summary**

Herbs and spices companies recorded a number of successes and undertook a number of positive, forward looking activities during this past quarter, both of which came as a result of the continuing assistance of EDEM. Several of these successes and activities are:

- The first ever export of “Organic” Essential oils - 2.5 ton worth \$150,000;
- Two new direct export transactions to US buyers (Baltimore and California), with a value of \$75,000; one transaction Sage leaves has been completed including delivery, and the contract for the second one involving Red clover, Juniper berries and Elder berries has been signed with delivery to take place in the next month or so;
- Export of value added products (*ASTA Quality; Rubbed Sage*); and
- In-country visit of a British essential oils company representative, S&D Aroma, which is expected to lead to increased sales of essential oils and, importantly, a diversification of markets buyers.

EDEM is presently assisting with a pool of herb and spice businesses that cover over 60% of Albania’s herb and spice industry exports. EDEM’s assistance during this quarter consisted in value adding, quality improvement, technology upgrade, export packaging and labeling requirements, international specifications and new market connections. EDEM also disseminated information on regional herb and spice related conferences.

In recognition of EDEM’s efforts, the project has recently been approached by several herb and spice companies that have had very limited participation in previous project activities including two key industry players, Filipi Co (\$2.3 m) and Gjedra (\$1.8 m). The companies are now asking for support in various areas such as Organic certification, new market development, business expansion strategy development, and development of company promotional materials.

### **Industry Level Assistance**

- *Marketing strategy development and value adding* - A workshop was organized addressing issues related to overall operational management, quality assurance and control, marketing strategies development and value adding. Some of these issues have been previously addressed in individual and industry meetings; however the need for reinforcement is continuous. As a result, Albania has increased the range of products supplied in international markets such as ASTA quality and Rubbed Sage. In addition, efforts are being made by several firms to introduce Ground Sage to the international markets.
- *Organic Certification* - Two large herb and spice export companies, Filipi and Gjedra have asked for assistance from EDEM regarding Organic Certification.

EDEM provided extensive information on Organic Certification bodies, the Organic certification process and the application procedures. EDEM has put the companies into contact with SKAL International, the Dutch firm that certified two other Albanian companies last fall.

- *Product diversification* – EDEM during individual company meetings and at workshops, assisted several companies in diversifying their product line as a means of increasing their competitive advantage and increasing their sales. For example, Tealb began selling semi-processed raw material to large exporters in addition to their commercial sales packaged teas and spices. As a result the company garnered a 77% increase in overall sales.
- *On going meetings with companies* – During the quarter a number of on site and office meetings were held with herb and spice businesses - ATC/Durres, Xherdo/Polican, Tealb/Tirana, Gurra/Tepelena, Agroherbal/Mamurras, Filipi/Laç. Dorena/Polican, Pepa/Durres, Gjedra/Berat, and Elite AE/Vore. Topics covered during the meetings included: quality improvement, quality control and assurance (distribution of ASTA manual and guidance on specifications required to be met), export product labeling and packaging, organic certification, business expansions, product diversification, continued implementation of Organic production principals, company promotion and value adding. EDEM also provided extensive support to companies in the areas of export quality and the process of exporting.
- *Organic Wild Conference/ BiH* - EDEM provided information to and facilitated communication among industry businesses regarding their participation in the 1<sup>st</sup> IFOAM Organic Wild Conference that will take place in Bosnia Herzegovina during May 3-6. The conference will help spread the word about Albania's processing and export capabilities, give industry businesses the chance to better understand the challenges and opportunities of this sector in the region, and exchange information and forge links with companies and other organizations operating in the region.
- *EDEM's cooperative activities* - EDEM continued its interactions with governmental structures and privately operating associations; discussions which facilitate addressing issues that pertain to sustainable use of herbs and spices, promotion of the medicinal flora, and promotion of the industry initiatives and activities.
- a) *Essence Producers and Cultivators Association / EPCA* - EDEM facilitated EPCA's first promotion activity assisting in arranging its introductory meeting and the preparation of the association's brochure. EDEM presented a paper at the EPCA's meeting on "Organic Certification" trends and actions of the Albanian herb and spice industry. EDEM had in-depth discussions with association representatives on the need for training on harvesting and post harvest handling. EDEM will design a specific training program to be implemented at the village level to support EPCA members.

- EDEM facilitated meetings between the ECPA, the Biological Research Institute and Research Institute of Forests and Pastures aimed at developing cooperation among the entities that would benefit them as a group and each of them individually. Topics discussed include proper collection techniques, species' preservation and maximizing use of the Institutes' analytical capacities.
- b) Ministry of Food, Agriculture and Consumers' Protection / MOAF - EDEM provided an in-depth "Herb and Spice Industry Profile" to the Ministry. EDEM also facilitated participation of industry businesses in discussions with the Ministry regarding selection of relevant trade fairs that would best benefit the businesses.
  - c) Research Institute of Forests and Pastures / RIFP - EDEM conducted several meetings with the Research Institute of Forests and Pastures discussing issues on the monitoring and preservation of engendered herb and spice flora.
  - d) Albanian Association of Folk Medicine / AAFM - EDEM held several discussions with the AAFM regarding their interest to develop an exhibition of 1,000 Albanian medicinal plant species. EDEM advised AAFM representatives on developing an exhibition that would target an audience of Albanian herb and spice exporters, government structures, relevant research institutes, and teachers and students from the Agricultural University Botany and Biology Department. The exhibition would address issues that relate to introducing the plants (name and biological actions) and their use in the pharmaceutical, medical, cosmetic and food industries.

### **Firm Level Assistance**

#### *Gurra*

A \$36,000 export sale of Sage was made by the Gurra Company to a US buyer. This export was the first time Gurra concluded a direct sale to a US company. The transaction resulted from EDEM's direct assistance, which included initiating the contact, advice regarding quality assurance and export specifications, and continual monitoring of the transaction machinations. It is anticipated that additional orders of perhaps 2 or 4 more container loads will follow.

#### *Xherdo*

The Xherdo Company finalized an export transaction of 2.5 tons of Organic Essential oils worth \$150,000 to an Austrian importer. This is the first time Albanian produced certified organic essential oils have been exported. Last fall, EDEM had supported Xherdo in obtaining organic certification for its oils. This sale came about because the oils were organically certified. The importer was not interested in purchasing oils at this time, but when he understood them to be organically certified, he readily agreed to the purchase. EDEM initiated and facilitated the visit of the British essential oil company

S&D Aroma's Managing Director to the Xherdo Company. Oil samples have been taken for analysis at the company's laboratory in England. Results to date are positive and the company is interested to place trial orders and to seek an exclusive relationship with Xherdo.

### *Agroherbal*

Agroherbal closed an export contract with a US buyer. This is the first time Agroherbal has exported to the US. The contract was worth \$39,000 and involved three different products. EDEM assisted in identifying the buyer and follow up communication, explained US export procedures and requirement, made transportation arrangements, reviewed the product quality and helped the company with its labeling and packaging.

### *Pepa*

EDEM conveyed the interest of a Macedonian company interested in purchasing three types of dried products and facilitated communication between the company and the Pepa Company of Durres.

<b>Company</b>	<b>Town</b>	<b>Technical Assistance</b>	<b>Results</b>
Xherdo	Poliçan	<ul style="list-style-type: none"> <li>- Organic Certification</li> <li>- n-country visit of British S&amp;D Aroma representative at processing, warehousing and cultivation sites / new market connection</li> <li>- TA in company promotion</li> <li>- marketing strategy development and value adding</li> <li>- Wild Organic Conference in BiH</li> </ul>	<ul style="list-style-type: none"> <li>- first export ever from Albania of Organic Essential Oils; 2.5 ton worth \$150,000</li> <li>- 4 oil samples analyzed and results very promising for potential export of organic oils</li> <li>- discussions on potential export of cultivation based oils</li> <li>- company brochure produced, web page under development</li> <li>- participation to workshop</li> <li>- significant upgrade of operational and management plans</li> <li>- Confirmed participation</li> </ul>
Gurra	Tepelena	<ul style="list-style-type: none"> <li>- new trade link to a US buyer in Baltimore</li> <li>- company promotion</li> <li>- Wild Organic Conference in BiH</li> </ul>	<ul style="list-style-type: none"> <li>- one new direct export transaction of Sage leaves worth \$36,000</li> <li>- Web page reconstructed</li> <li>- confirmed participation</li> </ul>
Agro-herbal	Mamurras	<ul style="list-style-type: none"> <li>- new export market connection with US Buyer in California</li> <li>- export products' labeling, packaging, specifications and transport arrangements</li> <li>- Wild Organic Conference in BiH</li> </ul>	<ul style="list-style-type: none"> <li>- samples approved and one export transaction finalized on Red Clover, Juniper berries and Elder berries. Products prepared according to buyers' specs. Export value approximately \$39,000</li> <li>- confirmed participation</li> </ul>

Filipi	Laç	- Organic Certification - TA in company promotion - Wild Organic Conference in BiH	- understanding entire process procedures and application for Certification - working on company's brochure - confirmed participation
Gjedra	Berat	- Organic Certification - Wild Organic Conference in BiH	- understanding entire process procedures on Organic Certification - confirmed participation
Albanian Trading Co	Durres	- new market connections	- results pending for Rubbed Sage" export to USA
Elite AE	Vore	- new market connections	- negotiations with Norwegian buyers
Tealb	Tirana	- TA in new products development	- consideration of new design, labeling and packaging of existing products.
Pepa	Durres	- new market development in Macedonia	- discussions on potential export of three items to Koro Tea company

### **Anticipated Follow up activities**

- Design and conduct a Trade Mission to the US in April for three Albanian herb and spice businesses, ATC, Xherdo and Gurra;
- Follow up on the collaboration between Xherdo and S&D Aroma;
- Design and conduct training for the harvesting network on sustainable harvesting and post harvest handling;
- Direct technical assistance to core Albanian herb and spice companies to further development of individual firm's business and marketing plans;
- Design and conduct a workshop addressing issues relating to international food safety and quality standards, GMP regulations for herbs and spices, and BTA export requirements; and
- Organize the participation of herb and spice businesses to the Organic Wild Conference in Bosnia-Herzegovina including preparation of an Albanian booth that promotes the industry and individual companies.

### **Tourism**

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**

### *Marketing for hotels*

- 1) During this quarter two workshops were conducted to add hotels to the Web Reservations International (WRI) system - one in Durres with participation of seven hotels from the Golem area, and one workshop in Tirana, with participation of University of Tirana students, that introduced five hotels to WRI.
- 2) In Tirana, university tourism students were introduced to internet travel sites, bookings and how to work with the hotels in signing them up for the WRI system.
- 3) EDEM met with a representative from USAID's Regional Competitiveness Initiative (RCI) to discuss how EDEM can be a part of the RCI regional tourism initiative as a follow up to the Bucharest RCI conference.
- 4) EDEM assisted Dardania Travel with producing and printing a new brochure in English for their participation on the Albania stand at ITB in Berlin.

### *Improved tourism information*

- 1) The tourism asset mapping process begun with the IMTC was increased in this quarter to include most of the main municipalities interested in tourism. EDEM, in cooperation with PCVs, organized an IMTC Steering Committee meeting in which the participants were introduced to the "Bunker Trail" as an example of a walking tour. The meeting encouraged other regions to create their own walking tours, i.e. Tirana, Berat, Vlore, and Permet.
- 2) The Turizmi Shqiptar yahoo user group continued to add members and grow as an educational and networking resource for the Albanian tourism industry. The number of members in this group has reached 224.

### *"Greetings from Albania" postcards*

- 1) EDEM began working on commercializing the "Greetings from Albania" postcards in cooperation with SOS Kinderdorf International – Albania. EDEM also initiated efforts to have the postcard images placed on Albanian postage stamps beginning in 2007.
- 2) Almost a thousand postcards were printed and distributed at the Albania stand at the Utrecht Tourism Fair in Netherlands and at ITB in Berlin.

### *Other promotional activities*

- 1) EDEM met with British Airways' country commercial manager for Kosovo and Albania to discuss cooperation between BA and EDEM in attracting tourists to

Albania. It was agreed to have a workshop promoting Albanian tourism in London geared toward informing UK travel writers and tour operators about what Albania has to offer. Meetings also have been held with the BA Business Development Manager and the Albanian Ambassador to the UK, both of whom are very supportive.

- 2) EDEM has met with the Abercrombie and Kent Director of Europe. A&K is a luxury tour operator that is now interested in adding Albania to their catalogue.

### *Media*

- 1) The Albanian stand at the International Tourism Fair in Berlin received media coverage from German broadcaster Deutsche Welle, an international online media service "Worldroom.com," and the Berlin-based magazine Naturschutzblatter.
- 2) Coverage of EDEM tourism activities appeared in Biznesi and SE European Times.
- 3) EDEM met with at least 15 journalists to discuss Albania travel during the ITB travel fair.
- 4) EDEM's tourism consultant met with the Editor of Geographical Magazine who will be visiting Albania to write an article for the magazine.
- 5) The consultant also met with the Chairman of the British Guild of Travel Writers, Mary Ann Evans, and members of the Guild to discuss Albania.
- 6) EDEM introduced Tourism Ministry officials to 15 travel trade publications at ITB.
- 7) EDEM met with the CNN Sales Director to discuss the cost of doing travel advertising on CNN International. The Sales Director indicated that the price varies according to the frequency of the ads – from \$50,000 to \$2 million.

### **Training and Education**

- 1) EDEM held one-on-one meetings with nine travel agencies and advised them on product development and internet travel marketing. The following agencies participated in these meetings: Antalja Travel, Albania Holidays, ATHS, Magic Tours, Meridiana Travel, Europa Travel, Gulliver OK, Dallandyshe Travel, and Sava Tours.
- 2) EDEM trained a group of Tirana university tourism students on the basics of internet travel sites and the registration process for getting hotels onto the WRI booking system.

- 3) EDEM conducted a workshop on best practices in travel trade fairs for the travel agencies, hotels, communities in Tirana, with 27 participants from travel agencies, hotels, the National Tourism Organization, and non-governmental organizations.
- 4) EDEM conducted a workshop on the importance of communities and regions developing branding strategies. Fifteen participants from communities and the National Tourism Organization participated.
- 5) In cooperation with USAID's Human and Institutional Capacity Development project, EDEM sent six tourism professionals to Cyprus for the second phase of their train-the-trainers program for tour guides. As a result, five are now certified by the World Federation of Tourist Guide Associations. In March, EDEM organized the last phase of the ToT program for tour guides in preparation for their beginning to offer tour guide training to others around the country.

### **Government and Policy**

- 1) EDEM and USAID met the Minister of Tourism, and latter with the Vice Minister, to discuss the importance of branding and the possibility of using tourism as a catalyst for economic development. The Minister supported the idea and also addressed other possible areas of cooperation including:
  - Assist with publishing guides to Albania; and
  - Tour guide training.

The Minister proposed that USAID and the Ministry sign an agreement to identify and formalize cooperation in other activities as well.

- 2) EDEM met with the Deputy Minister of Foreign Affairs and the Ministry's Director of Economic Development to discuss the potential for distributing tourism information through Albanian Embassies abroad and possibilities for organizing Albanian nights at these Embassies.
- 3) EDEM met with the National Tourism Organization's Director of Promotion and GTZ's Director to coordinate efforts for an improved presence of Albania at ITB.

### **International Tourism Fair in Berlin**

EDEM worked closely with the Ministry of Tourism, the National Tourism Organization and private business on improving Albania's presence at the ITB. In preparation for ITB, EDEM:

- Arranged a reception at the Albanian stand that included: designing invitations using the "Greetings from Albania" postcard images that were distributed to 500 members of the press and other exhibitors; arranging for meat from Meat Master and wine from Cobo Company of Berat to be served at the reception; and negotiating with

Austrian Airlines for coverage of the excess baggage cost of shipping the meat and wine to Berlin;

- Contacted the Albanian Embassy in Berlin to support the Albanian tourism industry with the participation of the Albanian Ambassador at the reception; and
- Contacted more than 60 foreign tour operators, mainly in target countries such as Germany, UK, and Italy;

At the fair itself, EDEM:

- Introduced the Ministry's Director of Tourism Development Policy, Spokesperson for the Minister and the, Supervisor of Marketing and Promotion at the National Tourism Board, to the press center and 15 travel trade publications;
- Distributed copies of the NTO press release in the ITB press center;
- Met with the Chief of Cabinet of the Secretary General of WTO to arrange a meeting between the Secretary General of WTO and the Albanian Minister of Tourism;
- Worked the press center to invite media to the reception. Met a writer with WorldRoom.com, an online travel video service, who agreed to attend the reception and do interviews about Albania with the Albanian Ambassador to Germany, representatives from the Ministry of Tourism and Albanian Airlines;
- Attended the WTO press conference;
- Visited 20 tour operators in the adventure travel hall and discussed the possibility of adding Albania to their catalogues including: G.A.P. Adventures; Wikinger Reisen; Kolping; Duma Naturreisen; Schultz Aktiv Reisen; Balkan Tours; STA Travel; and the European Centre for Ecological and Agricultural Tourism;
- Participated at the reception on Albanian stand which attracted a good sized crowd, including a TV crew, the Director of Communications from WTO, the Minister of Tourism from Macedonia, the Director of the European Centre for Ecological and Agricultural Tourism, and tour operators;
- Provided the Albanian Minister of Tourism with an orientation to ITB and guided him through several halls of the Fair beginning with Hall 2.1 and visits to the stands of Macedonia, Bosnia, Montenegro and Croatia;
- Arranged for the Albanian Minister to meet with the Secretary General of the WTO for discussions on:
  - WTO support;

- Donor coordination;
  - Crans Montana Forum in Albania in June;
  - Need for legislation examples from WTO; and
  - Tripartite agreement between WTO, SNV and the French Government for coordinated work on tourism development. The Minister mentioned that he is signing an agreement with USAID;
- Interviewed the Fair's participants from the Albanian travel agencies that exhibited at ITB.

## **Leather Goods & Footwear**

### **Industry Development Summary**

Although the growing import of lower priced footwear from Asia has continued to have major impact on footwear producers and distributors in Italy, its net effect on footwear production in Albania remains unclear. During the first quarter of 2006 there were no indications of any major decline in production volume at the factories in Albania producing for major Italian firms. On the contrary, there have been instances of modest production volume increases. Whether volume increase is driven by seasonal or other factors remains unclear. The easing of electrical power shortage in Albania has also helped factories better meet their production targets.

The production capabilities of the Albania's Footwear industry remain largely unknown to the outside world. Except for a few major Italian firms with international customers, the opportunities available in this industry are not known to other major footwear buyers. In order to generate interest of these potential buyers in the international footwear market EDEM is working with major international footwear press including organizing a visit to Albania for selected journalists from several West European footwear publications.

### **Industry Development Assistance**

- Continued working with UK based publications: World Footwear for developing stories on Albanian owned footwear producer BertToni's capabilities with emphasis on higher-priced footwear with hand-made components and hand sewn assembly.
- Continued dialog with several footwear magazine publishers for organizing a trip for their journalists to visit Albania and tour footwear production factories in May.
- Since leather is the key raw material for the footwear industry and a major concern for potential investors considering Albania as a production source, EDEM is assisting the publication "World Leather" in developing a major article

on Albania's leather production sector. The story is due to appear in the May issue and will reach a world-wide audience.

- Developed a complete web page package for the Albanian footwear firms. Individual pages will allow each firm to announce their products and services and display their products. This web page package is to be included at the EDEM web site currently being developed. The pages can be viewed at its temporary location: <http://members.cox.net/westnash/>

### **Firm Level Assistance**

During the last quarter EDEM's assistance to individual footwear producers has continued to address their specific needs in improving their businesses. As noted below, through these efforts selected firms are better able to negotiate with banks, improve their financial management, find new buyers and obtain international exposure through major trade publications.

<b>Company</b>	<b>Town</b>	<b>Technical Assistance</b>	<b>Results</b>
Angelo Shoes	Korça	<ul style="list-style-type: none"> <li>- implement a software based bookkeeping &amp; accounting system</li> <li>- assist the firm develop financial reports to accompany a loan request from bank</li> </ul>	<ul style="list-style-type: none"> <li>- financial management improved through better organization and generation of summary data and reports</li> <li>- the firm, for the first time, is able to develop a set of financial analyses and reports acceptable by banks for considering the firm's request for a working capital loan</li> </ul>
Mas-Torr	Korça	<ul style="list-style-type: none"> <li>- implement a software based bookkeeping &amp; accounting system</li> </ul>	<ul style="list-style-type: none"> <li>- the firm is replacing its spreadsheet based bookkeeping system with specialized bookkeeping/accounting software.</li> </ul>
BertToni	Shkodra	<ul style="list-style-type: none"> <li>- develop necessary information for the firm in applying for grant funds from the World bank for training women in footwear production in high unemployment rural area</li> <li>- assist UK based publication (World Footwear) to publish an article on BertToni's efforts in developing hand-made footwear in Puka</li> </ul>	<ul style="list-style-type: none"> <li>- World Bank, Tirana has selected BertToni's project concept as one of the 10 best in Albania. EDEM will assist the firm develop project details and present its case for a Balkan wide World Bank grant competition in May 2006 in Belgrade, Serbia</li> <li>- press article on BertToni's specialized footwear production capability. The publication has world-wide readership</li> </ul>

Filanto	Tirana	- develop new sub-contractors to ease production overload at its factories	- the firm was able to negotiate with three Albanian owned firms and immediately sign-up two sub-contractors for urgent production work
Picari	Patos, Fier	- increase revenue through new production contract.	- Picari generated additional revenues through a production contract from Filanto. Development of this working relationship with a large Italian producer is likely to yield further business in future
ENDI	Kruja	- increase revenue through new production contract.	- ENDI generated additional revenues through a production contract from Filanto. If the firm is able to consistently meet Filanto's quality and delivery requirements it can secure additional production contracts in future

### **INDUSTRY DEMONSTRATION COMPANIES**

EDEM has continued its efforts to work with “Demonstration Companies”. This activity was started following an overall review of the project and development of a revised implementation strategy for EDEM, which was approved by USAID/Albania in September 2004. The Updated Strategy emphasizes an increased focus on firm level assistance in addition to the cluster and industry level approach that was being pursued. The decision was made to also include companies in other industries than the four clusters, in which EDEM had targeted its assistance.

In selecting companies, the following guidelines are used:

- A business with significant growth and job creation potential;
- Business owner exhibits entrepreneurship;
- Firm has in place key ingredients to allow expansion; and
- Products have export potential and ability to compete with imported products.

While EDEM has worked with Demonstration Companies in several sectors, the effort has focused on industry sectors, which are considered to have solid potential for development into important clusters in the future development of the Albanian economy. The main sector, considered to have the most significant growth potential, is the fruit and vegetable sector, where concentration has been on fruit and vegetable consolidators and agro-processors.

## **Fruit and vegetable consolidators and agro-processing companies**

As a result of interest from export markets that has been elicited for fruits and vegetables including olive oil from Albania, EDEM's efforts have been extended to identify clients that can meet the requirements of export market buyers.

### *Vellezerit AK, Divjaka*

EDEM is actively assisting this company to open new export markets in Western Europe for the firm's fruits and vegetables. In the past quarter the following activities on behalf of this company were:

- The trial order placed in December 2005 by Interfrukt in Norway placed for three pallets of various products were shipped via Italy in January 2006. Due to unforeseen difficulties with respect to the transshipment of the products in Italy, the shipment reached Norway more than two weeks late. The vegetables, unfortunately, were not marketable and had to be dumped. While no definitive conclusions can be made, the representatives of Interfrukt indicated that given a timely arrival of the vegetable products, they would probably have been considered to be of a good quality and thus sellable in the Norwegian market. Interfrukt and EDEM are currently evaluating alternative to ship fresh fruits and vegetables to Norway to ensure a reliable delivery and transportation without undue delays.
- A major Croatian fruit and vegetable producer and wholesaler visited Albania in January following an initial contact made at a B2B meeting in Belgrade. The visit resulted in the company placing a trial order for 400 tons of cabbage with a value of more than EUR 90,000 to be exported to Croatia in the months of January through March 2006. Due to an unforeseen change in the supply situation, Vellezerit A&K was unable to fulfill its commitment and agreement with the Croatian buyer at any price.
- At the B2B meeting in Belgrade the first face-to-face meeting with a Serbian vegetable producer and wholesale company was made as a follow up to the initial contact that had been made several months before. Vellezerit A&K has entered a co-financing and production agreement with this company to supply vegetables to the Serbian market. The first delivery is expected to be made later this spring.

EDEM is assisting the company also to get additional financing from the bank for working capital.

### *Dhimitri Company Sh.p.K., Korca*

This consolidator has primarily concentrated its activities on the Greek export market with focus on the export of beans. EDEM is assisting the company to expand its export



market focus and the range of products handled. The first introduction was made to a UK based importer of fruits and vegetables.

*Federation of Myzeqeja Farmers, Lushnja*

This farmers' cooperative requested EDEM's assistance to identify new market opportunities in both domestic and export markets to enable it to expand its consolidation services to its member farmers.

*"Darcia" Association, Hysgjokaj (near Vlora)*

This farmers' cooperative requested EDEM's assistance to identify new market opportunities in both domestic and export markets and to assist in the development of cool storage facilities to enable it to expand its consolidation services to its member farmers.

*"Association of Sun-dried Tomato Growers", Rrogozhina*

This association of farmers, who have introduced the growing and production of sun-dried tomatoes to Albania, requested EDEM's assistance to find new market opportunities for their products.

*VILA, Maliq*

During the past quarter EDEM's assistance has focused on assisting the company management to refinance its overall loan portfolio. To this effect EDEM has assisted the owner negotiate both with the existing lenders and with the a new bank that expressed interest in refinancing VILA's existing loan and provide additional financing for working capital and for new investments.

As part of preparing needed documents for loan – refinance, EDEM has assisted the company revamp its entire business plan including a reevaluation of the overall financial situation and status, development of financial forecasts and a marketing plan and also plan an organizational structure to handle the expected future growth.

On March 27 the new bank introduced by EDEM approved a loan package of EUR 430,000 on favorable terms for the company.

EDEM also introduced the company to a fruit and vegetable importer from the UK, who has expressed interest in future purchases, when the production volumes would warrant regular exports of its products.

*Elite AE, Vore*

This greenhouse grower and exporter of organic fresh herbs requested EDEM's assistance to identify new market opportunities for its products.

### *Shkalla Company, Tirana*

A trial shipment of one pallet of olive oil packaged in consumer size 0.5 liter bottles and in institutional packaging of 5 liter cans to Interfrukt in Oslo, Norway was made in January. The olive oil is currently being tested by the customers of Interfrukt, and the results are being evaluated.

### *Ani Olive Oil Company, Qeparo*

EDEM is assisting Ani pursue an opportunity to export its olive oil to a Croatian company, which in purchasing some 72 tons of oil in 2006. EDEM is acting as a facilitator by providing assistance and advice to the owner of Ani.

### *Sejega Sh.p.K., Tirana*

Sejega is currently in the process of building a larger processing plant in Tirana which will require input from a HACCP advisor. EDEM is arranging for a short-term technical advisor with HACCP expertise to come to Albania and provide assistance to Sejega and several other food processors. As an alternative, EDEM facilitated a meeting with PEP-SE Project on Issues of International Technical Standards and Regulations, which might provide Sejega with its needed HACCP support.

### **Other industry demonstration companies**

The other industry sectors, which EDEM considers having potential in the near term and in which Demonstration Companies have been identified are:

- The fish processing sector including the development of the Albanian fishing fleet;
- The garment industry;
- The wood processing and furniture industry; and
- Trucking and transportation.

The activities working with these companies are described below.

### *Poseidon, Shengjin*

No new activities to report during this period. The owners and the management of the company have decided to postpone the investment in the new production plant. As a result EDEM has put all its assistance to the company on hold until such time that the company should decide to restart its efforts and commit resources to the expansion project.

*Dafinor Sh.p.K., Shkodra*

EDEM received a request for solid oak wood moldings for a Scandinavian importer and wholesaler of wood products. This furniture factory making solid wood furniture and furniture parts was however unable to locate a secure source of raw material and had to decline this opportunity.

*Bicaku Sh.p.K., Durres*

This is a furniture company specializing in the production of interior doors, kitchens and moldings in MDF (medium density fiber). EDEM introduced the company to potential Norwegian buyer of MDF moldings. Representatives from the Norwegian company have visited the Bicaku and signed a letter of intent on future deliveries contingent on acceptable price and delivery terms. If the prices offered are acceptable, the first shipment would be expected to be made during May.

*Shaga Sh.p.K., Tirana and Lushnja*

This furniture company has emerged from being a trading company of imported furniture to a producer of a line of furniture, kitchens and MDF moldings both for the domestic and export markets. EDEM is working with the company based on a specific export customer opportunity. EDEM introduced Shaga to a potential Norwegian customer for MDF moldings. The company is working to develop an offer based on the customer's specification.

*ERI Trans, Marikaj, Tirana*

EDEM has been following up on the company's efforts to procure additional trucks and trailers. While the company management has expressed interest in the offers received, no decision has yet been made.

*ARI Trans Sh.p.K., Marikai*

This transportation company has a fleet of modern refrigerated and standard trucks for the transportation of all types of refrigerated and frozen products and general cargo. EDEM has assisted the company to contact a truck dealer and also a dealer of refrigerated trailers and has obtained offers for the purchase of new trucks and trailers. The company is currently evaluating these offers.

*Diamant Worldwide Cargo Service, Durres*

This freight forwarding and transportation company offers all modes of transportation services, warehousing and terminal operation services for both Albanian and international companies and institutions. EDEM is working actively with the company to solve the challenges of providing transportation and logistics services to enable Albanian exporters

to compete in international markets especially when shipment to or through the EU is in play.

## **C. SME DEVELOPMENT**

(Principal EDEM SME marketing activities not addressed elsewhere)

One of EDEM's goals is the development of sustainable Business Service Providers (BSPs) capable of rendering professional services to the Albania's business community. A key prerequisite in this respect is to provide these BSPs with the skills and capabilities that are or will be demand by the businesses. EDEM's strategy is to recruit and work with existing BSPs and individuals interested in establishing BSPs by providing training, the necessary skills and knowledge base to make them sustainable entities capable of serving the business community.

[EDEM's assistance to BSP development in Albania includes working with both organized BSPs and individuals who offer consultant services and training on a part time basis.]

EDEM has pursued a "train the trainer" approach, whereby BSPs have been given training in the form of "training the trainer" courses, following which the trained BSPs conduct training courses for other prospective trainers and also to participants in the business community. This way EDEM has leveraged its resources and at the same time laid the groundwork to establish a community of sustainable BSPs serving the needs of the businesses and institutors in Albania.

### **Training Activities**

Activities in the past quarter have included:

- Training of trainers for tour guides;
- Seminar on use of computerized tools for accounting and business in general;
- Training of trainers for newly recruited BSPs;
- Training needs assessment for BSPs; and
- Introduction of branding concepts to BSPs.

#### *Tour Guide training*

With support from USAID's Human and Institutional Capacity Development project, six participants attended a 'training of trainers' course given by the World Federation of Tourist Guide Associations International. The course took place from January 6 to 18, 2006 in Cyprus. Prior to attending the course, the participants attended a three day 'training of trainers' course, developed by EDEM, which provided the individual with general training techniques. Subsequent to the Cyprus training, EDEM in close cooperation with the participants adapted the training materials received in Cyprus to the

specifics of Albania. Using these materials, a second ‘training of trainers’ was provided to the participants in late March where they had the possibility to apply their training by practicing their skills with EDEM’s training staff and by an EDEM organized tour group consisting of local expatriates.

The next step, to be launched in April, will be to organize training courses for tour guides in all regions of Albania. These courses will be provided by the EDEM-trained tour guide trainers. The EDEM trainers will also conduct additional ‘training of trainers’ courses to develop additional trainers. A certification program will be developed with the travel industry associations and the Albanian government.

#### *IT for accounting and business management*

In February, EDEM, in cooperation with an IT technology consulting company and an accounting software development company, provided a seminar on the use of software to more than 30 business representatives from Korca. Both the IT consultant and the accounting software company have received numerous inquiries requesting offers for their services from local businesses.

#### *Creation of new BSPs*

In mid-February, EDEM recruited and provided a training of trainers (TOT) workshop to ten new BSP candidates. Participants included:

- Three tour guide trainers;
- Four consultants with MBAs from US institutions who have good backgrounds in business development and management;
- One university teacher with experience working in the UK; and
- Two university students graduating in business and economics.

This 3-1/2 day workshop provided the participants with basic training techniques and the skills on how to apply those skills while working with businesses and other organizations.

#### *Training needs assessment*

In February EDEM held a workshop for BSPs on how to conduct a Training Needs Assessment (TNA) for businesses and other organizations. The eight participants in this training course were given the fundamental skills and practical know-how on how to work with a business to identify the business’ training needs and how to develop a program that would address those needs. At the end of the workshop, the participants broke into three groups, with each group working with a specific business (one meat company, one BSP operating as an ISP and IT consulting company and one hotel) to practice what they learned in the course. Each group developed a TNA for their host business which was subsequently reviewed with EDEM’s training consultant and with the individual businesses. This very practical training approach will be replicated, where appropriate in future EDEM training efforts.

## *Branding*

In January, an introductory workshop for BSPs on the concepts of creating branding strategies was held for over 30 individuals. Because of the great interest from the participants a ‘training of trainers’ workshop on branding is being organized in April. The workshop will include the approach used in the TNA effort, where the participants will meet with selected companies to practice and apply the techniques learned in the formal workshop setting.

### **Planned activities**

In the next quarter the following activities are planned:

- Organize showcase events for Albanian BSPs to explain their services to the business community followed by joint visits to individual companies expressing interest in using the training and consulting services provided by the BSPs.
- Launch the training course for tour guides throughout Albania with the EDEM-trained tour guide trainers.
- Provide a second round of training for newly recruited BSP consultants in how to provide training using the EDEM module: Management and Leadership Training for Albanian businesses.
- Organize a training course on the application of international accounting standards and recruit a core group of accounting specialists and train them in two areas: how to teach SME accountants in the use of International Accounting Standards (a future legal requirement for Albanian accountants and required for EU integration); and how to prepare and present financial statements. In addition, a training course for managers in how to use and read financial statements and develop indicators for financial information will be developed.
- Offer a training course on sales techniques and recruit a core group of trainers to provide ‘training of trainers’ who will be able to provide training to business and other interested parties.
- Develop and give a course in Change Management, which has been requested by the BSPs working with EDEM.

## **D. MARKETING**

(Principal EDEM marketing activities not elaborated elsewhere)

Marketing assistance provided by EDEM addresses specific needs of firms as well as those of industries in general. Firm level assistance in marketing has been included in

other sections of this report. Following is a list of activities that are targeted at industries in general.

### *Branding strategies*

Branding has become one of the hot topics in business management over the past ten years. All indications are that this trend is becoming more pronounced as globalization, instant mass communications and all-pervasive competitive pressures are on the increase. For most of the twentieth century branding was primarily a business strategy designed to promote consumer goods and services. Now branding has expanded into industry and the business-to-business arena, high technology, financial services, public sector organizations and even entire countries.

To support the developing competitiveness of Albanian companies, in January EDEM held a series of branding workshops and individual meetings that were exceptionally well received. EDEM's efforts involved introducing the concepts of and need for effective branding strategies to four communities:

- Businesses;
- Business Service Providers (BSPs);
- Local Governments; and
- The National Government through the Ministry of Tourism, Culture, Youth, and Sports.

As part of the effort with the business community, individual meetings were held with several companies with retail packaged products (Meat Master, Sejega, Ferlat, Tealb) and who had a strong desire to develop their brand (Albidea for fresh meat). Each company was provided with comments and recommendations to follow in their efforts to become brand effective.

EDEM will continue these efforts in the next quarter by organizing in-depth discussions and planning sessions with selected firms, a community that can serve as model for others, and the Ministry of Tourism. In addition, BSPs will be trained so that this service can continued to be offered to Albania's business community and other organizations.

### *Novi Sad Agricultural Fair*

To assist Albanian firms identify new market opportunities, EDEM is assisting the request from the Ministry of Agriculture, Food Safety & Consumer protection to promote Albanian agricultural products at the upcoming Novi Sad trade fair. EDEM is working closely with the ministry and advising prospective firms about the potential opportunities that could come about as a result of participating at this fair. During April and May, EDEM will assist interested firms prepare promotional materiel and assist them at the fair in communicating with prospective customers.

## **E. BUSINESS ENVIRONMENT**

### *Albanian Tax Guide 2006*

For the second year, EDEM through the Institute for Development Research and Alternatives (IDRA) prepared and published a comprehensive and practical guide of the Albanian tax system and procedures. The guide is based on the Government's new fiscal package for 2006. The new guide has several new features such as inclusion of local taxes and fees of the most important municipalities in Albania and the new procedures for business registration. More than 400 copies have been distributed to chambers of commerce, business associations, individual businesses, and public administration offices. The guide is also offered free of charge online at the ALBIC portal ([www.albic.net](http://www.albic.net)).

### *Business Ethics – Declaration of Values*

In February, IDRA organized a seminar on Business Ethics in Korca with the aim to launch the 'Declaration of Values' for Korca businesses and to prepare for EDEM's training program on business ethics. Approximately 25 businesses participated and signed the 'Declaration of Values', which includes the companies' commitment to adopt internal codes of ethics. The businesses also committed to participate in a training that supports their efforts to adopt a code of ethics at company level.

In March, a two day training session was delivered in Korca based on the business ethics modules prepared by EDEM for Albanian businesses. The program was delivered by one of the individuals who had participated in an earlier business ethics ToT. Seventeen managers from different companies participated in the training. Five companies have begun to finalize their internal codes of ethics.

### *Business Environment Survey 2005*

IDRA has conducted the second annual 'Albanian Business Barriers Survey 2005'. The survey which focuses on identifying and ranking barriers to enterprise development, offers in the second year the possibility to compare the results and see the progress, if any, of improvements taking place in Albania's business environment. Tracking corruption and its impact on business environment is one of the major goals of this annual survey.

### *Local Government and Business Environment*

During the quarter IDRA continued efforts on improving business climate at local level. A visit was organized to Saranda in cooperation with the USAID/LGDA project. The visit started the process of reviewing and improving the procedures for business licensing in line with the national government's passing business licensing responsibilities on to local government. Meetings were held with the Deputy Mayor, the Tax, Service, and



Tourism Departments. During the meetings a work plan for the next phases of intervention was developed.

During a second visit IDRA organized a round table to discuss the jurisdiction of local government units in relation to their new authorities. A follow up plan was designed with the municipality where the first step is to create a complete map of all business activities in Saranda and to computerize the information on businesses that the tax department already possesses in a hard copy format. These actions will give the municipality the tools to start better processing data and also look into the future plans for business development. They will also give the city the possibility to create much faster procedures for registration of small businesses since all the forms and information will be computerized. Two employees of the tax department will visits IDRA to create the algorithm of the information for computerization on small business taxpayers in Saranda.

### *Licensing Guide*

IDRA has begun preparation of Albanian Licensing Guide, which will be a comprehensive guide of all types of licenses and permits that exist in Albania required for a private activity. A complete map of existing licenses and permits has been prepared that incorporates new legal and institutional changes being made by the government.

## **F. COMMUNICATION**

The 6<sup>th</sup> issue of EDEM's newsletter was published and circulated to 500 individuals and organizations.

Efforts made on structuring and designing the EDEM web site. The website will promote the development of Albanian industries and businesses as well as provide general information about EDEM.

Photos and stories are being developed for leather & shoes companies in the process of preparing press kits for the foreign journalists visit in spring of 2006. A CD with photos from the industry and from Albania will be developed.

The Essence Producers and Cultivators Association (EPCA) was assisted in its production of a brochure describing the group's activities and a press release was prepared covering the Association's initial meeting. Media coverage was arranged for the meeting, which included articles published in "Biznesi", and "Monitori" and news broadcast on Top Channel TV.

An article on tourism and USAID/EDEM to support tourism development in Albania was reported by the Seetime (web news).

During the quarter, EDEM continued to provide communication assistance to companies to help the companies increase their marketing and public relations capabilities.

- A logo was developed for the Rozafa Meat Processing Company;
- A leaflet and business cards were developed for Xherdo herbs & spice company;
- Promotional materials (30,000 labels and 1,500 leaflets) were designed and printed for Vila mushroom company; and
- Promotional materials were prepared for tourism companies participating in ITB. A fact sheet was developed and electronic brochure was produced (28 pages) for Magic Tours Travel Agency. Also, a fact sheet was put together and a brochure prepared (28 pages) in hard copy and electronic format was produced for Dardania Travel.

## **G. SEAL OF QUALITY**

USAID, through its Livestock Services Project (LSC), initiated three activities in support of Albania's meat processing and dairy industries:

- Albanian Dairy and Meat Processing Association (ADAMA);
- Quality Certification Laboratory; and
- Seal of Quality certification process.

These three activities have received significant financial and technical support from LSC, which is due to close down in April 2006. With the ending of LSC at hand, USAID is concerned about the sustainability of the activities and requested EDEM to review and discuss options as to what further support, if any, might be directed toward the three activities that would enhance their long-term sustainability, either singularly or in some combination. In response, EDEM prepared an option paper that described the activity, noted steps that needed to be taken to increase the activities' prospects for sustainability, and provided recommended courses of action.

## **H. ADMINISTRATION**

During the quarter, EDEM engaged in two principle non-reoccurring administrative activities:

- USAID/Albania and a DC-based contractor implementing the Greater Access to Trade Expansion (GATE) completed a two week assessment designed to identify trade opportunities that would provide a chance for women to expand their role in business and other society endeavors. EDEM supported this effort by organizing meeting schedules and providing background material to the assessment team.

- In April USAID will evaluate EDEM’s efforts during its first two and one half years of existence. The evaluation results will be used by USAID to determine if EDEM should continue its operations for another two years. During March, EDEM has been gathering information and preparing the information in a way that will allow the evaluation team to best understand the approaches used, activities undertaken and results achieved by EDEM.

*Short Term Technical Assistance*

During the Quarter six STTAs (Scott Wayne twice) 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 and his participation at the ITB in Berlin, 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
Derryck Cox Peter Furth	January 9 - 18	<p>A workshop for the herbs and spice industry was conducted covering:</p> <ul style="list-style-type: none"> <li>• Marketing strategy development; and</li> <li>• Developing and marketing value added products based on aromatic and medicinal herbs.</li> </ul> <p>The consultants worked closely with five herb and spice businesses in developing specific work plan including marketing, management, quality, and production needs.</p> <p>An essential oil buyer from the UK, with support from the consultants, met with a producer, which resulted in samples being sent to London for analysis.</p>
Scott Wayne	January 22 – February 5	<p>Support Albania’s tourism industry to help find solutions to key constraints and challenges inhibiting the development of sustainable tourism in Albania focusing on marketing and promotion, education and training, and government and policy. Efforts on this trip included individual business meetings, an online bookings workshop in Tirana, a travel trade fair workshop in Tirana, a tourism branding workshop in Tirana, and meetings with officials at the National Tourism Organization, Ministry of Tourism and Ministry of Foreign Affairs.</p>

Alan James	January 24 – February 5	Introduce to Albanian businesses and other organizations the value of and need for implementing effective branding strategies as a key component of their overall marketing strategies and to support the efforts of leading companies in developing and implementing branding strategies. In addition to working with businesses, the STTA held an introductory workshop for BSPs that attracted over 30 participants; held a workshop for communities to begin to understand the need for branding; and held discussions with the Ministry of Tourism on the need for a national branding strategy.
Dan Edwards	February 4 – 25	Conduct two training events: a ToT in Training Methodology for a new group of BSP/trainers to get them going on the process, and the Needs Assessment Training (TNA) for the advanced group of trainers so they can be developing ways to assist the business community in the skill training and generic training they now need. Twelve individuals participated in the ToT sessions and seven in the TNA workshop. Three businesses had TNAs prepared for their operations.
Scott Wayne	March 1 - 7	Support Albania’s tourism industry to help find solutions to key constraints and challenges inhibiting the development of sustainable tourism in Albania focusing on marketing and promotion, education and training, and government and policy. Efforts on this trip included. The principle effort on this trip was to support businesses and the Ministry of Tourism with final preparations for their participation at ITB in Berlin. The STTA’s assignment in Albania was followed by support at the ITB and a subsequent trip to London to lay the groundwork for a May trade event that will leverage British Airways new flights to Tirana.