



Albania Enterprise Development & Export Market Services
(EDEM)

QUARTERLY REPORT

for the period

October 1 through December 31, 2007

Prepared by

Development Alternatives, Inc.

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TABLE OF CONTENTS

SECTION	Page
List of Acronyms Used in this Report	ii
OVERVIEW	1
EDEM’s Contribution to USAID/Albania’s Strategic Objective 1.3	2
SECTOR/TEAM REPORTS	2
A. All-Sector/Team Efforts.....	2
B. Tourism Sector.....	6
<i>Success Story: Albania at the World Travel Market (WTM) – competing internationally for tourism</i>	14
C. Perishable Food Products, Including Herbs and Spices.....	14
C.1. Fresh Fruit and Vegetables	14
C.2. Herbs and Spices.....	23
<i>Success Story: Albanian value added herb and spice products reaching Scandinavia and Africa</i>	31
D. Processed Food, Including Olive Oil	31
D.1. Processed Fruits and Vegetables.....	32
<i>Success Story: Albanian Processed Vegetables Entered into the European (Greece and Italy) and Australian Markets</i>	38
D.2. Olive Oil.....	39
D.3. Meat Processing	43
E. Administration	47
Annexes:	
Annex One: S.O. Level Indicators – Targets & This Quarter’s Results	48

LIST OF ACRONYMS USED IN THIS REPORT

AAC	Albanian Agriculture Competitiveness
ADAMA	Albanian Dairy and Meat Association
ADRF	Albanian Disability Rights Foundation
ALIA	National Albanian Labour Invalids Association
AOA	Albanian Edible Oil Association
B2B	Business-to-business
DPFP	Directorate of Policies for Forests and Pastures
EDEM	Albania Enterprise Development & Export Market Services project
EPCA	Essence Producers and Cultivators Association
EUREPGAP	Euro-Retailer Produce Working Group – Good Agricultural Practices
FAO	Food and Agriculture Organization
FFV	Fresh Fruits and Vegetables
GLOBALGAP	Global Partnership for Good Agriculture Practice
GTZ	German Technical Assistance Organization
HACCP	Hazard Analysis Critical Control Point
ICEA	Instituto per la Certificazione Etica e Ambientale (Italian organic certification body)
ICZM	Integrated Coastal Zone Management (World Bank Project)
IFEAT	International Federation of Essential Oils and Aroma Trades
IR	Intermediate Results
ISO 9001:2000	Quality Systems - Model for Quality Assurance In Design, Development, Production, Installation and Servicing
ITB	International Tourism Borse (German Trade Fair) Berlin
MAFCP	Ministry of Agriculture, Food and Consumer Protection
METE	Ministry of Economy, Trade and Energy
MTCYS	Ministry of Tourism, Culture, Youth and Sports
NTO	Albanian National Tourism Organization
REACH	Registration, Evaluation, Authorization and Restriction of Chemical Substances
SIFE	Students in Free Enterprise
SME	Small-Medium Enterprise
SNV	Netherlands Development Organization
SO	Strategic Objective
SOS	Member of SOS Kinderdorf International (children’s homes)
STTA	Short Tem Technical Assistance
TA	Technical Assistance
TIA	Tirana International Airport
UK	United Kingdom
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development
WRI	Web Reservations International (on-line hotel booking)
WTM	World Travel Market (London Trade Fair)

Albania Enterprise Development & Export Market Services (EDEM) October-December, 2008 Quarterly Report

OVERVIEW

This Quarterly Report is the fifth of Phase III (option years) and covers the period from October 1 through December 31, 2007.

EDEM contributes 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 Credit Increased for Assisted Enterprises
- 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 SO 2.1, IR # 1, Increased Citizen Participation in Public Discussion on Key Government Issues, as well as linking to IR # 3.2, Public Advocacy Against Corruption Strengthened.

EDEM's project activities during this quarter were focused in four major areas:

- Year 5 Work Plan development and budgeting of industry- and firm-level assistance activities. Based on analysis of past interventions and client needs assessments, a series of technical assistance, in-country activities and participation in international events are planned for 2008.
- Strategic Business Planning began with a workshop and one-on-one consulting with an initial 10 EDEM clients. Professional business plan training was delivered to companies, which paved the way for EDEM staff to continue work with them on developing short- and medium-term strategies to resolve business constraints and build upon market opportunities.
- Assistance with initiating the new USAID funded Albanian Agriculture Competitiveness (AAC) project. EDEM provided industry and company-specific information and contacts for olive oil; processed fruits and vegetables; fresh fruits and vegetables; and consolidators. This is the beginning of active and deliberate collaboration with the AAC project.
- Active organization of several business-to-business (B2B) trade missions and trade fairs in Holland and the United Kingdom, and inward European importer and investor trade missions.

* 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.

- Local Technical Assistance and Training was provided to food processing companies on new product development and compliance with international food safety standards.

EDEM’S CONTRIBUTION TO USAID/ALBANIA’S STRATEGIC OBJECTIVE 1.3

The table in Annex One provides an overview of EDEM’s progress in supporting USAID/Albania’s Strategic Objective 1.3. It is not all-inclusive of the results achieved through EDEM activities, as this is an interim report that reflects only firms that are currently being actively assisted. A complete report, including the results from all firms assisted, will be issued at the end of each reporting year.

EDEM performance targets have been revised for the option period and the new targets are an integral part of the Work Plan for Years 4-5. For the performance targets that require baseline data (such as indicators expressed as percentage increases over the baseline), end-of-FY 2006 data is used for comparison. In addition, several new “Common Indicators” are included in the table. Formal targets for the Common Indicators have not been projected. EDEM will report on the Common Indicators on an ad hoc basis as requested by USAID.

SECTOR/TEAM REPORTS

A. ALL-SECTOR/TEAM EFFORTS

I. Year Five Work Plan and Team Building

At the start of Year Five, the EDEM team organized a staff retreat workshop in Vlora to review the current project progress and performance of technical assistance on each business sector. This activity set the foundation for developing the project’s annual work plan and overall project exit strategy. Foremost in this effort was the identification of individual company and industry level areas of assistance that would most effectively fulfill the EDEM extension years’ Strategic Objectives and ensure the sustainability of the assisted agriculture/agribusiness and tourism industries beyond the project lifetime.

Prior to the work plan development meeting, EDEM visited active clients in all sub-sectors to identify immediate needs and potential remedies. Staff met also with relevant industry stakeholders to evaluate their future assistance activities and to coordinate joint efforts. Ten new potential companies were assessed to determine if they would qualify for EDEM assistance.

Two representatives from USAID/Albania and the project management of the new Albanian Agriculture Competitiveness (AAC) project also attended the Vlora retreat to discuss future cooperation in the sub-sectors of fresh fruits and vegetables (between farmers and consolidators), olive oil (between olive growers and olive oil processors) and processed fruits and vegetables (between farmer associations and processing companies). For EDEM, these meetings reinforced its strategic direction of focusing on improving enterprise planning and operating performance,

access to local/export markets, and banking finance to undertake technology and plant investments.

During this, the project's final year, the project team will utilize International and Local Short-Term Technical Assistance Consultants to resolve internal company and industry constraints; organize in-country events in the form of training seminars, industry level conferences and trade promotion activities; assist in the successful participation of Albanian companies in major European Trade Fairs and Study Tours; and offer special studies to help companies with market driven information. As specified in the work plan and based on each sector's needs, EDEM assisted companies will benefit from:

- Business plan development
- Receipt of International Certifications (ISO 9001, HACCP, and Tourism)
- Expansion of marketing and promotion activities (from logo to website design)
- Adoption of new technology and new production line development
- Strengthening of association and input supplier services
- Improved access to local and export markets
- Marketing training

All planned activities were selected and prioritized based on the level of resources required, cost-sharing opportunities, and the potential for short- and long-term results. A document articulating plans for the year and tables of planned activities (by month) were drafted and submitted to USAID.

The EDEM Technical Backstop, Bronwyn Irwin visited Albania in December to help follow-up on planning activities. She facilitated drafting of consultant Scopes of Work (SOW) and also worked with the home office and Chief of Party to formulate a budget and expense tracking system to ensure efficient and accurate accounting of project resources.

II. Business Plan Development

EDEM clients are among the most advanced businesses in the Albanian agribusiness and tourism sectors targeted by the project. All are companies started by energetic and visionary entrepreneurs who have grown their companies to their current positions, largely on their own and with very little formal business training. They now need more advanced business skills to analyze and plan for continuous growth, to understand what additional resources are needed for further expansion (e.g., infrastructure, equipment, human resources), and to learn to delegate more in order to maintain their unique leadership/visionary roles.

The process of developing a 3-5 year business plan is an ideal opportunity to train and mentor these entrepreneurs in these much-needed professional business skills. Expatriate consultant, Joseph Burke was recruited to design and deliver the training. He was in Albania for three weeks in December.

The business plans and the skills learned over time will be a sustainable legacy of USAID's support to Albania through the EDEM project. The project's clients were surveyed, and the

interest in receiving assistance to develop business plans was very high. Twenty-two EDEM assisted companies attended a one-day workshop on “business plan training” on December 5, 2007. The principal goals of the workshop were to:

- Generate business plans for clients that include realistic assessments of markets, financial elements, legal structure, management, human resources, operations, and managing and sales; these will become the base documents for on-going business evolution and growth and formal financial sector financing;
- Engender a methodology of planning that assures process ownership by clients;
- Build EDEM staff capacity to coach private enterprises to prepare these business plans during remaining life of project and beyond; and
- Strengthen enterprises to be more competitive in domestic and international arenas.

Thirty-three individuals participated in the workshop, including 11 from EDEM, three from the Albanian Agriculture Competitiveness (AAC) project, two from AlbInvest, and 17 from EDEM clients including Sidnei, ERVM (Musai), Vlora International Hotel, Mondial Hotel, Sejega, Albidea, Aris, Bardhi, IVAP, Tealb, Bruka Seedling, Amarilto, Castle Park, Cobo, Tradita, Galen, and ALFA.

Subsequent to the workshop, EDEM conducted one-on-one company visits with ten clients that were prepared to proceed with business plan development. These sessions reinforced planning approaches for staff by modeling the process through one-on-one consultations with selected clients and were designed to identify key constraints and opportunities within the areas of product development, marketing and sales, operations and production, management and human resources, and finance and funding. In each client case, EDEM assessed the company and determined if direct development of a business plan was possible or if intermediary/alternative steps would be needed first. Within these sessions, discussion between project experts and company management focused on three questions: a) What aspect of the business needs changing (e.g., business status, market knowledge, and analysis), b) What should be the result of change (strategy), and c) How to change (action plans, implementation, and tactics).

The 10 companies to initially develop business plans include:

1. Albidea
2. Amarilto
3. Bardhi
4. Castle Park Hotel
5. Cobo Winery
6. EVRM (Musei)
7. IEG-AL
8. Sejega
9. Mondial Hotel
10. Vlora International Hotel

These firms represent a cross-section of EDEM clients, and each project Relationship Manager has at least one client developing a business plan.

A summary of the consultant’s conclusions follows:

1. All 10 clients have a common advantage in being run by inspired, dedicated entrepreneurs. All (be they producers or service providers have an essential attachment to quality and consistency).
2. Amarilto and IEG-AL have comparative advantages in raw materials supply acquisition while EVRM (Musai) and Sejega have difficulties in raw materials supply.

3. Nine firms are essentially price-takers, and the tenth (Albidea) has its primary business in danger as it has both high prices and no current comparative advantage to sustain it in the retail market beyond its intermediary market of farmers.
4. Most have inadequate detailed knowledge of their markets, consumer demand and competition. This impairs their ability to fix clear strategies and action plans. Amarilto, Sejega, Bardhi and Albidea have very complicated markets (processed fruits and vegetables, processed meat and fresh meat products). Market and consumer studies will provide needed information to enable the firms (and the industries they work in) to analyze and readjust strategies accordingly; a recent retail study by EDEM can serve as a starting point.
5. The electricity problem affects the costs of production; most EDEM clients suffer large additional costs for generator fuel, hurting their positions vis-à-vis foreign competition.
6. Cobo, Amarilto and Sejega face proportionately high packaging costs for imported jars and bottles.
7. None of the manufacturers is well-versed in marketing and promotion, and they compete primarily on price. This exerts continual pressure to focus on costs, in turn risking the maintenance of competitive quality and of improving production and distribution performance.
8. Amarilto, Bardhi, IEG-AL, Castle Park, Cobo, and EVRM can benefit particularly from assistance by EDEM's financial advisor in modeling financial options, doing breakeven and ratio analyses, and other financial-related assistance.
9. Supermarkets are on a high growth curve now, after a relatively late start in Albania. This fact will constitute both an opportunity and a potential pitfall for manufacturing clients, as supermarkets will want to buy in large quantities - and will require sophisticated packaging, promotion, marketing and distribution to create and satisfy consumer demand and move the product.
10. The manufacturing facilities must become better versed in marketing in preparation for the supermarket revolution, so as to withstand foreign competition (including those foreign firms that may set up manufacturing in Albania) and develop unique competitive advantages which will meet consumer demand.

EDEM will provide on-going field assistance to these clients to help them develop their business plans. To address identified client needs, EDEM plans to assist with essential financial advice, market surveys (for processed fruits, vegetables and meats, and fresh meat products), and technical assistance for new plant design and lay-out.

III. Collaboration with National Albanian Labour Invalids Association (ALIA)

With assistance from EDEM, a team of the Albanian Disability Rights Foundation (ADRF, a local NGO to help invalids' integration in society) and the National Albanian Labour Invalids Association (ALIA) successfully applied for a grant from Mobility International USA (MIUSA). Their project aims at promoting collaboration between ALIA, EDEM and EDEM's local partners (private sector businesses in the tourism and agriculture/agribusiness sectors) to advance an inclusive business community contributing to economic growth and employment opportunities for persons with disabilities.

The total value of the project is \$6,150, including \$3,860 from MIUSA, \$1,690 from EDEM in in-kind contributions, and \$600 from ALIA. During this quarter, the partner organizations in the project accomplished the following:

1. They held two meetings (on November 19 and 23, 2007) and several contacts, by e-mail or telephone with ALIA and ADRF to:
 - Update the project activity plan by properly defining each activity, the actors involved, the most probable activity timelines and responsibility/contribution by each partner;
 - Plan the first awareness raising activity organized with EDEM staff, define participants, topics and the agenda of the meetings and the logistics related to it.
2. There was an "Information Day" and meeting (on November 27, 2007) with EDEM staff in its headquarters in Tirana. The purposes for the meeting were to:
 - Raise awareness of EDEM staff on issues related to the social model of disability, disability rights and legislation, with a special focus on the right to employment;
 - Introduce the EDEM project to participants/representatives from the ALIA and ADRF disability organizations;
 - Consider opportunities for common activities that could contribute to inclusive development practices within the EDEM program or EDEM local partners

Two representatives from ALIA and ADRF made presentations on disability related topics. There was also a session of questions and answers, and a constructive dialogue that marked the initial stage of an open dialogue that will continue during all the project implementation. The active participation of EDEM staff reinforced EDEM's continued commitment to work in partnership with the community of disabled persons, and the organizations which support them.

B. TOURISM SECTOR

I. Highlights

During the quarter, the EDEM tourism team focused its assistance on meeting the needs of tourism companies, combined with assistance to enhance the overall international image of Albania. All activities were based on the approved work plan for the option years. Highlights for the tourism sector include:

- EDEM provided assistance to a number of tourism companies and Albania’s National Tourism Organization (NTO) before, during and after in the international trade fair World Travel Market (WTM) in London from November 12-15, 2007.
- EDEM organized and facilitated the visit of Tim Clancy, author of the forthcoming Thomas Cook guidebook *Tirana and Surroundings*, to Albania during November 19-30, 2007.
- EDEM organized and conducted training for Albanian tour operators on “Attracting foreign tour operators to Albania” with fifteen participants from twelve Albanian businesses.
- EDEM supported the development of ten itineraries for travel along the Albanian South Coast with the assistance of previous work done by the Integrated Coastal Zone Management Project funded by the World Bank.

II. Activities

Industry Level Activities

EDEM’s support to the development of Albania’s tourism industry focused on three major functional areas, as described in the Work Plan for Years 4-5: 1) Sales, Marketing and Promotion; 2) Training and Education; and 3) Synergistic Activities. EDEM provided extensive industry-level assistance during this past quarter.

1. Sales, Marketing and Promotion Activities

a) Preparation for and Support at the World Travel Market (WTM)

Support to private sector companies and the National Tourism Organization (NTO) at the World Travel Market (WTM) is one of the key priorities of the EDEM project’s marketing and promotion activities in the tourism sector. WTM is the second largest and one of the most important tourism fair for the world’s tourism industry. This year the WTM was held from November 12 to 15, 2007 in London. Three specialists from EDEM (two staff and Scott Wayne) attended the show in support of the Albanian delegation of firms and NTO.

During September and October, EDEM met with several participating companies to understand their needs and help them to prepare for the show. EDEM assisted three travel agencies in reviewing and editing new promotional materials and developing catalogs to showcase new products. EDEM also helped the NTO prepare informational and promotional materials and press kits for the fair.

While this is the seventh year that Albania has had a presence at this important event, it was the first year that Albania organized an event at the fair. The event was held at the WTM conference room with participation of the Albanian Minister of Tourism, Culture, Youth and Sports (MTCYS) and the Albanian Ambassador to the United Kingdom. EDEM assisted with organizing this event, which included a press conference, exhibition of the Albanian destination photographs and the Marubi historical photograph collection, and a reception with Albanian food and drink. Specifically, in support of the Albanian presence at the WTM, EDEM:

- Helped NTO with decisions on booth design and location;
- Provided assistance to design and publish brochures and leaflets for three Albanian tour operators who exhibited at the fair;
- Compiled and exhibited “Albanian Destinations” photographs from Roland Tasho and selected photographs from the historic Marubi collection both at the press conference and in the booth;
- Designed and paid for one large banner and one poster with Albanian destination images (for the press conference and the booth);
- Distributed sets of the “Greetings from Albania” postcards on the floor of the fair, at the booth and at the press conference;
- Distributed gift sets of Albanian lavender and olive oil (donated by EDEM clients);
- Maintained constant professional presence at the booth and at the press center;
- Provided leadership and assistance to NTO in hosting the reception following the press conference; the reception featured Albanian food and wine;
- Subsidized payment for the room in which the press conference was held;
- Developed and distributed invitations to the Albanian press conference and the Albanian stand;
- Developed and distributed the Albanian press release; and
- Facilitated business-to-business meetings in advance of the fair between Albanian and international tour operators.

b) Online Hotel Registration

During this quarter, EDEM enabled two hotels to accept and immediately confirm room bookings through the 3,000 direct and affiliated websites of the Web Reservations International (WRI) system. WRI provides online confirmed reservations to over 50,000 accommodation providers, directly and through more than 2,500 global affiliate partners. *Lonely Planet* and *Rough Guides* publishers are on the system, thus providing Albanian hotels with free global promotion. During this quarter there were a total of 22 bookings in the sum of 635 euros for the Albanian hotels registered online through WRI, while the whole year of 2007 brought 317 total bookings in the sum of 11,689 euros (over \$16,000) for the Albanian hotels were registered online.

c) Development of Ten Itineraries of Albanian South Coast

During this quarter, EDEM worked with the local consultant Ols Lafe in developing an initial ten itineraries for the Albanian South Coast, from Orikum to Saranda. EDEM staff and the consultant conducted field work, reviewed information gathered in the field, obtained additional details from the Institute of Culture Monuments, and wrote the draft itineraries.

The selection of sites to be featured in the itineraries was based in part on the signage program implemented recently by the World Bank’s Integrated Coastal Zone Management (ICZM) project.

EDEM is at the final phase of developing these itineraries prior to layout and printing. The itineraries will be available at the information desks of Albanian borders, such as Tirana International Airport and Saranda port, and also on the official websites of the Albanian government and the cities Vlora, Himara and Saranda. They will also be distributed at international trade fairs.

d) *Promotion: Improved Tourism Information*

The EDEM-created and supported “Turizmi Shqiptar” Yahoo! user group continued to add members and grow as an educational and networking resource for the Albanian tourism industry. Membership has now reached 273. EDEM created this user group to enable stakeholders to share information and opinions about tourism industry.

e) *“Greetings from Albania” Postcard Campaign*

EDEM launched the fourth year of the “Greetings from Albania” postcard competition and campaign on September 27, 2007. January 15, 2008 is set as final deadline for the submission of postcards entries. This year’s campaign is the last one that EDEM will organize and one of the main issues will be its transfer to the organization that will be responsible for the campaign next year.

USAID partner SOS Village International (who has the rights for commercialization of the greeting cards) sold over 2,000 cards, of which over 1,500 were from the “Greetings from Albania” campaign during December 2007 for the holiday season. These sales reportedly resulted in profits of over 187,150 Albanian lekë for SOS.

The postcard competition awards ceremony will take place during January 2008 and will be reported in next Quarter’s report.

f) *Improving the Image of Albania through the Media*

EDEM supported two major efforts to improve Albania’s image through the media. The first, as noted above, was its support to the Albanian delegation at the 2007 World Travel Market in London. Media contact was facilitated in several ways:

- The Albanian press release was published at the World Travel Market daily news on November 14, 2007 and also at http://www.meta-tourism.com/actualite/actualite_en.php. Thirty-five journalists from the United Kingdom, France and the U.S. attended the Albanian press conference.
- Roger St Pierre, who also participated at the Albanian Media Tour on September 2006, participated in the press conference and confirmed that his article about Albania had been published in *Holidays & Leisure* magazine.
- The Albanian event organized at World Travel Market in London received extensive coverage by other media such as BBC Albanian Section (EDEM arranged an interview with the NTO representative at the BBC studio in London), Albanian Public TV, Top Channel (correspondent in London), and Klan TV. It also was covered by print media outlets including *Shekulli*, *Shqip*, and *Korrieri*.

- EDEM established contact with the American journalist Sandy Dhuyvetter from Travel Talk Media who will produce a program about tourism in Albania.

The second major activity to improve Albania's image was the research visit by author Tim Clancy for Thomas Cook Publisher's guide book on Tirana and Surrounding Areas, in August 2008. Thomas Cook Publishing has produced quality guides, phrasebooks, timetables and maps for over 130 years. Over 10 million copies of their guidebooks have been sold around the world in over 60 countries, and translated into a range of languages, including Italian, Spanish, Polish and Dutch.

The principal objectives of Tim Clancy's trip were to:

- Develop a travel guide manuscript on Tirana and surroundings for editing, production and publication by Thomas Cook;
- Maximize coverage of EDEM client businesses, tourist sites and attractions in the guidebook and the Thomas Cook Publishing website (when it becomes available); and
- Provide training to at least 10 local tour operators who work in Tirana and the surrounding area on maximizing the effectiveness of their efforts to work with international tour operators.

Tim Clancy's visit included meetings with approximately 50 direct and indirect clients within the tourism field. Apart from practical interviews with hotel managers, travel agencies, restaurant owners, Mr. Clancy also met with museum curators, tourist guides, and local artists. The book will include over 75 private businesses in the Tirana "Cityspot" portion of the book, and over 20 attractions in the cities Berat, Kruje, and Shkodra.

2. Training and Education Activities

Several trainings were conducted this quarter for private businesses.

a) Maximizing the Effectiveness of Attracting International Tour Operators

First, as noted above, Tim Clancy conducted a training activity for Albanian tour operators in "Attracting foreign tour operators to Albania." Mr. Clancy is one of the owner/operators of the first eco-tour operator in Bosnia and Herzegovina, so he was able to give "hands on", practical advice for attracting foreign business. The outline of his presentation focused on product development, clarity of vision, responsible tourism, and the importance of professionalism at every level: communications, promotional materials, organizing tours, pricing and negotiating contracts. The discussion also identified potential partners for incoming tourism to Albania.

Fifteen participants from twelve Albanian companies attended training, and the response was very positive. They asked very practical questions and addressed the many problems experienced at the state level in terms of legislation, strategies, and obvious gaps within the tourism sector that prove to be serious hindrances to tourism development.

b) Participation in Business Plan Development Training

Second, five tourism companies also participated in EDEM's business plan development training. This training was followed up with one-on-one meetings.

c) Puka Tourism Action Plan Development

Third, in cooperation with the SNV Organization and Peace Corps Volunteers, EDEM organized a training course in Tourism Action Plan development in Puka on October 30–November 1, 2007, at the request of the volunteer located there. There were twenty one participants in total including the volunteer, five participants from communes, five participants from the private sector, three participants from CO-Plan, three participants from SNV and Elton Orozi from EDEM.

d) NATGA Course Development

Finally, EDEM worked with the National Albanian Tourist Guides Association (NATGA) to prepare the full course for guides to be certified through the Ministry of Tourism, Culture, Youth and Sports. The certification will be governed by by-laws, which are in the process of being finalized now.

3. Synergistic Activities

a) Cooperation with Other Donor Projects and Organizations to Develop a "Model Community" Activity

One of the objectives of the EDEM project for this year will be to assist one Albanian community in the tourism sector to develop a "model product". To achieve this objective, EDEM will collaborate with other donors and projects to build on their on-going activities. Staff had several meetings with USAID projects and other donor organizations during the quarter to investigate what is already being done, and where.

EDEM met with the Chief of Party David Smith and Deputy Chief of Party Hillary McLellan of USAID's new project focused in local government and economic development, and discussed the possibility of cooperation in the tourism sector. The participants decided to follow up again after the selection of the ten communities that will be supported by the local government project.

EDEM also met several times during the quarter with other donors (SNV, UNDP, and GTZ) to discuss the future of tourism development in Albania and to facilitate coordination between donor organizations. Joint efforts to assisting one Albanian community in tourism development were also discussed. It was decided to identify the community for EDEM's project in early 2008.

In collaboration with the Institute of Culture Monuments and USAID GIS Specialist Blerina Kurti, EDEM produced a geotourism map that will be printed and distributed at the ITB international tourism fair in Berlin.

EDEM also participated in the presentation of the study by the Integrated Coastal Zone Management (ICZM) World Bank Project in Tirana, which will serve as the first step for providing regulations for the South Coast of Albania.

b) Cooperation with Local Government

As noted above, EDEM organized meetings with Puka Municipality in cooperation with SNV and the Peace Corps Volunteer based in Puka. The discussion was focused on organizing the Tourism Action Plan in Puka as a tool for promoting the tourism industry in this region.

c) Cooperation with Tirana International Airport

EDEM had several discussions with Tirana International Airport (TIA) about how they can contribute to the development of Albanian tourism in international markets. EDEM assisted TIA in promoting themselves at WTM in London; TIA's press releases were distributed at the press center of the fair and also at the Albanian press conference on November 13, 2007, and TIA's brochures were available at the Albanian desk during the fair. EDEM also discussed the possibility of selling the "Greetings from Albania" postcards inside the new terminal at Tirana International Airport.

d) Cooperation with SOS Village International

As described earlier, EDEM met with representatives of SOS Village International in Albania and discussed the future cooperation between the two parties, specifically with regard to the "Greetings from Albania" postcard campaign. The discussion focused on follow up for the fourth campaign; printing and making available for sale the postcards of last year's campaign, especially during the holiday season; and the possible marketing and sales of the postcards at Tirana International Airport.

e) Cooperation with Integrated Coastal Zone Management and Clean Up Project (ICZM)

As part of its efforts to develop itineraries for the Albanian South Coast, EDEM met several times with the ICZM Project. ICZM has established signage along the South Coast from Orikum to Saranda. As mentioned above, EDEM is in the process of developing itineraries based on information from the Institute of Cultural Monuments and the ICZM Project.

Tourism Sector – Summary of Firm Level Activities

Company	Technical Assistance (TA)	Results
Castle Park Hotel Berat	<ul style="list-style-type: none"> • Training and TA on Business Plan Development • TA in preparing feedback forms for assessing customer satisfaction 	<ul style="list-style-type: none"> • A formal Business Plan will be completed • Four hotel staff trained in business planning • Expected new investments to adjust room outfitting to match level of overall restaurant and hotel image • Increased annual sales through development of a marketing strategy as a part of the business planning process • New marketing practices adopted
Cobo Winery Berat	<ul style="list-style-type: none"> • Training and TA in Business Plan Development • TA in promotional materials (TV spot) • TA in promotional materials design, printing and distribution of wine tour leaflets at WTM 	<ul style="list-style-type: none"> • Business Plan and Wine Tour promotion strategy initiated • Two staff trained in business planning • Development of tourist products • Improved branding and domestic sales from Cobo Wine Tours
Vlora International Hotel	<ul style="list-style-type: none"> • Training and TA in Business Plan Development 	<ul style="list-style-type: none"> • Increased domestic sales • Three staff trained in business plan development
Hotel Mondial Tirana	<ul style="list-style-type: none"> • Training and TA in Business Plan Development 	<ul style="list-style-type: none"> • Two staff trained in business plan development • Improved domestic sales
Tradita Restaurant Shkoder	<ul style="list-style-type: none"> • Training and TA in Business Plan Development • TA in business linkages with local olive oil suppliers 	<ul style="list-style-type: none"> • One staff person trained in Business Plan Development • Improved sales

III. Issues/Lessons Learned

There were a number of issues and problems during this quarter which continue to impact the effectiveness of EDEM's work. Significantly (as noted in last quarter's report), there appears to be a lack of communication between the Ministry of Tourism, Culture, Youth and Sports and the National Tourism Organization, and the occurrence of turnover of key employees whenever a Minister is changed, which negatively affect the tourism sector development process. The lack of communication and institutional knowledge manifested themselves as problems in three ways.

First, the last-minute preparation of the participants list by NTO resulted in three entities' representatives being unable to obtain visas. One lesson learned is that, clearly, visas should be obtained well in advance to avoid the problems that occurred with this WTM, but there also must be better cooperation between the Ministry of Foreign Affairs and the Ministry of Tourism to move the process forward.

Second, EDEM led all of the WTM preparation activities for the Albanian delegation. It is crucial that the NTO assume more leadership to organize future activities, particularly as

EDEM's presence is scaled back. EDEM should continue to mentor the NTO, but not to the detriment of NTO's sustainable development.

Finally, at the WTM itself, the EDEM team had to edit and produce the main press release for the NTO and ensure that this was included in the NTO press kit for distribution. EDEM recommends that the Ministry and NTO produce an overall communications plan and strategy, which includes a sub-strategy for communicating with media and the travel industry at travel trade fairs.

Success Story: Albania at the World Travel Market (WTM) – competing internationally for tourism

Albania joined other countries to exhibit at World Travel Market (WTM) in London from November 12-15, 2007. WTM is a four-day travel industry event and brings together worldwide buyers and sellers from every sector of the industry. A record-breaking number of travel industry professionals participated at WTM 2007: the total numbers of delegates rose three percent over the prior year to 48,687, representing 202 countries and regions.

Staged annually in London under one roof, WTM is a must-attend business-to-business exhibition. WTM provides a unique opportunity for the entire global travel trade industry to meet, network, negotiate, conduct business and stay abreast of the latest developments in the travel industry. For the Albanian travel industry, it is fast becoming an essential building block for developing and attracting more international tourism to the country.

USAID's EDEM project assisted Albanian exhibitors with an improved and more competitive presence that emphasized special interest tourism. The exhibitors included nine travel agencies, Butrinti National Park, Vlora Municipality and the National Tourism Organization (NTO). USAID/EDEM support Albanian tourism by promoting the country's competitive advantages in cultural heritage, archaeology and ecotourism.

USAID/EDEM, the NTO and the Ministry of Tourism, Culture, Youth and Sports (MTCYS) cooperated closely in preparing for an effective presence at WTM. EDEM facilitated business-to-business meetings in advance of the fair between Albanian and international tour operators. For the first time, Albania held a press conference at WTM. Albania's Minister of MTCYS, Ylli Pango announced to foreign journalists the efforts that the Ministry will undertake to increase tourism to Albania.

USAID/EDEM provided leadership and assistance to MTCYS and NTO in organizing the press conference (where 35 journalists from the United Kingdom, France and U.S. participated) and in featuring Albanian food and wine from the Cobo winery in Berat at the reception after the press conference. This collaboration resulted in several promotional materials featured at the fair, including two photographic exhibitions showcasing Albania's past and present sites, "Albanian Destinations" by Roland Tasho and "The Historic Marubi Collection: 1853-1950." EDEM distributed gift sets of Albanian lavender and olive oil (donated by EDEM clients) to the journalists. In addition, Albanian exhibitors were provided sets of "Greetings from Albania" postcards created by the children of Albania. The postcards have been an effective tool for presenting some of the best attractions Albania has to offer.

C. PERISHABLE FOOD PRODUCTS, INCLUDING HERBS AND SPICES

C.1. FRESH FRUIT AND VEGETABLES

I. Highlights

EDEM's activities during the quarter have strengthened linkages between companies in the Fresh Fruit and Vegetable (FFV) sub-sector and entities both inside and outside Albania.

- EDEM arranged and guided two study tours and business-to-business (B2B) activities for a group of fresh fruit and vegetable consolidators and a representative from AlbInvest to Holland and the United Kingdom. These trips have improved the consolidators' market knowledge and strengthened both international trade linkages and government interest in supporting those linkages. Some direct results include:
 - Four preliminary contracts for watermelon exports totaling 550 metric tons
 - Continuation of ongoing negotiations for the export of other FFV products
 - Improved cooperation among Albanian consolidators
- EDEM hosted two inward trade missions from Holland and Italy to strengthen links between Albanian firms and foreign importers. Based on these missions, Albanian consolidators and foreign investors have begun discussing the potential for investment in a cold storage facility.
- EDEM facilitated meetings with companies in Croatia, Greece and Serbia to improve both raw material supply and exports for local companies.
- EDEM fostered cooperation on a variety of business issues between the FFV industry and AlbInvest; the Ministry of Economy, Trade and Energy; the Ministry of Agriculture; and other entities crucial for business growth. AlbInvest and the Ministry of Economy, Trade and Energy are developing products to support the export of Albanian fresh produce. EDEM also has fostered cooperation among individual producers and consolidators to expand their capacity to meet foreign market demand (volume) and quality requirements.

II. Activities

Industry Level Activities

1. Study Tour and B2B Activities to Holland and the United Kingdom

a) Holland B2B

During the first week of October, EDEM organized and escorted a group of Albanian consolidators and a representative from AlbInvest on a study tour and B2B visit to Holland. The group was invited and hosted by importers who had previously visited Albania during EDEM-facilitated inward trade missions. The Albanian delegation visited four models of international importing companies, providing the participants the opportunity to compare different options for developing the FFV industry in Albania.

During the five day visit, the Albanian companies had the opportunity to experience an overview of the fresh fruit and vegetables importing/exporting industry in Holland – to see how the industry functions in developed countries, how different businesses are positioned in this market, and how different operational models function. Most importantly, the group had the opportunity to expand nascent business relationships with buyers and to better understand their overall marketing potential.

It is noteworthy that the Albanian participants paid all their own costs for this study tour – an indication of their commitment and seriousness (and also a first in this sometimes donor-dependent society). The study tour participants included:

- | | |
|--|-----------------------|
| 1. Mr. Josif Gorrea, “Bruka Seedling”, Divjaka | Administrator/Owner |
| 2. Mr. Ruzhdi Koni, “AgroKoni”, Tirana | Administrator/Owner |
| 3. Mr. Zharin Divintari, “ARIS” Company, Saranda | Sales Manager |
| 4. Mr. Artan Samara, “AlbInvest”, Tirana | Deputy Director |
| 5. Mrs. Laura Grezda, EDEM | Organizer/Interpreter |

The trip included a four day visit to the Rotterdam area of the Netherlands. The Albanian companies were exposed to a wide range of business models as they visited big companies, wholesalers and retail chains. The group met with potential buyers working in the fresh fruit and vegetable industry, and had the opportunity to discuss further cooperation in order to expand the volume and range of exported products. An important element of this trip was the delegation’s visit with Saphir Company. A representative of Saphir visited Albania in 2006, resulting in the export of watermelons to that buyer. The parties now want to expand product exports; this visit allowed them to strengthen that relationship and begin negotiating contract terms.

One obvious point that emerged from the meetings was that there is an urgent need to build a post-harvest handling and cold storage facility in Albania, in one of the four regions with the most growth potential. The example at the Haluco Company in Bleiswijk demonstrated that a technologically advanced facility could enable consistent, hygienic operational practices, good management practices, and also a high quality standard that are essential for Albanian products to gain acceptance in foreign markets.

b) United Kingdom B2B

Based on repeated requests from Albanian exporters/consolidators, EDEM organized a second study tour to the United Kingdom (UK). During a six day visit in early December, the Albanian companies had the opportunity to experience an overview of the fresh fruit and vegetables importing/exporting industry in the UK – to see how the industry functions in developed countries and how different businesses are positioned in this market, to learn about market requirements and see how different operational models function, and to compare the business practices in the UK and Holland. Most importantly, the group had the opportunity to expand business relationships with buyers.

Again, it is noteworthy that the Albanian participants paid most of their own costs for this study tour. In addition, it is important that for this tour, the participants included sales staff as well as company managers and owners. Their participation creates an opportunity for building capacity beyond the top managers and shows growth in these EDEM clients as they begin delegating responsibility, thereby creating a more sustainable company structure by building skills among their staff.

The study tour participants included:

- | | |
|--|-----------------------|
| 1. Mr. Saimir Biti, “Bruka Seedling”, Divjaka | Sales Manager |
| 2. Mr. Ruzhdi Koni, “AgroKoni”, Tirana | Administrator/Owner |
| 3. Mr. Enea Huqi, “AgroKoni”, Tirana | Sales Manager |
| 4. Mr. Zharin Divintari, “ARIS” Company, Saranda | Sales Manager/Partner |
| 5. Mr. Geltjan Bardho, “IEG-AL” Company, Korça | Administrator/Owner |
| 6. Mr. Mariglen Bardho, “IEG-AL” Company, Korça | Sales Manager |
| 7. Mrs. Laura Grezda, EDEM | Organizer/Interpreter |

This study tour, like the previous one in Holland, exposed Albanian consolidators to a wide range of knowledge and experiences from the real life application of modern management practices. There was a focus on building the management capacities - not only of the managers but also of the other staff working in the sales departments - so they could all better understand these markets’ quality requirements (all participants had the opportunity to discuss these issues in person with the importers of fresh fruit and vegetables).

The direct results of the Holland and UK study tours were as follows:

Holland:

- Two preliminary contracts for 300 metric tons of watermelons for June-August 2008
- Ongoing negotiations with two Dutch Importers at 100 metric tons each of tomatoes, leeks, and cauliflower
- Preliminary discussions for a large investment of 2-3 million euros for a post-harvest handling and cold storage facility
- Strengthened cooperation with Saphir Company
- Initiation of negotiations between two Albanian consolidators for combining product in order to meet importers’ volume requirements and for exploring potential joint investments
- AlbInvest’s approval of applications of four EDEM’s clients immediately for the planned study tour/B2B activity in the UK based on their own participation in the Holland study tour

United Kingdom:

- Two preliminary contracts for 250 metric tons of watermelons
- Ongoing negotiations with three British importers for 120 metric tons of tomatoes, 320 metric tons of cauliflower, 480 metric tons of onions, as well as leek and apples
- Cooperation between the consolidators to increase the quantity of the products in meet buyer interest for large quantities

EDEM’s role in both activities was to:

- Arrange targeted B2B meetings in Holland (in cooperation with Comitias International Consulting Company and Banacom Import Export) and the United Kingdom
- Assist Albanian companies in preparing promotional materials
- Arrange visits to wholesale markets, re-packaging companies (re-exporters) and supermarket chains

- Facilitate and assist in discussions and negotiations of agreements regarding future deliveries of fruits and vegetables
- Link clients to AlbInvest's grant scheme (all the applications from four companies were approved by AlbInvest)
- Help clients with follow up activities

Some areas of concrete learning, related to individual company interests, included:

- Fresh fruit and vegetable industry trends, consolidation and value chain investments
- Products of interest in European Union countries, for instance seedless watermelons, broccoli, cauliflower, onions, leeks, and tomatoes
- Company channels of distribution and marketing strategies
- Information on quality standards, GlobalGAP certified products
- Supermarket trends and operational conditions
- New brand concepts, labels and package designs
- Functioning of associations and the increasingly important role of growers' groups and/or associations
- The importance of having English-speaking staff to facilitate communication
- Quality as a human factor (management skills and delegation)
- Post-harvest handling, packaging, cold storage and logistics that contribute to the improvement of quality throughout the complete supply chain

Anticipated follow-up activities include:

- EDEM will continue to directly assist the Albanian consolidators individually based on their needs regarding facilitation of their further contacts with potential partners, and on an as needed basis, following the discussions already conducted during the events
- EDEM will facilitate the contacts and foster further cooperation between the interested buyers with other Albanian companies
- EDEM will collaborate closely with the AAC project to link consolidators to producers, and to share information on export market demand

2. Inward Trade Missions – from Holland and Italy

EDEM invited, made arrangements and facilitated an inward trade mission from Holland. From November 12-13, 2007 representatives of two Dutch companies, Comitas International Consulting and Banacom Import Export visited Albania for the second time (both companies previously visited Albania in July 2007). The purpose of the mission was to follow up on the discussions which were held with Albanian consolidators during their previous inward mission and the study tour to Holland; to identify potential investors; explore the details of the potential post-harvest/cold storage facility investment; and have meetings with Ministry of Economy, Trade and Energy and AlbInvest.

The Dutch buyers met with two EDEM clients, ARIS Company (Saranda) and IEG-AL Company (Korça), and work has started on developing a feasibility study of the regions and of the potential for investment in a post-harvest/cold storage facility. The Dutch buyers visited the wholesale market in Tirana in order to get an understanding of how the domestic market currently functions, where the products were coming from, and other issues.

On November 22, 2007, EDEM hosted a second trade mission from Italy for the Giuliano Group, a large exporter and importer of fresh produce, primarily fruit. It was the company's first visit to Albania. EDEM staff presented a summary of the agricultural sector in Albania and the EDEM clients working in this sector. Giuliano representatives expressed their interest in continuing the discussions on future cooperation with Albanian exporters for several products, based on the ability to meet volume and quality specifications – which will be provided by Giuliano.

3. Cooperation with other Projects, Donors and Governmental Agencies.

During the past quarter, the EDEM team continued discussions and meetings with governmental agencies and international development institutions facilitating common efforts and activities that pertain to the development of the small-medium enterprise (SME) sector in the fresh fruit and vegetable industry.

a) Cooperation with AlbInvest – the Albanian Government Investment and Export Promotion Agency

EDEM continued working with AlbInvest on the following activities:

- AlbInvest was part of the study tour in Holland organized by EDEM project. This was an added value for the group as it gave a good impression to the buyers that the government, the private business and the donor programs are working together for the promotion of export products in European countries.
- AlbInvest approved four applications of EDEM clients for the study tour in the UK. (However, they did not attend the study tour because of visa issues.)
- Based on the suggestions provided by the EDEM project and on the results of the previous mentioned activities (study tour in Holland and the UK), AlbInvest and the Ministry of Economy, Trade and Energy are considering a special assistance program to support the exports of Albanian fresh produce.

b) Cooperation with the Ministry of Economy, Trade and Energy (METE)

- EDEM started to discuss the disposition of the Xhafzotaj wholesale market with the Ministry of Economy, Trade and Energy and the Ministry of Agriculture. Until now this market has been owned by Food and Agricultural Organization (FAO) and the commune of Xhafzotaj and administrated by AgroKoni Company (one of EDEM's clients). As the FAO project is ending, its shares in the market must be transferred to another owner. EDEM is facilitating the discussions between the Ministry of Economy, Ministry of Agriculture and AgroKoni Company.
- EDEM participated in the Loan Export Guarantee Fund activity organized by the METE and AlbInvest. This guarantee scheme will be used to help the Albanian SMEs - and specifically the Albanian FFV export companies - to cover the collateral requests for trade loans for raw materials. EDEM is helping AlbInvest to promote this guarantee scheme to EDEM clients.

c) *Cooperation with the GTZ project for Berlin trade fair – Fruit Logistica*

EDEM project is coordinating efforts for Albanian company participation in the Fruit Logistica trade fair in Berlin, February 7-9, 2008 with the GTZ project and AlbInvest.

d) *Coordination with AAC project*

EDEM is coordinating with the AAC project on issues like certification, transferring the information that consolidators/exporters received from study tours in the UK and Holland to local farmers and farmer groups, and helping to organize the farmers to work together.

e) *Coordination with Retailers' Association*

EDEM met with the head of the Albanian Retailers' Association, and cooperation has started between the Albanian consolidators/exporters and members of this association to identify ways to reduce packaging and transportation costs.

f) *Cooperation with Alcebo (Albanian Certifying Body)*

Certification of agricultural product compliance with GlobalGAP standards was one of the main requirements that the buyers in Holland and the United Kingdom mentioned during the study tours. This quarter, the EDEM project continued to facilitate coordination between the Albanian Consolidators and Alcebo to help exporters meet this requirement.

Last quarter, EDEM project organized seminars in five regions of Albania to inform consolidators, exports, farmers, producers, and farmers' associations on the need of this certification, and on the procedures for GlobalGAP certification. On January 2008, EDEM - in cooperation with the AAC project and Alcebo - will continue the preliminary work of certification in the regions of Divjaka, Saranda and Korça.

Firm Level Activities

a) *Export to Greece and Serbia and Continuous Export Promotions toward Other Countries – IEG-AL and AgroKoni Companies*

The EDEM project assisted the IEG-AL Company with the export of apples to Greece, specifically in finding a transport company and negotiating contract terms with the Greek importing company. At the same time, EDEM helped the IEG-AL Company find a domestic market for its products. As a result, 50 tons (in bulk) of apples were exported to Greece and more than 600 tons were sold in the domestic market.

EDEM also assisted the AgroKoni Company to export tomatoes to Serbia. The importer provided positive feedback on the delivery and quality of the product. EDEM now is working with other clients for export of more products like cabbage and cauliflower to Croatia, Poland, and Holland.

b) Follow up Activities Related to the Holland and United Kingdom Study Tours

EDEM is working with all of the project’s FFV clients (as well as AAC clients) to inform them about the meetings in Holland and the United Kingdom and to follow up on the buyers’ requests. In the last week of December, EDEM organized the first meeting with Goskova Association in Korça. The purpose of the meeting was to:

- Inform the farmers/growers on the requirements of the buyers for different products and of large quantity requirements
- Introduce them to the concept of “cooperation” as the only way to have success in European markets
- Start work on the certification of targeted products

Other similar meetings will follow during next quarter in other regions.

c) Marketing Trip to Croatia and Business Planning and Financing Assistance – Bruka Seedling Company

The EDEM project arranged a meeting in Croatia between Bruka Seedling Company (Divjaka) and the Mandarinko Company in Croatia. The owner of Mandarinko Company has visited Albania twice this year, and the two companies had an excellent trade relationship with watermelons. Mandarinko representatives were interested in other products, so this meeting was held to discuss potential trade in other products including cabbage, cauliflower and watermelons. In addition, EDEM also assisted Bruka on preparing a long-term business plan, and to negotiate with financing institutions for a loan.

Fresh Fruit and Vegetable Sub-sector – Summary of Firm Level Activities

Company	Technical Assistance (TA)	Results
IEG-AL Korça	<ul style="list-style-type: none"> • Facilitated meeting with Comitas International Consulting Company from Holland • Facilitated meeting with buyers from Italy • TA on finding new markets (domestic and export) for onions and apples • TA on finding product transportation • TA on preparing promotional materials for the study tour in the Netherlands and the UK • TA on follow up activities from the study tours 	<ul style="list-style-type: none"> • Contact established; negotiations underway for investment in a cold storage facility • Contact established; discussions for export expected to continue • One export of apples to Greece • Two new domestic markets identified for apples • One transport company identified in Korça region • Participation in the study tour in the UK • First association meeting organized in Korça to help farmers meet European demand and quality standards

Company	Technical Assistance (TA)	Results
Bruka Seedling Divjaka	<ul style="list-style-type: none"> • TA on research for other seasonal products with export potential (cauliflower, carrots and cabbage) • TA on preparing promotional materials for the study tour in the UK • TA on Business Plan preparation • TA on obtaining loan for business expansion • Meeting facilitation for new exports 	<ul style="list-style-type: none"> • Contacts with potential buyers of its products • Greater familiarity with international FFV market demands • Participation in the study tour in the UK • Business Plan being developed • Better insight and understanding of requirements of banks for loan financing, and negotiations with the banks initiated • Discussions underway for new exports
Vila Company Korça	<ul style="list-style-type: none"> • TA on management structure of the company • TA in sources of supply for input materials 	<ul style="list-style-type: none"> • New investor identified • Continued discussions with a Serbian and Macedonia supplier of raw materials
Aris Company Saranda	<ul style="list-style-type: none"> • Facilitated meeting with Comitas International Consulting Company from Holland • TA on preparing promotional materials for the study tour in the UK • Follow up activities on the Holland and UK study tours 	<ul style="list-style-type: none"> • Negotiations underway for investment in a post-harvest/cold storage facility • Participation in the study tour in the UK
Edipack Durrës	<ul style="list-style-type: none"> • TA on finding new markets and preparing a packaging contract offer 	<ul style="list-style-type: none"> • New markets identified in Holland and Sweden
AgroKoni Tirana	<ul style="list-style-type: none"> • TA on preparing promotional materials for the study tour in the UK • TA on finding new markets and preparing offer • TA on logistic issues, packaging and transport • TA on finding new markets for other products and follow up activities 	<ul style="list-style-type: none"> • Participation in the study tour in the UK • New market developed; export of tomatoes to Serbia
Iceberg Tirana	<ul style="list-style-type: none"> • TA on finding new clients 	<ul style="list-style-type: none"> • New clients identified and sales increased

III. Issues / Lessons Learned

The activities that EDEM organized during this quarter in the fresh fruit and vegetables sub-sector were helpful experiences for the participants. These activities exposed them to useful models of how their industry could function and be successful in Albania. EDEM clients had the opportunity to see how the European markets function, visit state-of-the-arts facilities, visit wholesale markets, meet with buyers and discuss the requirements and other details for each product. Client feedback has been enthusiastically positive.

Moreover, the activities also supported cooperation between consolidators. The consolidators are now beginning to work together to consolidate products, buy packaging materials together in order to decrease the costs, and are more open in sharing information. They also have started to

discuss common investments such as a post-harvest handling and cold storage facility. This is a big change in their mentality and an improvement from previous ways of operating.

Based on their trips and the trade missions, the Albanians have heard clearly that their products must meet GlobalGAP standards or they will not be able to expand their export markets. In order to fulfill the international buyers' requests, the Albanian exporters must cooperate with each other and must pay more attention to standards, quality, and the presentation of the product.

Some of the key lessons learned during this quarter activities are:

- The chance to meet with the international buyers provided an excellent opportunity to discuss export products and volumes for the coming season. Negotiations were also conducted to lower commissions.
- Participation of AlbInvest in the trade missions was very useful as participants could discuss what (or whether) the Government of Albania can/will contribute to expanding the trade relationships and potential investments.
- The study tour helped Albanian consolidators to think about longer-term strategies and potential future collaboration with European companies. Plant tours were useful for observing the state-of-the-art post-harvest handling facilities, factory layout and processing lines.
- Visits to European supermarket chains were useful for learning about major retail trends, operational policies and strategies of these markets, as well as to examine product quality and see how products were displayed and priced.
- The fact that the owners and sales managers were present during the discussions was very beneficial, since they themselves could hear that food certification/quality is essential; learn how the product is handled; and observe how European owners communicate with their staff – these are the major issues to be addressed in order to successfully participate in the international supply chain.
- The Albanian companies need to have better promotional materials, such as photos of the products, to leave with people they meet. This will improve their individual image as well as the overall Albanian image.

Knowledge gained from the study tours will guide EDEM activities during the next quarter; the project will focus its assistance efforts on:

- Quality certification of products
- More contacts with Albanian exporters to promote participation in international events
- Coordinating the project activities with the Governmental, other donor projects (particularly AAC) and organizations

C.2. HERBS AND SPICES

I. Highlights

During the past quarter, EDEM continued to provide assistance to existing herb and spice businesses with a focus on the introduction of international market standards and relevant legislation; value adding in the country; facilitation of new export transactions; preservation of

the natural herb and spice resources; technology upgrades; access to international markets; and establishment of the Albanian legal framework pertaining to the Albanian herb and spices industry. Highlights of results achieved with assistance of the EDEM project during this quarter includes:

- Albanian herb and spice companies entered eight new export markets for the first time, including Sweden, Denmark, Algeria, the United States of America, Spain, France and Germany. Of these eight new markets, three were initiated at the IFEAT (International Federation of Essential Oils and Aroma Trades) conference 2007, and two at the Biofach 2007 trade fair.
- Eight new export transactions were executed including organically certified fresh kitchen herbs, essential oils and dried herbs. These new export transactions added \$366,000 to these companies' current export sales.
- New domestic sales totaled \$90,000.
- Companies made new investments during this quarter on business expansion and remodeling totaling \$140,000.
- EDEM arranged and hosted an inward trade mission with a buyer from Belgium, aimed at establishing direct supplier-buyer trade links for value added essential oils. During the trade mission, the company director of the Vossen & Company NV/SA, visited production facilities of organically certified essential oils, met with collectors, and visited harvesting sites in central Albania. In addition, the company director met and spoke extensively with a representative from ICEA (the *Instituto per la Certificazione Etica e Ambientale*, an international certifying body) about ensuring full compliance with the organic collection and processing principles. The director collected samples of 15 different kinds of essential oils and submitted them for laboratory analysis.
- EDEM provided continuous support to the Students in Free Enterprise ("SIFE students") who ranked third (after the U.S. and Canada) at the SIFE World Cup Competition of Free Enterprise held in New York during October 10-13, 2007. EDEM assisted the SIFE project-Albania on the herb and spice component of its overall rural development project.
- EDEM contributed comments to the draft law of the Aromatic and Medicinal plants that was recently drafted by the Ministry of Environment, Forests and Waters Administration
- The Albanian Essences Producers and Cultivators Association (EPCA), with EDEM's support, organized a meeting for the subset of members who produce essential oils to:
 - Share findings and recommendations IFEAT 2007 conference in Budapest;
 - Introduce recent European Union and U.S. legislation pertaining to the quality control assurance and safety of food products (issues that will soon impact the EPCA members); and
 - Update the members on the lobbying efforts EPCA leadership has made (following up on the issues identified at the Third National EPCA Conference on May 24, 2007).
- EDEM conducted training courses on market requirements and sustainable development of local natural herb and spice resources in communes of the Vlora district. Approximately 30 people including collectors, processors, teachers and students, and local staff of Auleda/Vlore (a UNDP-funded non-governmental organization) attended the training courses. During the trainings, EPCA leadership was also present to promote

the association, inform attendees of EPCA's activities and achievements, and invite all participants to become members of the association.

- EDEM continued its active cooperation with government institutions and the donor/development community such as the Ministry of Agriculture, Food and Consumer Protection; the Ministry of the Environment, Directorate of Policies for Forests and Pastures; SNV; Auleda/Vlore; ICEA and SIFE students.

II. Activities

Industry Level Activities

1. Increases in Export Transactions

Eight new export transactions were executed during this quarter including organic fresh kitchen herbs, essential oils and dried herbs. The total value of the new transactions is \$366,000, which is additional to the existing level of exports. Three of these sales were generated immediately subsequent to the IFEAT conference Budapest, where Albania made a presentation on the Albanian herb and spice industry and its potential. The orders came from Algeria (for the first time), the U.S., and Spain and included sage, juniper and thyme organic oils. Two new export sales came as a result of participation at the Biofach 2007.

1. Finally, one EDEM client (Agroherbal) entered Germany's export market for the first time with EDEM's facilitation and promotion. The shipment consisted of various dried herbs, two of which are new to the company's product portfolio (Southern Sage and Plantain).

2. Inward Trade Mission

An immediate result of Albania's presentation at the IFEAT 2007 conference in Budapest (and also of EDEM's facilitating business-to-business meetings during the conference) was the inward trade mission to Albania conducted during December 9-18, 2007 by the Director of the Vossen & Company NV/SA Company (Brussels), which specializes in value-added essential oils. The company director visited to learn about the oils production techniques and equipment, storing and packaging of the export products, implementation of organic harvesting and processing principles, and transportation issues in Albania.

During his visit, which EDEM arranged and facilitated, the company director met with essential oils producing companies including Xherdo (Skrapar, Peqin and Tirana), Dorena (Poliçan), Zani (Berat), and Çupi (Lezhe). The buyer also met with harvesters, transportation companies and an ICEA representative; visited collection sites; and met with collectors during the harvesting process in areas of Bardhor (Kavaje) and Sinja (Berat). Issues discussed included:

- Quality standards of the products and packaging requirements (harmonization of the products, EU certified packaging materials, filtration for export quality)
- Transport requirements and effective routes to final destinations including labeling and EU legislation, with special emphasis on the European Union's new chemical policy, the REACH program (Registration, Evaluation, Authorization and Restriction of Chemical substances), which was launched at the IFEAT conference

- Potential ways to reduce production costs
- Production technology and equipment
- Full compliance of harvesting and production of essential oils with organic principles
- Potential cultivation of selected herbs in the future

The international buyer was supplied with samples of approximately 15 different kinds of essential oils (sage, thyme, oregano, melissa, rosemary, lavender, juniper, laurel, myrtle, fir, etc.). Samples will be sent for analysis at the Vossen & Company laboratory in Hanoi, Vietnam. If the results are favorable, the company will start placing shipment orders, which are anticipated for the first quarter of 2008.

3. Update to the Albanian Herbs and Spice Industry on Recent International Industry Developments and Legislation

On November 15, 2007, a subset of the members of the Albanian Essences Producers and Cultivators Association (EPCA) – processors of essential oils – convened, with EDEM's support, for a national level conference aimed at:

- Sharing the findings and recommendations from the IFEAT 2007 conference in Budapest with EPCA members who produce essential oils;
- Introducing recent EU and US legislation pertaining to the quality control assurance and safety of food products – issues which will soon impact the EPCA members;
- Updating members on the lobbying efforts EPCA leadership has made (following up on the issues identified at the Third National EPCA Conference on May 24, 2007).

Sixteen people attended the conference traveling from Bilisht (on the border with Greece), Pogradec, Poliçan, Skrapar, Berat, Tepelene, Permet, Peqin, Tirane, Lezhe, Malesi e Madhe and Kukës despite harsh weather conditions. Other participants included representatives from donor organizations and stakeholders including USAID; Auleda (Vlore); the Ministry of Agriculture, Food and Consumer Protection - Shkodra branch; and the Directorate of Policies for Forests and Pastures/Ministry of Environment, Forests and Pastures Administration.

The first presentation, titled, "Albania at IFEAT 2007," was made by the EPCA Chairman, Mr. Hysenaj, who discussed findings, insights, and recommendations on how Albanian suppliers can cope with the international trends. Mr. Hysenaj also informed the participants on the activities the EPCA leadership has followed up subsequent to the Third National Conference. Mr. Hysenaj described the meeting that EPCA leadership had with the Deputy Minister of Economy, Trade and Energy to discuss opportunities for governmental support related to the "6% reimbursement scheme". Mr. Hysenaj also described a meeting with the Deputy Minister of Agriculture, Food and Consumer Protection to discuss the government's incentives in assisting the herb and spice industry through the "Albania 1 Euro Initiative". Under this program refused land may be available for cultivation of herbs and spices.

EDEM staff updated the conference participants on current EU and US legislative issues that address quality and safety issues, with an emphasis on the implications for the Albanian herb and spice industry.

Mr. Gjon Fierza from the Directory of Policies of Forest and Pastures assured conference participants on the support of his institution with efforts to rehabilitate various plantations.

Major issues discussed by the conference participants included:

- Reduction of cultivation costs
- Cultivation of herbs and spices
- Establishment of analytical laboratory
- Organized barriers against adulterated products

At the end of the conference three working committees including: a) Quality and Safety issues, b) Cultivation, and c) Laboratory were established in order to address issues. All work will continue in cooperation with EPCA's vibrant board of directors, supported by EDEM.

Public awareness of EPCA and its issues was made possible through coverage by A1 TV, Ora TV and TVSH. The Albanian Telegraphic Agency broadcast a story on the meeting. The event was also covered by 8 newspapers (*Korrieri, Republika, Tema, Ballkan, 55, Ekonomia, Agon, and Standard*).

4. Capacity Building - Training Seminars to the Herb and Spice Industry in the River Valley / Vlora Region

Subsequent to the previous cooperation between EDEM and Auleda/Vlore, the latter solicited support from the EDEM project for additional trainings of the harvesting network. Several villages from which the plants are collected were selected to receive training. EDEM designed and delivered two training courses in the Vlora region's commune of Terbaç and Kote. The topics addressed at both seminars included:

- Insights on the organization and recent developments of the Albanian herb and spice industry
- International market requirements
- Implementation of sustainable development principles
- Facilitation of trade connections between local harvesters/accumulators and EDEM's pool of exporters targeted for direct assistance aiming at cutting
- Intermediaries in the chain
- EPCA's activities and achievements

It was the first time an international organization had approached these regions for training seminars and discussions regarding community's major concerns. Major issues identified during the discussions with the local community included:

- The villages suffer from a lack of information on recent developments of the Albanian herb and spices industry
- Entry of amateur dealers has the potential for ruining the prices and the connections between the harvesters and serious processors/exporters

- The division of areas for collection by the forestry authorities at the community level is frequently nonsensical
- There is inadequate assistance from the forestry engineers of the area
- Increased prices on all agricultural services/inputs which affect cultivation activities has led to migration of the local young people outside Albania, thus decreasing available harvesting power capacity

Approximately 30 people participated in the trainings including harvesters, accumulators, teachers and students and staff of the Auleda/Vlore organization. The EDEM trainings contributed to ensure:

- Donor coordination at project level
- Capacity building among industry participants (local consolidators, processors and harvesters)
- Capacity building among the international organizations and local staff of Auleda/Vlore, Forestry Departments, local education and commune staff.

Herb and Spice Firm Level Activities

EDEM continued to provide technical assistance to its existing pool of clients. This assistance has been given both through on-site visits with the clients and during client visits to the EDEM offices. The focus of the assistance has been guidance on the processing of dried herbs, business diversification, potential reduction of production costs, business expansion, identification of cost effective freight forwarding companies, preparation of infrastructure (rearrangement of production and storing units, samples preparation) prior to and during trade transactions, and guidance to individuals interested in establishing essential oils production operations.

Company	Technical Assistance (TA)	Results
Elite AE Vore	<ul style="list-style-type: none"> • TA in quality and packaging required for export • TA in promotional materials for Biofach 2008 participation 	<ul style="list-style-type: none"> • Two new markets entered /Denmark and Sweden • \$120,000 value of export transactions • Promotional materials are being developed for display at the fair
Xherdo Poliçan	<ul style="list-style-type: none"> • TA during IFEAT conference on the introduction and communication with international buyers • TA in communication and preparations for export • Business expansion 	<ul style="list-style-type: none"> • Three new markets entered for the first time – U.S., Algeria/Africa and Spain • \$90,000 value of export transactions • One inward trade mission conducted with Belgium buyer of value added oils; 15 oils samples submitted for analysis • \$55,000 invested on the new facility
Agroherbal Mamurras	<ul style="list-style-type: none"> • TA communication and introduction to a German buyer • TA on transportation issues, and packaging of export products 	<ul style="list-style-type: none"> • One new export market entered - Germany • \$16,000 value of export transaction • Two new items introduced and exported for the first time

Company	Technical Assistance (TA)	Results
Amla Tropoje	<ul style="list-style-type: none"> • TA during/post Biofach in identifying and communicating with international buyers • TA on technology upgrade 	<ul style="list-style-type: none"> • Two new export markets entered • \$140,000 value of export transaction • \$33,000 invested for purchasing, installing of equipment and remodeling of production space
Tealb Tirana	<ul style="list-style-type: none"> • TA in business expansion • TA in processing of raw material • TA in business planning 	<ul style="list-style-type: none"> • \$50,000 invested in purchasing land for establishment of new facility • \$70,000 in domestic sales in addition to packaged tea business • Participation in business planning workshop
Dala Skrapar	<ul style="list-style-type: none"> • TA in contacting domestic buyers and guidance on processing quality 	<ul style="list-style-type: none"> • One new sales transaction worth \$19,000
Dorena Poliçan	<ul style="list-style-type: none"> • TA in preparing the infrastructure, communication and preparations for export • TA in sanitation, hygiene, and storing 	<ul style="list-style-type: none"> • One inward trade mission conducted with a Belgian buyer of value-added oils • Production rearrangements of raw material and final products within the facility in compliance with organic principles
Galen Shkoder	<ul style="list-style-type: none"> • TA in business planning • TA in storing, packaging and processing 	<ul style="list-style-type: none"> • Participation in business planning workshop • One new trade link established with Albanian major exporters of dried herbs and spices • Increased quality of processed herbs

Collaboration with Other Projects, Donors and Governmental

1. Support to Students in Free Enterprise (SIFE)

EDEM project supported the efforts of the SIFE students' group on the component related to the Albanian herb and spice industry as part of the overall project submitted for competition at SIFE World Cup Competition of Free Enterprise held in New York during October 10-13, 2007. The students' participation at the World Cup was made possible by USAID and Durrës port authorities. SIFE-Albania ranked third (after U.S. and Canada). SIFE has continued to solicit EDEM's support for the new project starting with supplying contact information of the Albanian exporters operating all over the country.

2. Cooperation with the Ministry of Environment, Forests and Waters Administration and Directorate of Policies for Forests and Pastures (DPFP)

EDEM was approached by the Directorate of Policies for Forests and Pastures to provide comments/suggestions to draft Albanian law on medicinal and aromatic plants that was prepared by the Ministry of Environment. EDEM provided informal suggestions at the meeting hosted by the Ministry in which other stakeholders – including the DPFP, the Tirana Chamber of Commerce and Industry, the Agency of Forests and Pastures, INSTAT (the Institute of Albanian Statistics), private consultants, and businesses handling non-timber forest products – were invited to comment on the law. EDEM's comments related to:

- Standardization of the terminology defining non-timber forests products (clarifying the differences between English, European and Albanian terminology, since each party uses different terms to define the same plant groups);
- Utilization of endangered cultivated plants (for which investors who have spent money and time to develop cultivation activities should be able to harvest the crops);
- Clarification of the objective of the law’s goals and other improvements.

3. *Cooperation with the Ministry of Agriculture, Food and Consumer Protection (MAFCP)*

EDEM maintained active cooperation with the MAFCP to explore opportunities for cost sharing at trade events that are of great benefit to Albania. The Ministry solicited EDEM’s contribution to the Biofach 2008 event based on the positive cooperation experience prior to and during Biofach 2007. This trade fair opened up new opportunities for EDEM’s clients that translated into new market entry and new transactions worth over \$473,000.

EDEM was also invited to contribute to the ICEA project on standards being carried out on behalf of MAFCP. A manual with guidelines on the sustainable operations at the collection and processing sites will be developed.

4. *Cooperation with SNV*

EDEM and SNV are jointly working on the translation of the “International Standards for Sustainable Collection of Medicinal and Aromatic Plants”, which will be put together in the form of pamphlets and made available to various target audiences depending on their level within the value chain.

III. Issues / Lessons Learned

The experiences and lessons learned with regard to the herbs and spices sub-sector in this quarter include:

- Participation at industry conferences and major trade fairs are important for promoting Albania internationally as a reliable and competitive supply source and generating new sales contracts. Three months after IFEAT 2007, Albanian companies entered three new markets with export transactions worth \$90,000; and after BIOFACH 2007, companies entered five new markets with export transactions worth \$473,000.
- Introduction of new products to international buyers remains key for expanding the companies’ sales.
- Identification of cost-effective freight forwarding companies is extremely important as it affects the execution of business deals (especially if trade links are new). An alternative to the reductions of high transportation costs is to prepare mixed containers that include items proposed by the Albanian exporters (i.e., sent at their initiative) as well as the items ordered by importers, as a way of lowering per-unit transportation costs.

- Trade missions are essential means for demonstrating - at the site - the current/real production operation facilities and volumes to interested buyers; they also enable the buyers to track the flow of products from the collection sites to the final step for export, while ensuring compliance with organic principles.
- There continues to be a great demand for practical training to expose participants at the harvesting and processing levels of the industry to the recent developments in their industry - expose them to international market demands and standards, and educate them on the sustainable harvesting of natural resources. This knowledge will enable them enhance their overall capacity and competitiveness.
- Training sessions have proven to be an important tool to build capacity in the industry network all over the country and also within complimentary projects and governmental agencies supporting the industry.
- Coordination with counterpart organizations is essential in terms of obtaining synergies. The training sessions undertaken by EDEM in cooperation with other donor funded organizations and government agencies have been important in terms of creating a better working environment for the industry businesses.

Success Story: Albanian value added herb and spice products reaching Scandinavia and Africa

The Albanian herb and spice industry has increased its competitive capacity in world markets through value-adding activities, one of which is organic certification. Intensive efforts of the Albanian herb and spice exporters to obtain organic certificates and to comply with organic collection, production and processing principles – coupled with the trade connections initiated at the international trade events and conferences like IFEAT 2007 – have rewarded the Albanian value-added herb and spice exporters with new export markets.

For the first time, Albania records exports of organically certified fresh kitchen herbs and essential oils to Scandinavian and African markets. Albania has developed three new export markets in Sweden, Denmark, and Algeria, with export transactions worth \$143,000.

D. PROCESSED FOOD, INCLUDING OLIVE OIL

I. Highlights

- Segaja Company exported processed fruit and vegetable products worth approximately \$110,000 to markets in Australia, Italy and Greece. EDEM has provided Segaja with considerable assistance including attending several trade fairs and training seminars, and with branding expertise.
- Bardhi Meat Processing and Sejega Processed Fruits and Vegetables both progressed dramatically toward adopting international food safety and quality standards. Bardhi finalized the international auditing of HACCP and the ISO 9001 audit, and feedback in certification is expected in January 2008. Sejega is expected to carry out the auditing steps in April 2008.

- Amarilto Processed Fruits and Vegetables, located in Lezha region, expanded their production portfolio with stuffed peppers with curd, stuffed olives with red peppers and spices, and cooked mixed vegetables with curd. Over 15 metric tons of these products, all produced through EDEM assistance, are expected to generate over \$40,000 during winter sales.
- The Albanian Olive Oil Association (AOA) initiated its regular board meetings with EDEM's assistance. The board approved an agenda of association activities for the year 2008 and the AOA will continue intensive cooperation with EDEM. AOA is very active in reviving its membership and participating in several donor and government activities.
- Due to poor in-country production of olives, domestic processors produced very limited quantities of olive oil. However, given the successful 2007 marketing efforts and sales contacts established, most of the existing stock was sold despite much higher prices.
- EDEM assisted Skilja Olive Oil diversify its business from olive pressing to olive packaging. A completely new product called "Mixan" local variety olives (2,500 kg) was developed and sold successfully on the domestic market.

II. Activities

D.1. PROCESSED FRUITS AND VEGETABLES

Industry Level Activities

No significant industry level activities were conducted this quarter; instead, EDEM continued to work with individual companies on a variety of technology, quality management and marketing issues. Specifically, EDEM continued to target only those entrepreneurs whose businesses can demonstrate success and catalyze the sub-sector's development. Assistance was provided to the most active and financially strong companies that are EDEM clients. Additional processing businesses have been identified as potential clients for EDEM through the end of the project.

The processed fruits and vegetables industry suffers from a number of constraints, including:

- A weak legal framework for business support
- A complex, ever-changing taxation system
- Weak inspection and regulatory enforcement
- A lack of market information
- The high cost of packaging material and occasional difficulties in importing them
- A low level of processing technology use and a high rate of equipment depreciation
- A lack of appropriate storage capacity for raw materials
- Difficulties in finding the raw material at sufficient quantities and adequate quality for processing

Poor food safety controls burden this industry, resulting in major consumer distrust. There is also a lack of willingness to collaborate between the operators (processors) in the sector.

Therefore, during the quarter, EDEM maintained continuous contacts with both the Food Safety Department of the Ministry of Agriculture, Food and Consumer Protection and with District Departments of Agriculture, Food and Consumers' Protection in Tirana, Berat, Lushnje, Durrës, Shkodër and Lezhë, to develop a fertile ground for activities that enhance a public/private dialogue.

Despite these and other obstacles that agribusiness entrepreneurs in Albania face*, EDEM is committed to being a catalyst for new ventures. It will continue to assist clients with the expansion and modernization of existing agro-processing plants, and guide individual entrepreneurs and industry groups toward achieving their full potential. Priority actions towards the improvement of the situation in the fruits and vegetables processing industry will be:

- Promotion of investment by improving and/or facilitating the access to credit and other financial support
- Introducing and disseminating information on up-to-date technologies
- Updating technical and managerial skills and knowledge
- Improving the quality and diversification of processed fruit and vegetable products
- Supporting and promoting cooperation between producers/consolidators and processors

Firm Level Activities

Albania's largest fruit and vegetable processors, all EDEM clients, include:

- Sejega- Tirana
- Sidnei - Berat
- Shpiragu – Berat
- Çuedari – Berat
- Amarilto – Lezhë
- Fani Food – Shkodër
- Alfa – Lushnje
- Fezolli – Pogradec

EDEM has also contacted and advised other fruit and vegetable processors, smaller in size but still active in market, on a periodic basis. The technical assistance provided by EDEM consisted primarily of improving technology and facilitating contact with banks for new investments to improve the existing facilities (and/or construct new facilities), and to upgrade and/or purchase new equipment.

a) *Audit and Prerequisite Study for the Implementation of Food Safety Management System (ISO 22000) – Sejega Company*

EDEM assisted Sejega Company with an audit and prerequisite study for the implementation of food safety management system (ISO 22000). This assignment is being co-financed by the International Finance Corporation (IFC), EDEM and Sejega itself.

* In addition to the industry-wide issues discussed above, Albania suffered from an extraordinary drought during the spring and summer months, which resulted in a much lower volume of fresh fruits and vegetables production compared to previous years. Consequently, the supply of raw ingredients for the industry has been limited. When available, the prices have been much higher compared to one year ago. Due to this fact, the Albanian tomato processing industry (Fani Food, Sejega and Sidnei) was not able to produce any tomato paste this season, and had to rely on imports of tomato concentrate - mainly from China.

During September 24-25, 2007, four consultants audited the Sejega factory in Tirana. The consultants interviewed the appropriate personnel of Sejega regarding the prerequisites of the facilities and practices, which underpin the proper implementation of a food safety management system (HACCP) in the short to medium term. They also inspected the infrastructure of the factory. The audit was performed according to the international audit common practices and international auditing standards.

The IFC consultants prepared a separate report providing details on the facility audit, covering findings and suggestions for corrective actions related. During the implementation of an internationally certified food safety management system, Sejega may need to implement corrective actions in order to launch and keep a future system updated: e.g., productive or machinery issues may need to be solved in order to satisfy HACCP prerequisites. Those further specific corrective actions will be identified during the documentation and implementation of the HACCP study/plan.

b) Export Support – Sejega Company

Besides the audit assistance described above, EDEM has assisted Sejega in identifying export markets for its products. As a result, the company has successfully exported 80 metric tons of products, respectively, in:

- Australia – 40 metric tons with an approximate value of \$55,000
- Italy - 20 metric tons with an approximate value of \$28,000
- Greece - 20 metric tons with an approximate value of \$28,000

EDEM continues to put more effort into finding other export possibilities. A Danish company was identified. Its representative visited Sejega's facility in December and collected several product samples. The representative will return in January, hopefully with some concrete requests for exports.

c) Market Expansion and New Product Development – Amarilto Company

EDEM has continued to offer technical assistance to Amarilto on securing new market outlets, raw ingredients and machinery. EDEM facilitated business linkages between the company and fresh fruit and vegetable producers and consolidators in Kruja, Lushnja, Divjaka and Berati areas.

Meanwhile, with EDEM's assistance, Amarilto has introduced its products to Tirana markets. While a year ago Amarilto was absent in these markets, now the company is selling its products in 12 wholesale centers and in many retail shops, restaurants, and fast food facilities around Tirana.

Based on a direct request of the company's management, EDEM assisted the company with professional local technical expertise on new product development. The EDEM team contacted several food technology specialists and after a careful selection process, Mr. Ermil Sharko was

contacted and selected for this assignment. Mr. Sharko assisted the company in developing three new products, including:

1. Stuffed Peppers with Curd
2. Stuffed Table Olives with Red Pepper and Spices
3. Cooked Mixed Vegetables with Curd/Fergese;

After the necessary assessment and preparatory work in collaboration with the management of the factory, the consultant developed recipes and production flow diagrams and protocols, including:

- Detailed specifications for the raw materials, food additives and auxiliary materials, needed for all the three new products
- Protocols for receiving and handling of raw materials
- A production process
- A packaging process
- Finished product specifications
- Finished product handling, labeling, warehousing and marketing.

Recipes were developed and evaluated, with the best being put into production. Amarilto then launched the three new products into a field/market testing period through October. Amarilto sold 500 hundred jars of stuffed peppers, 500 jars of stuffed table olives, and 1,500 jars of the cooked mixed vegetables (these were the initial “sample” products).

The Short-Term Technical Assistance (STTA) assignment also included preparation and delivery of a training module for the management and company staff involved in supervision and production of the new products. This training module was given separately for each product during the phase of testing and production. Special emphasis and attention was paid to:

- Effective management of the production process, the importance of each stage of production, and the direct linkage of each stage of production with the quality of the finished product for the new products
- Quality assurance and appropriate storage, especially of the raw materials and ingredients for the preparatory phases of the products
- Sanitation, food safety and assurance monitoring for all the products that do not undergo a final heat treatment

By the end of the STTA assignment, the following quantities of each product were produced and currently being marketed:

- 9,500 jars/580 ml of stuffed peppers with curd
- 10,500 jars/520 ml of stuffed olives with red peppers and spices
- 9,550 jars/520 ml of cooked mixed vegetables with curd

Based on the success of these new products, Amarilto has concluded that in the near future, it will need to invest in constructing a new building and purchase updated processing equipment.

EDEM has designed an additional STTA assignment (which has been approved) to assist Amarilto and also Shpiragu Sh.p.k. in Berat with technical designs for new facilities.

d) New Product Development – Fezolli Sh.p.k.

Based on a direct request of the company's management, EDEM assisted Fezolli with expertise on new product development (this was a local consultant STTA assignment). The EDEM team contacted several food technology experts and after a careful selection process, Mr. Kujtim Biçaku was selected for this assignment. Mr. Biçaku has assisted the company to develop two new products, dehydrated apples and dehydrated leeks, as well to convert the existing plant (which had produced cigarettes) to produce dehydrated fruit and vegetable products. In addition to reviewing the physical plant and providing necessary recommendations and instructions for conversion, he is providing recommendations on equipment; testing the dehydration chambers; preparing product recipes and technology specifications (for a limited number of products); developing a production flow chart; conducting employee training on the production process; and testing production. This assignment is still in progress and EDEM is offering continuous support and supervision.

e) Marketing Improvements and Expansion – Sidnei Company

EDEM has assisted Sidnei with improvements in its marketing techniques and market expansion. At the company's request, the EDEM team (in coordination with the AAC project) established direct contacts and relationships between Sidnei and apple growers (many are AAC clients) in the Korça region. Sidnei is now purchasing apples directly for industrial processing (jam, compote and marmalade). During this season approximately 150 metric tons of fresh apples were directly purchased and a sustainable business linkage established between this EDEM client and AAC-assisted farm producers.

As always, another field of assistance for this client has been improvements in the existing quality standards, with a mid-term objective of meeting EU food safety standards.

f) Raw Material Supply – Çuedari Company, Alfa Sh.p.k. and Fani Foods

Through the cooperation with the AAC project, EDEM assisted Çuedari to trace sources of fresh olives for further processing into table olives. Because of the very poor local production and the limited supply, the company imported approximately 200 metric tons of fresh olives from Greece. Although the prices of both fresh and processed olives are higher than historic levels, sales of the finished product have been very good this year - mainly due to the limited domestic competition. EDEM also helped Çuedari source new equipment, resulting in a \$4,000 investment for a new olive grading machine.

Also through cooperation with the AAC project, EDEM assisted Alfa to locate sources of fresh carrots, cabbage, red sweet peppers, and "Cornishon" cucumbers for further processing. EDEM also helped Alfa to source vegetable chopping equipment, resulting in an investment of \$3,000.

EDEM has also helped Fani Foods trace sources of raw material (tomatoes of industrial processing varieties) in neighboring countries (Kosova and Macedonia), since their availability

in Albania is very limited. Unfortunately, the weather conditions were unusual not only for Albania but for the region as well. Consequently the prices of tomatoes have been unaffordable this year, forcing the company to stop production of tomato paste this year. However, contacts with producers from both Kosova and Macedonia are already established. In January, Mr. Fani will visit both Kosova and Macedonia to conclude production contracts for 2,500-3,000 metric tons of tomatoes for the coming production season. EDEM will coordinate with the USAID funded KCBS project in Kosova to facilitate the linkages.

Company	Technical Assistance	Results
Sejega Tirana	<ul style="list-style-type: none"> On going TA in processing – the EDEM-compiled Processing Manual was given to this company The TA plan for ISO and HACCP quality management and food safety principles adoption by the company was monitored. TA in export marketing. 	<ul style="list-style-type: none"> Technological and processing operational improvements 40% increase of production, compared with the same period of the last year and export markets opened (20 metric tons of products valued at \$28,000 were exported to Italy; the same volume and value was exported to Greece) New export market was identified; Sejega concluded the first export contract with an Australian company for 40 metric tons of product worth \$55,000
Amarilto Lezhë	<ul style="list-style-type: none"> On-going TA in market identification, distribution, and pricing An STTA on new product development 	<ul style="list-style-type: none"> New markets identified (Tirana, Kruja, etc.) The sales rate was increased by 15%, compared with the same period of last year Three new products have been developed, tested and successfully accepted by the consumers; as a result, it is expected that the sales rate will be increased by 20% in the coming year.
Shpiragu, Berat	<ul style="list-style-type: none"> On-going TA in market identification, distribution, and pricing 	<ul style="list-style-type: none"> The sales rate was increased by 5%, compared with the same period of last year
Fezolli Pogradec	<ul style="list-style-type: none"> STTA in establishing the new business linkages and products TA in sourcing raw material suppliers from Korça and Lushnja 	<ul style="list-style-type: none"> It is expected that after the product development process, at least 5 people will be employed
Sidnei Berat	<ul style="list-style-type: none"> On-going TA in market identification, distribution, and pricing Through cooperating with the AAC project, EDEM assisted the company to purchase fresh fruits for processing 	<ul style="list-style-type: none"> Sales increased by 5%, compared to the same period of last year 150 metric tons of fresh apples were purchased (value of \$ 14,000) by the company from AAC clients; this first deal is a good indicator for sustainable cooperation between producers and processors
Çuedari Berat	<ul style="list-style-type: none"> On-going TA in technology transfer, raw materials sourcing, and purchasing olive processing equipment 	<ul style="list-style-type: none"> One olive grading machine was purchased for \$4,000 and is now in use

Company	Technical Assistance	Results
ALFA - Lushnje	<ul style="list-style-type: none"> On-going TA in market identification, distribution, and pricing TA assistance on sourcing new machinery and raw material for processing 	<ul style="list-style-type: none"> The sales rate was increased by 5%, compared with the same period of last year Due to these efforts/assistance, two machines were purchased <ul style="list-style-type: none"> One vegetable slicing machine for \$4,000 One bag sealing machine for \$500 Contacts with vegetable producers and/or consolidators from Divjaka and other areas were established
Fani Foods Shkoder	<ul style="list-style-type: none"> On-going TA in market identification, distribution, branding and pricing On-going TA in tracing sources of supply for raw material/industrial tomatoes both in Albania and neighboring countries 	<ul style="list-style-type: none"> The company has sold 25 metric tons of bulk tomato paste from the previous year's production (valued at \$28,000) to processing companies for further processing and packaging

Collaboration with Other Projects and/or Donors

EDEM has established a mutually beneficial cooperative relationship with the USAID-funded AAC project. Due to this cooperation, the sourcing of raw materials for the processing industry has been made easier. This coordination will also impact the planning process for the coming year's production season. An estimate of the processing industry's needs for the coming year will be finalized in the coming quarter and forwarded/communicated to AAC for transfer to their project clients.

EDEM also has established a relationship with the Danish Embassy in Tirana, through which a Danish company visited the Sejega facility to consider importing the company's products.

Success Story: Albanian Processed Vegetables Entered into the European (Greece and Italy) and Australian Markets

The Sejega Company has completed a significant investment in a newly-constructed factory and has moved its entire production to the new 3,000 m² factory, which is located at the perimeter of Tirana. Sejega added new machinery and processing lines to the new facility, allowing for an expanded range of products; overall production has increased by 40% and management plans for sustained increases in production and sales of 15-20% annually.

While the company is already the largest and best in the country, management has invested funds for both construction and technology to meet EU standards, making it the first to do so in Albania's processed fruit and vegetable industry. EDEM has assisted Sejega in developing export markets for its products. As result of these efforts, and the factory expansion, the company has successfully exported 80 Mt of products to:

- 1. Australia – 40 Mt with an approximate value of 40,000 euros*
- 2. Italy – 20 Mt with an approximate value of 20,000 euros*
- 3. Greece – 20 Mt with an approximate value of 20,000 euros*

EDEM continues to identify and facilitate other export possibilities for this company and also provides technical assistance to successfully implement the food safety management system (ISO 22000).

D.2. OLIVE OIL

Industry Level Activities

The Albanian olive oil industry is currently experiencing a major production crisis as the 2007 production season of raw olives has been extremely poor for the following reasons:

- Low level of cultural practices and maintenance for existing olive trees – many trees/groves were abandoned and allowed to grow wild
- Lack of education for correct olive grove management
- “Off-season” cycle for olive production

Low production volumes led to very high prices for raw olives and finished olive oil products, making this season’s olive oil non-competitive in international markets, as summarized below:

<i>Season</i>	<i>Raw material cost per liter</i>	<i>Finished product cost per liter</i>	<i>International prices per liter</i>
2006	80 lekë (0.66 euros)	400 lekë (3.3 euros)	2.3 – 2.4 euros
2007	100 - 145 lekë (0.8 - 1.2 euros)	500 - 750 lekë (4.1 – 6.2 euros)	2.5 euros

Some EDEM clients, especially the ones located in the south, continued to produce high quality olive oil despite the pressure of high raw material prices. The production situation also was a little better along the coastal farms. However, poor production was severe in the areas of Elbasan, Tirana and Fier/Mallakaster, resulting in processors including IVAP, Jal, Skilja and Shkalla producing small quantities of olive oil. The situation was even worse with other EDEM clients like Petrela and 3 Miqte that managed to produce only for their own family consumption and do pressings for a limited number of farmers.

EDEM is working in conjunction with the AAC project to address production issues and make the linkage from farmers to processors functional. EDEM and AAC staff visited IVAP, Sabin, Shkalla, Skilja and other key olive oil processing companies during the quarter where representatives of AAC presented the new USAID project and their field of activities. Most of the discussions focused on identifying, analyzing and resolving the crisis in the olive supply (and resulting high production costs) that are the major negative factors affecting Albania’s ability to compete in both domestic and export markets.

In addition, EDEM arranged for three representatives from the Albanian Edible Oil Association (AOA) to participate in the workshop organized by AAC in Berat. The workshop provided a forum to introduce the association leaders and key olive-growing farmers of Berat, Lushnje and Fier areas, and enable them to exchange opinions. Several meetings were conducted after the workshop to develop future potential contracting. One new olive oil association member was recruited in this area and another potential candidate was identified.

EDEM continues to help olive oil companies address their constraints by building management and technical capacity – and by raising consumer awareness of high quality oil produced in

Albania. The project finalized plans this quarter to offer training in sensory assessment of olive oil to improve the existing standards in Albania, as well as creating a standing Albanian tasting panel. Also, EDEM continued work with AOA for its continued revitalization - transferring more responsibilities to AOA management, to help AOA become sustainable in the future.

EDEM has noted that while some leading Albanian olive oil producers are producing excellent high quality oils, there still is a limited presence of Albanian olive oils in local supermarkets. Apart from EDEM's activities in 2007, there is almost no promotion or public awareness campaign of the benefits of consuming high quality olive oil, which would drive demand for top quality olive oil. Therefore, the project will continue last year's promotional campaign, which served to increase domestic awareness and sales of the Albanian high quality olive oil traded in formal markets. Planned activities (Olive Oil Competition 2008, product sampling in public places, etc.) will foster good marketing/promotional practices to increase consumer awareness and boost demand for quality Albanian produced olive oil. In conjunction with the AOA, a "National Olive Oil Day" festival is planned to raise awareness of the high quality oil being produced in Albania and promote the individual brands of EDEM's clients and AOA members.

Albanian Edible Oil Association

The newly elected management of Albanian Edible Oil Association (AOA) has worked hard to make the association functional following the June 28, 2007 elections. The association currently has 25-30 possible members; 13 have paid dues (10,000 lekë/year). AOA is focused on increasing membership by offering services and activities to association members.

EDEM continues to provide assistance to the management and the Board of Directors to develop AOA competencies and effectiveness. It helped AOA develop a calendar of events for the year; contact other stakeholders of the industry including AAC and the Ministry of Agriculture, Food and Consumer Protection; register with the Albanian Chamber of Commerce; and conduct board meeting. EDEM is planning to bring an international consultant to work closely and help build capacity of the association's management.

An AOA Board meeting was held on November 10, 2007. EDEM assisted the president of AOA in preparing the agenda and a calendar of events for year 2008 to be presented to board members (most of the activities to be organized in conjunction with EDEM). The meeting again concentrated on the industry raw material supply problems and low/expensive olive oil production of this year.

The meeting was very open and Board members emphasized the imperative to work together on resolving joint constraints. This meeting showed that the key industry members value the AOA association and the potential impact of its work on their direct interests. They are convinced that getting together and lobbying will help their efforts to succeed. Their concerns will be presented to the Ministry of Agriculture, Food and Consumer Protection and the Ministry of Finance. Another board meeting is planned soon to be followed by a general members' assembly (probably in early May to coincide with the Olive Oil Competition awards ceremony).

The Olive Oil Competition 2008 rules were approved in the second part of the meeting. Several changes were made to the previous competition rules, including:

- Competition is limited to AOA members
- The chemical requirements of the oil must be in line with the international standards, rather than Albanian law
- Suppliers must provide 2 tons of olive oil, up from 1 ton*
- The judging panel will have fewer members (4 members plus the trainer/panel leader, Ms Nancy Ash)
- A different laboratory will do the chemical analysis (the ADAMA laboratory was selected)

Preparations for the “Lands of Olive Groves” Exhibition in Spain

The “Lands of Olive Groves” Exhibition, organized from December 2007 until April 2008 in Spain, is a national and international event. It serves to promote different countries and their developments and connections through the olive culture, and demonstrates the significant role of olives in the history of Mediterranean countries and their importance in the development of the economy. Each country will have a display exhibition panel opened for visitors with data on varieties of olives, production, consumption, volume of exports and imports, etc., along with samples of the production of olive oil and table olives, olive oil tasting, and cooking/cuisine demonstrations. The exhibition is organized around weekend activities dedicated to each participating country. Each set of activities consists of a conference, olive oil tasting, and a cooking demonstration.

This is the first time that Albania olive oil production has been introduced in Spain, a major olive oil producer and exporter. Representatives of the AOA were presented the opportunity to participate and be involved in the correspondence with the exhibition organizers. AOA provided photos of Albanian olive groves and a list of the most important olive oil producing companies in order to prepare an Albanian exhibition stand. Eight bottles, representing five Albanian olive oil producers required by the organizers, were sent for the Albanian stand. EDEM helped the AOA become a member of the Tirana Chamber of Commerce in order to obtain the Certificates of Origin needed for the shipment.

The AOA registered for participation in the Exhibition on March 15-16, 2008. It is planned that three Albanian representatives will attend the weekend's activities – one presenter in the conference, one taster (to be selected from the pool of persons trained in the sensory tasting training), and a chef. EDEM is continuing collaboration with Spanish event organizers to help the Albanian olive oil industry showcase its characteristics and qualities.

Olive Oil Processors - Firm Level Activities

a) Export Assistance and Product Diversification – Skilja Company

In 2007, the Skilja Company emerged as the most successful olive oil processor in terms of sales, and it received two top prizes in the National Olive Oil Competition 2007. With EDEM direct

* This requirement was later changed back to a minimum of 1 ton, due to the extremely low quantities available this year.

assistance, Skilja exported 11 metric tons of “Product of Albania” extra virgin olive oil to Malaysia last season (as reported earlier).

As noted above, the production of olive oil in Elbasan area was very low this year. Despite improved marketing, the company suffered major constraints in securing raw material from local olive suppliers for olive oil processing. Therefore, given its excess production capacities, EDEM is assisting the company to diversify its production portfolio through various new product development and value adding processes. Skilja has developed and started producing a new product – packaged table olives of the local variety, Mixan; 2,500 kg were produced and marketed. Skilja plans to diversify their business further by not only producing table olives, but also by processing winter vegetables. EDEM assisted Skilja in producing and printing 500 copies of a new leaflet in Albanian and English to promote all their products.

b) EVRM

EVRM produced approximately 90 metric tons of olive oil in the September-December 2007 season, of which 10 metric tons were for its own sales (mainly organic and extra virgin olive) and 80 metric tons were for individual farmers in the area. Most of this volume has been sold.

EDEM is assisting EVRM in developing a business plan. EVRM participated in the introductory workshop on business planning provided by the consultant Joe Burke. EDEM made a preliminary visit to EVRM aimed at observing its current situation, identifying various issues, and determining the steps and specifics that are needed for the client to make profit-oriented business decisions on matters of guiding vision, strategy, product/service, forecasting, operations/production, and finance. EDEM advised the company to:

- Formalize a business structure
- Assure an adequate annual raw materials supply
- Place its storage vats below ground level for temperature control
- Enter more completely into the formal marketing sector
- Actively participate in developing its business plan rather than simply receiving a business plan

c) IVAP

IVAP also participated in the introductory workshop on business planning provided by Mr. Burke, and will be assisted in the coming months with business plan development. The company is in the process of obtaining organic certification with ICEA. IVAP and the Tradita restaurant in Shkodra were facilitated by EDEM staff in developing potential collaboration for the future.

d) Marketing Assistance – Shkalla

Beyond issues related to the lack of raw materials, the Shkalla Company has been assisted in its marketing efforts. The company presented its best products at the World Tourism Day fair organized by EDEM in Tirana, and it secured significant domestic sales through this event. In addition, Shkalla collaborated in the Albanian booth and reception at the World Travel Market (WTM) in Great Britain. Sixty samples of Shkalla olive oil were delivered during the reception and the fair.

Company	Technical Assistance (TA)	Results
Skilja Elbasan	<ul style="list-style-type: none"> • TA in product diversification strategy and launching new products • TA in preparing promotional materials 	<ul style="list-style-type: none"> • Additional sales on new products • New good management and marketing practices
EVRM Vlore	<ul style="list-style-type: none"> • TA and training in Business Plan Development 	<ul style="list-style-type: none"> • Anticipated improvements in future sales • One company personnel trained
IVAP Mullet/Tirana	<ul style="list-style-type: none"> • TA and raining in Business Plan Development • Assist in business transactions with local markets 	<ul style="list-style-type: none"> • One person trained in Business Planning • Expected increase of sales through supplying Tradita restaurants
Shkalla Tirana	<ul style="list-style-type: none"> • TA in exhibiting in World Tourism Day fair in Tirana 	<ul style="list-style-type: none"> • Improved domestic sales

D.3. MEAT PROCESSING

Industry Level Activities

During the quarter EDEM worked primarily with individual clients to review their existing market positions and commence short- and medium-term business strategies to ensure the sustainability of their growth beyond the EDEM project's life span. The project is also implementing strategies to address issues that are common within the industry members in the following areas:

- Marketing, such as limited branding and promotion, poor market information, little market differentiation
- Production technology, as there are limited local sources and companies suffer from insufficient technology knowledge
- Adoption of food safety/quality standards as required by the new food legislation
- Export marketing oriented activities

Firm Level Activities

a) *Quality Management Systems Implementation – Bardhi Company*

During this quarter, EDEM provided intensive support to Bardhi in implementing an ISO 9001 quality management system and procedures. EDEM hired an experienced local business service provider who has regularly attended all project management capacity building trainings. A new organizational chart was built to establish clear staff roles and responsibilities. All personnel received training on applying good manufacturing practices and traceability principles.

The local consultant worked with the company management to prepare and implement all ISO 9001-required documentation such a Quality Manual, Quality Policy, Working Instructions, and a production recording system (forms and reports). In parallel, the local consultant worked also in adoption of HACCP food safety systems such identifying critical control points, measuring the level of potential contamination risks. Some internal investments took place to comply with hygiene requirements.

Mrs. Liljana Bardhi, the general manager of the company, has attended several USAID funded classroom trainings and international study tours, which helped familiarize her with both HACCP and ISO standards. Her experience and commitment played a key role in the implementation process. Once all systems were developed, the company organized several internal audit exercises and took corrective actions to rectify non-conformities.

In the end of December, Bardhi Company used Certiquality (an International Certification Body) to inspect and audit all company premises and systems for compliance with requirements of HACCP food safety and ISO 9001 quality management standards. The visit went well and included few *ad hoc* comments on potential improvements. The final report that includes all inspection results and recommendations on company certification will be finalized in January 2008.

The EDEM project is also advising Bardhi in business development strategy. With the help of the consultant, Joe Burke, the company reviewed their existing market position and potential adjustments in their marketing strategy. The company will transfer some production lines to the upper floor; offer more retailing spaces on the ground floor and will include fresh meats. As agreed with the management, these new internal investments will take place in 2008. The company will launch new labeling and branding and will implement an ambitious marketing promotion in the Tirana and Durrës markets. EDEM will assist in the process of developing the promotional materials.

b) Market Development – Global Services Zooteknia (Albidea)

Global Services Zooteknia (Albidea) supplies approximately 20 meat-producing farms and fresh meat retailers across the country with sows and piglets. In 2007, the company and their entire network of clients faced enormous hardships as the cost of local production is significantly increasing. The fast growth of “live animal” imports in 2006 and 2007 is putting domestic production in crisis and Global Services Zooteknia (Albidea), along with its network of clients, has to explore ways to become more and more cost-efficient as well as to improve domestic fresh meat marketing.

EDEM reviewed their existing market demand and distribution characteristics for pork products so as to determine options to affect demand for Albidea pork products. A few models on cost accounting for Global Services Zooteknia and its clients were developed which will help the company plan and monitor their costs in the short term. With EDEM’s assistance, a new marketing/business development manager function was created and a person was hired. EDEM is providing training and support to this person on strategies to work with different farms across the country.

c) Marketing Technical Assistance – Tona Company

Tona Company is carrying out final internal investments to adapt its old facilities, rigorously following the recommendations and production flowcharts as provided by Dr. Campbell, the International Meat Expert hired by EDEM. The new production areas have been completed and are operational, and the entire investment is expected to be completed by the end of January.

The new facility will allow the company to restart an intensive food safety and quality certification program. USAID's thorough involvement has contributed to the success of the company's expansion. EDEM will have a lead role on the HACCP and ISO 9001 implementation programs that will crown all assistance provided over the years to this company.

During this quarter EDEM and company administrators organised a tour in Tirana supermarkets to help the company understand rapid developments in retail markets, and to benchmark their products and promotions against leading imported and domestic products. Conad supermarket offered models for cooperation with Tona that are still under consideration. With finalization of plant investments and international certification, Tona Company will establish a considerable marketing budget to spend in new product development (canning, pizza line, dry meats and sausages) and develop an aggressive product and brand promotional campaign. EDEM will assist Tona Company in this effort.

d) Technical and Financial Advisory Assistance on Internal Value Chain Investment – Driza Chicken Processing

EDEM provided the company with technical assistance for the purchase of a weighing and labeling unit Model GV 7000, from BIZERBA srl. – Italy, with a capacity of 50 packs/minute, at a cost of \$25,000. (EDEM had identified the supplier for Driza to contact during the IFFA German Trade Fair in May 2007.) The EDEM project is assisting the company on other investment projects within its internal value chain:

1. Purchase of an alfalfa and grass (fresh and hay) round baler/plastic wrapper for fresh alfalfa and grass silage preparation. The total investment value is \$45,000.
2. Order of new broiler chicken house equipment to replace the existing units. The total investment value is \$80,000.
3. Negotiation with different producers in Holland, Germany and Switzerland on purchasing a Feed Pellet Unit with a capacity of 10 metric tons/hour. Driza is ready to invest \$250,000 in 2008.
4. Negotiation with LINCO Company, the producer of the existing slaughterhouse, on renovating 60-70 percent of it. Driza is ready to invest \$500,000 in 2008.

Company	Technical Assistance	Results
Bardhi Tirana	<ul style="list-style-type: none"> • TA in HACCP and ISO 9001 implementation • TA in Business Planning 	<ul style="list-style-type: none"> • ISO and HACCP Certification expected early January • 20 persons trained in Quality Management • Expected 5% increase of sales in 2008 • Expected \$50,000 investment in fresh meat retail infrastructure
Global Services Zooteknia (Albidea) Xhafzotaj- Durrës	<ul style="list-style-type: none"> • TA to improve cost accounting • TA in Business Feasibility and Planning 	<ul style="list-style-type: none"> • Expected increase of sales by 10% • New person hired • New good management and marketing practices adopted
Tona Co Korce	<ul style="list-style-type: none"> • TA and recommendations provided during the ongoing facility expansion • TA in market research in Tirana retail markets 	<ul style="list-style-type: none"> • New investment of \$1.5 million - facility due for launch in May, 2008 • Expected improved sales by 10% in 2008
Driza Patos – Fier	<ul style="list-style-type: none"> • TA in conducting new investment in: <ul style="list-style-type: none"> ○ weighing & labeling unit ○ feed pellet unit and baler/ plastic wrapper ○ slaughterhouse expansion 	<ul style="list-style-type: none"> • \$ 25,000 dollars in non-bank loan investment for weighing & labeling unit • Expected \$870,000 new investment in new technology in 2008

E. ADMINISTRATION

Short Term Technical Assistance

During the quarter, three STTA consultants traveled to Albania in support of the EDEM project.

Consultant	Assignment Dates	Assignment Summary
Tim Clancy	11/19/2007 – 11/30/2007	<p>The principal objectives of this STTA assignment were to:</p> <ul style="list-style-type: none"> • Develop a travel guide manuscript on Tirana and surroundings for editing, production and publication by Thomas Cook Publishers • Maximize coverage of EDEM client businesses, tourist sites and attractions in the guidebook and the Thomas Cook website (when it becomes available) • Provide training to a minimum of 10 selected tour operators who work in Tirana and the surrounding area on maximizing the effectiveness of their efforts to work with international tour operators
Joseph Burke	12/1/2007 - 12/22/2007	<p>To develop a minimum of 10 business plans for selected EDEM clients. A one-day workshop and its follow-on activities will contribute to or fulfill several objectives:</p> <ul style="list-style-type: none"> • Generate business plans that become the base documents for on-going business evolution and growth • Engender a methodology of planning that assures ownership by client enterprises • Reinforce planning approaches for staff by modeling the process through one-on-one consultations with selected clients • Build EDEM staff capacity to coach private enterprises to prepare realistic, winning businesses plans during remaining life of the project and beyond
Bronwyn Irwin	11/8/2007- 12/8/2007	To provide support to the EDEM project as the process for replacing the Senior Agriculture Advisor is underway.

Annex One
EDEM Option Years Results. Quarter 17 (Year 5, Quarter 1) (*)

SO Level Indicators		Previous Quarter Jul-Sept 2007	This Quarter Oct-Dec 2007	Cumulative to Date Option Years	Target Option Years	% of Target Achieved
1	S.O. 1 Number of self-sustaining private enterprises benefiting directly from USAID assistance.	74	2	76	81	94
2	S.O. 2 Number of private enterprises benefiting indirectly from USAID assistance.	3502	220	3,722	2,980	125
3	S.O. 3 Value (in 000,000 Lek) of sales of Albanian products and services in domestic markets by USAID-assisted enterprises.	5,148.4	864.4	6,012.8	5,334	112
4	S.O. 4 Value (in 000,000 Lek) of target Albanian products and services exported by USAID-assisted enterprises.	1,392	161.2	1,553.2	2,144	72
5	I.R. 1 Number of assisted enterprises applying new technology, good management practice and/or marketing strategy.	74	2	76	80	95
6	Sub-IR 1.1 Number of assisted enterprises receiving training in new technologies	43	3	46	79	58
7	Sub-IR 1.1 Number of people trained in new technologies	211	43	254	225	113
8	Sub-IR 1.2 Number of assisted enterprises receiving training in good management practices	61	3	64	88	73
9	Sub-IR 1.2 Number of people trained in good management practices	639	55	694	176	394
10	Sub-IR 1.3 Number of assisted enterprises receiving training in marketing strategy	64	3	67	81	83
11	Sub-IR 1.3 Number of people trained in marketing strategy	469	97	566	127	445
12	I.R. 2 Number of loans to assisted enterprises from commercial banks.	7	1	8	25	32
13	I.R. 2 Number of loans to assisted enterprises from non bank sources	33	10	43	49	88
14	I.R. 2 Value of loans to assisted enterprises from commercial banks (in 000,000 Lek).	251	61.5	312.5	154	200
15	I.R. 2.Value of loans to assisted enterprises from non-bank sources (in 000,000 Lek).	248	63.5	311.5	69	450
16	I.R. 3 Number of policies and regulation reforms implemented by the Government of Albania	Not reported on Quarterly Basis			24	
17	Common Indicator: Number of firms with improved management practices as a result of USG assistance	61	2	63		
18	Common Indicator: Number of SMEs that successfully accessed bank loans or private equity as a result of USG assistance (SD)	26	11	37		
19	Common Indicator: Number of firms investing in improved technology as a result of USG assistance (SD)	46	2	48		
20	Common Indicator: Number of events held that provided training improving the trade and investment environment	Not reported on Quarterly Basis		20		
21	Common Indicator: Number of participants in trade and investment environment trainings (SD)			705		
22	Common Indicator: Number of firms receiving USG assistance that obtain certification with international quality control, environmental, and other process voluntary standards or regulations	14	0	14		
23	Common Indicator: Number of products meeting international standards as a result of US assistance	213	0	213		
24	Common Indicator: Number of firms receiving capacity building assistance to export	27	10	37		
25	Common Indicator: Number of events held that provided training on topics related to improving the trade and investment capacity building	Not reported on Quarterly Basis		78		
26	Common Indicator: Number of participants in trade and investment capacity building trainings (SD)	Not reported on Quarterly Basis		1,681		

* In the option years period EDEM realigned the performance targets to reflect changes in client base and new common indicators were added. No targets were set for the common indicators.