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ENTERPRISE DEVELOPMENT AND EXPORT MARKETS SERVICES (EDEM) 2003–2008

FINAL REPORT

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EXECUTIVE SUMMARY

The USAID-funded Enterprise Development and Export Markets Services (EDEM) project aimed to improve the competitiveness of small and medium enterprises in Albania, strengthen the capacity of local business service providers and associations to promote industry-wide growth, and enhance the business enabling environment. EDEM's strategy was to assist motivated members from selected industries to become sustainable, profitable enterprises. It integrated individual business-level technical assistance and industry-level activities in order to fulfill USAID/Albania's economic growth objectives to assist the business community in implementing good management and marketing practices, secure new domestic and export sales, and make strategic investments to grow their businesses.

From 2003 to 2008, EDEM worked intensively with more than 100 individual firms in the tourism, meat processing, processed foods, olive oil, herbs and spices, fresh fruits and vegetables, and leather and footwear sectors. EDEM evolved from developing clusters comprised of businesses, the government, and associations to focusing on firm-level assistance; choosing industry leaders that could serve as models to catalyze growth and development of target industries.

Over the course of the past five years, EDEM has had significant success in strengthening the management, operations, and marketing capacities of their client firms. The project has facilitated investments in new ventures, assisted with the expansion and modernization of existing agro-processing plants, and guided individual entrepreneurs and industry groups to work towards achieving their full potential. In the final two options years of the project alone, EDEM clients reported \$99,493,249 in domestic sales and \$29,242,709 in exports, and acquired loans from bank and non-bank sources for investment in their businesses totaling \$11,603,293. More than 3000 additional businesses also benefited indirectly from EDEM assistance through increased demand for inputs, packaging, packing, and support services such as transport, certification, exporting, and the like.

Working with firms, business service providers, associations, and government officials across seven sectors, EDEM learned a number of critical lessons that can serve to inform future USAID and donor programming. Export market development in Albania is a long process—particularly given the relatively recent exposure to international markets—requiring extensive hand holding with the companies. If firms are to compete successfully, they require further knowledge of regional/international trends and development, as well as more direct exposure to international competitors, products, and buyers. Value-adding and product differentiation are also key to increasing the industry's competitiveness; in areas such as tourism this implies developing new, high end products and packages to attract visitors, while in horticulture this means producing varieties in demand in Europe and elsewhere such as smaller, seedless watermelons. Association development and strengthening is also essential in establishing a positive dialogue with the government and setting standards for the industry's development.

As Albanian industries continue to grow and develop, domestic consumers, workers, and the government stand to benefit greatly from increased product variety and quality, increased demand for skilled employment, and improved balance of trade. The upcoming USAID competitiveness activity has the opportunity to consolidate the gains made by EDEM, and to push forward with additional efforts to make businesses more competitive, the government more responsive, and business service providers more adept at meeting the needs of Albanian businesses.

CHAPTER ONE

EDEM STRATEGY AND IMPLEMENTATION

EVOLUTION OF THE SME ENVIRONMENT IN ALBANIA

Small and medium-sized enterprises (SMEs) are a critical driving force for Albania's continued economic growth and development. They account for over half of the country's total employment, 65 percent of the total turnover of the economy, and make up more than three quarters of all legally registered businesses. Given the important role that SMEs play, USAID has prioritized small and medium enterprise development in Albania. In order to promote SME growth and competitiveness, in 2003 USAID designed the Enterprise Development and Export Markets Services (EDEM) project implemented by Development Alternatives, Inc.

When the EDEM project began, SMEs were struggling to survive in Albania's new open market economy. Companies largely paid little attention to domestic and international market dynamics, they produced what they knew rather than what markets demanded, and few understood the value of market information for business decision making. The business community was also unfamiliar with international quality and safety standards. As the country looked towards EU accession, the lack of food safety and ISO certifications was a major threat for Albanian exporters. So too was the dearth of skilled workers and managers. If SMEs were to compete against importers and break into international markets, they required managers and employees with improved skills in marketing, finance, operations, and new technologies.

Firms also lacked long-term growth strategies. Most businesses were content with gradual, one to two percent growth per year focused on resolving day to day operational constraints, rather than focusing on strategic investments for the future. In addition to a lack of business acumen, part of the problem was limited access to finance. SMEs generally relied on funding for investments from family savings, retained profits, or remittances. Access to bank funding was difficult due to firms' inexperience dealing with banks and the banks' lack of understanding of the SME sector. This was tremendously restricting companies' ability to make investments in modern plants and new technologies—pre-requisites for companies trying to compete against international firms.

In response to these challenges, EDEM focused on making rapid, simultaneous strides in the growth and development of SMEs. In so doing, EDEM aimed to spur economic growth, promote investment, and increase exports by building on USAID's previous investments and current projects in Albania. With agriculture gradually declining in importance, EDEM needed to identify and rapidly develop those industries and services that offered the most promise for growth and job creation, and to assist SMEs to respond to market signals, improve quality and reduce costs to enable Albanian firms to compete.

EDEM IMPLEMENTATION STRATEGY

When EDEM began in 2003, the project was based on a competitiveness model of economic development which focused on creating and assisting economic clusters comprised of businesses, government

institutions and non-governmental entities. The clusters were organized by products or services, such as herbs and spices or tourism. From September 2003 to 2004, EDEM carried out a highly participatory program to introduce the cluster concept to Albanian enterprises and government agencies. It also developed economic and market analyses that served as the basis for the formation of four clusters – 1) Meat Processing, 2) Herbs and Spices, 3) Specialty Tourism and 4) Leather Goods and Shoe Production.

By the end of Year One, EDEM had successfully introduced the concept of Competitiveness and built public awareness of the importance for Albania firms to compete in domestic, regional and international markets. The project had also carried out the initial steps to organize the above four clusters. Over the course of that first year, however, a number of issues also arose which provided several important lessons to the EDEM team and to USAID.

First, EDEM and USAID staff found that the cluster concept was confusing to many business people and government representatives. For example, the difference in roles between trade associations, such as Albanian Meat Processors Association (AMPA), Albanian Dairy and Meat Association (ADAMA) and the Albanian Spice and Herbal Trade Association (ASHTA) and clusters was unclear. In some cases, associations saw clusters as possible threats to their future growth and development, even though efforts were made to alleviate those fears.

Second, the classic cluster approach placed a great deal of emphasis on individual cluster members seizing the initiative to organize and drive cluster activities. The team discovered that the concept of clusters as “self-starting” was not realistic at that time in Albania. Rather, a great deal of hands-on work with cluster members was required in those formative years if individual firms were to promote industry-wide growth in the future.

Third, in some industry sectors, such as Tourism, members recognized the value and need for individual businesses to cooperate with each other to improve the competitiveness of the whole industry. In other industry sectors, however, the benefits of cluster membership were not yet clear, and more work was required to provide concrete examples from members’ own experience to convince cluster participants.

In response to the above lessons in the first year, EDEM shifted from a cluster to a firm-level focus. Since clusters could only be as strong as the businesses and organizations that comprised the cluster, EDEM aimed to assist motivated and dynamic cluster members to become sustainable, profitable enterprises. This tactical shift towards individual firms did not change EDEM’s overarching objectives, which remained constant throughout the life of the project: to improve the business environment, build local capacity to support SMEs, and improve the competitiveness of small and medium enterprises.

BOLSTERING FIRM LEVEL ASSISTANCE

EDEM’s firm level strategy concentrated on identifying firms in each sector that had the potential to become cluster leaders. Firms were targeted based on their willingness to put in the effort to invest their own money and time into improving their businesses—including training their staff, buying new equipment, revising production processes, attending trade fairs, and so on—as well as their willingness to openly share their experiences and lessons with others within the industry.

EDEM worked closely with these firms to prioritize needs and provide services both through the resident EDEM team as well as expatriate specialists. EDEM also tied this firm-level assistance to cluster support activities by having STTA experts conduct training or workshop sessions on their topic of expertise for groups of cluster members, while they completed their firm level assignments. This approach maximized

the use of consultant trips, combining targeted one-on-one technical assistance with broader, industry-wide training programs. By EDEM's end in September 2008, more than 130 firms had received assistance from EDEM experts.

LINKING LOCAL BSPS TO THE NEEDS OF CLUSTER MEMBERS

Over the course of the project, EDEM staff identified a number of services that individual small and medium enterprises needed to improve their competitiveness. These services extended beyond the traditional BSP services of business plans, management training, and feasibility studies that many other donor programs already supported. From 2004 to 2008, EDEM trained and assisted local BSPs to deliver services and products to address specific competitiveness constraints. The products and services developed and improved with EDEM assistance included the following:

- **Web site design and maintenance.** The capacity to reach buyers and customers through the internet was a fundamental need for businesses in each of EDEM's clusters.
- **Public relations and market promotion.** Most enterprises in Albania had little or no understanding of the value or content of effective advertising.
- **Graphic design services.** Though there were several graphic design firms in Albania, many businesses did not take advantage of these products to improve the image of their products and firms.
- **Management information systems** including accounting, sales and distribution, inventory and overall quality control. Improving the availability of timely information and data to assist management in their decision making process and also to enhance the quality of products and the reliability of their delivery was critical. Local BSPs were assisted to create, sell and maintain software programs that addressed these needs.
- **Management training services.** To ensure the growth and development of the nascent SME community, the owners and entrepreneurs needed to build solid management teams capable of applying modern management techniques. Training in all aspects of management from leadership to customer service and human resource management was essential. EDEM trained local BSPs to deliver these services to the business community on an ongoing basis.

EDEM's STTA services fell into the following categories:

1. Meeting quality, safety and other certification standards imposed by various markets;
2. Adapting or purchasing technologies (equipment, new plant varieties) to improve the productivity and efficiency, reduce costs and improve quality;
3. Adopting new marketing techniques including branding, packaging, advertising and labeling that enhance the attractiveness of products or are required by the market;
4. Expanding distribution and buyer networks to capture greater market share or enter new markets. Help firms obtain new orders and increase sales to existing clients; and
5. Training company staff in the use of new technologies and the use of new techniques (e.g. inventory or quality control systems, customer service, management functions, etc.).

THE EVOLUTION OF EDEM CLUSTER SUPPORT ACTIVITIES

While EDEM's focus was largely at the firm level from 2004 to 2008, EDEM also continued to support the creation and growth of clusters in order to remove non-firm specific constraints to competitiveness and improve the business enabling environment. Assistance included identifying government policies and

regulations (their enforcement or non-enforcement) that increased the transaction costs of a group of businesses, and documenting the scale and costs of corrupt business practices and the arbitrary application of tax and customs regulations. EDEM also trained clusters in advocacy techniques to lobby for changes in non-competitive policies and regulations, and conducted a public awareness campaign on competitiveness and how to improve Albania's ability to compete in regional, European and international markets.

Market research and information of quality and certification standards were another element of cluster support. Some of these cluster level services included:

- **Market research on new trends and trade regulations.** The markets for each of EDEM's clusters were changing rapidly. For example, it was essential for Albanian tourism companies to learn about new opportunities in health tourism, adventure tourism, etc. so they could meet these opportunities. Likewise, it was important for the leather/shoe industry to understand changes in trade quotas.
- **Trade shows and Study tours.** One of the best ways to understand the competitive environment was to see firsthand what other countries and companies are doing to promote and sell their products and to identify and establish market contacts.
- **Quality and safety standards.** The ever-changing food safety standards posed a serious challenge to individual Albanian forms. Documenting and disseminating information of these standards became a key cluster level activity.

KEY SECTOR ACHIEVEMENTS

TOURISM

EDEM's support to the tourism industry contributed to a 30 percent increase in the number of international tourist arrivals into Albania. One of EDEM's most lasting achievements has been in helping to promote Albania as a prime tourist destination by working with the government, international media, and Albanian tourist providers. EDEM assisted the National Tourism Agency to improve Albania's presence at travel trade fairs, including developing an array of new marketing collateral, tourist packages, and country advertisements. EDEM also introduced top international travel journalists to Albania's rich offerings. More than 30 publications have featured articles about Albania, penned by journalists who visited the country through EDEM media tours. These articles have reached more than 100 million readers worldwide. EDEM has also substantially assisted private sector tour operators. For the first time, internationally recognized training and certification programs for tour guides and hotel staff have been implemented, tour guides have been certified by the World Federation of Tourist Guide Associations, and 26 hotel staff have received the American Hotel & Lodging Association's "Certified Hotel Department Trainer". The future of EDEM's tourism industry is promising. The UN World Tourism Organization (WTO) and the private sector World Travel and Tourism Council (WTTC) forecast tourist arrivals and tourism related income in Albania to grow by at least 4 percent annually for the next 10 years.

MEAT PROCESSING

The evolution of the meat processing industry over the past five years is one of EDEM's biggest success stories. With EDEM support, the meat processing sector has grown to be one of the fastest growing sectors in agro-food processing, reaching 15% growth per year. Market share of domestic sausages and ham is estimated to be over 90 percent, having managed to out-compete most imported products. In total,

EDEM clients have invested approximately \$5.5 million in modern processing and packaging machinery equipment, processing line reengineering, plant and slaughterhouse reconstruction, and opening of new company outlets. Ten meat companies, in turn, received international food safety standard certifications (HACCP and ISO 9001), opening up new export opportunities in the EU.

OLIVE OIL

While EDEM provided technical assistance to the olive oil industry in only the last two years of the project, significant critical advancements have been made that have poised the industry for broad-based growth. For the first time in over ten years, two leading firms in the industry have successfully exported, totaling 300,000 euros in sales to Croatia and Malaysia. The experience of these firms exporting has served as an example to others in the sector, and several additional firms are working towards making deals with international buyers. Olive oil processors have also improved product quality based on assessments made by EDEM-trained certified olive oil tasters. Albanian olive oil producers have been awarded four gold medal honors at the acclaimed Olive Oil Conference and Trade Fair in Croatia, one firm received an international prize for quality in the Biol Fish fair, and another was profiled in the publication *Guide to the Best Oils from Organic Farming in the World*, cited as one of the world's 101 best extra virgin olive oils.

AGRO-PROCESSING

With EDEM support, Albanian agro-processors have invested more than \$3 million in new facilities or factory upgrades, they have developed new products—from stuffed peppers to cooked vegetables to dehydrated fruits—and have secured profitable relationships with domestic and international buyers for their products. The sector has achieved approximately \$400,000 in exports, and the future looks bright, particularly as the USAID Albania Agricultural Competitiveness (AAC) project continues to work along these value chains.

HERBS AND SPICES

The Albanian herb and spice industry experienced dynamic developments over the last five years. EDEM clients have invested significantly in value-added processing, contributing to higher priced exports. According to USDA Foreign Trade Statistics, from January to June of 2008, the value of sage imports into the US, for example, has increased by 32 percent. For the first time, Albanian processors have also exported dried organic herbs and spices, organic fresh kitchen herbs, and organic essential oils to the US and European markets. Entry into foreign markets was made possible in part by the adoption of new processes and standards required by international buyers. Fifty percent of EDEM clients obtained organic certification, which in turn contributed to price premiums of 5-10%. Businesses have also made significant investments in two major areas: technology upgrades (purchase of new equipment) and remodeling of existing facility designs and lay out (improving internal sanitation and processing conditions).

FRESH FRUITS AND VEGETABLES

Albanian fresh fruits and vegetables exports have increased by 55 percent from 2007 to 2008, from approximately \$903,000 to \$1.4 million. Businesses are also recognizing the importance of quality control and proper infrastructure investments; in total EDEM clients have invested more than \$1.8 million in packing lines, packinghouse facilities, and packaging materials. While refrigerated transport continues

to be an obstacle to exporting, several consolidators and traders have developed business relationships with reliable transport companies, and have been able to increase export volumes incrementally. With AAC continuing to address the transport concerns, it is anticipated that progress in improving logistics will continue. Perhaps most importantly, the entire value chain from farm to end markets has been strengthened. Relationships between consolidators and newly formed farmer groups are developing, enabling consolidators to provide technical assistance to producers to improve product quality, increase volumes, and ensure more consistent supply to domestic and foreign markets.

LEATHER AND SHOES

Firms receiving the project's assistance showed significant growth in exports, domestic sales and employment over the 2004 to 2006 period of assistance. For these companies, exports grew on average 19 percent, with women owned enterprises registering even higher growth rates (ranging from 20 to 22 percent from 2004 to 2006). Domestic sales grew by 17 percent, and employment within these firms grew by 7 percent. USAID's Albanian Center for International Trade (ACIT) continues to work with the industry to address policy issues, as well as to assist leather and footwear firms in technology and know-how transfer, product development and marketing strategies, management techniques, and so on. Over this five year period of USAID technical assistance, leather footwear exports have increased from \$13.5 million in 2003 to \$53.6 million in 2007; an increase of nearly 300 percent.

EDEM LIFE OF PROJECT RESULTS

Over the course of five years, EDEM had a significant impact on the firms that it assisted as well as the business service providers with whom the project worked closely and nurtured to become profitable, sustainable businesses. By 2008, more than 100 firms have established new, multi-year business relationships with local and international buyers that have generated hundreds of millions of dollars of new domestic and export sales, and enabled clients to make more than ten million dollars in new investments. Business service providers, in turn, have benefited immensely from the direct technical assistance they have received in developing and improving their service and product delivery, and from the awareness raising that EDEM provided to SMEs on the value of business services. Literally thousands of BSPs have either been established or grown through direct and indirect EDEM support. EDEM's proudest accomplishments include the following:

- In total, EDEM worked intensively with 131 SMEs, providing tailored training in marketing, management, operations, and new technologies. In the last two years of the project alone, EDEM-assisted clients generated \$100 million in domestic sales largely from new market linkages in meat processing, processed fruits and vegetables, olive oil and tourism.
- EDEM-assisted firms generated an additional \$30 million in exports of herbs and spices, tourism services to inbound tourists, leather and shoes, and high value horticulture such as watermelons.
- EDEM's impact has reverberated throughout the economy. As a result of increased revenues, investment, and employment of those firms directly assisted by the project, another 3000 Albanian business service providers—including suppliers, wholesalers, retailers, packaging and labeling suppliers, cleaning and sanitizing agents suppliers, and logistics service providers (security, insurance, transportation, freight forwarding)—have developed business relationships with EDEM clients.
- Approximately 2000 managers and staff from 82 companies participated in EDEM-organized training events in topics such as new technologies, management, export development, and marketing.

- In the last two years, EDEM's clients made \$12 million in new investments to increase production capacities and/or improve technologies. EDEM assisted firms to develop feasibility plans, identify appropriate technologies, attend technology trade fairs, design new plant layouts, and develop investment plans. With EDEM support, approximately 40 percent of these investments were financed through commercial business loans.
- Recognizing the critical role that certification and quality standards play in enabling firms to access export markets, EDEM worked with 18 companies to receive internationally recognized food and safety quality certification, organic certification, and tourism IATA certifications.
- EDEM supported five associations in Herbs and Spices, Olive Oil, processed Fruits and Vegetables, Tourism, and Meat Processing to organize 23 meetings involving industry representatives and government officials to resolve sector-wide policy and regulatory constraints to promote trade and investment.

CHAPTER TWO

TECHNICAL ASSISTANCE FOR

ENTERPRISE DEVELOPMENT

AND EXPORT MARKETS

TOURISM

INDUSTRY CHALLENGES WHEN THE PROJECT BEGAN

Tourism had not been a target sector for EDEM when the project was launched in 2003. That quickly changed when the EDEM team conducted detailed assessments to determine which sectors had the greatest potential to promote economic growth and competitiveness in Albania. Tourism emerged as an industry that offered great promise for generating sorely needed foreign exchange, promoting employment, linking in poorer regions of the country, and involving high numbers of women and youth. In March 2004, EDEM launched a tourism competitiveness program to address three primary needs for promoting tourism growth in Albania: marketing and promotion; education and training; and government policy and advocacy.

Albania at the time was not recognized as an international destination. The UNWTO estimated that Albania received 750,000 international tourist arrivals, primarily Albanian speaking visitors from neighboring countries—Serbia & Montenegro (including Kosovo), Macedonia, Italy, and Greece. Arrivals from the key income-generating countries from Western Europe totaled only 94,000. Albania had been represented at travel trade fairs, but with less than 10 to 15 companies and minimal government support, participants were limited to their individual company efforts. Familiarization tours for media were unknown. Basic information about traveling around Albania was unavailable, even upon arrival at the Tirana International Airport, Durres Port and border crossings.

Albania also did not have its tourism product offers developed sufficiently to compete with most of the other destinations in the region. Hotels, tours and coach transport were all lacking, especially outside Tirana. Museums, archaeological sites and park areas were not adequately prepared to welcome even modest numbers of visitors. Guides and printed materials were virtually non-existent.

There was additionally a shortage of available trained staff for the industry. Aside from internal training programs for the staff of the Rogner and Sheraton hotels, there was virtually no formal hospitality training. Training was also deficient in marketing, promotion, business planning and public management.

EDEM TECHNICAL ASSISTANCE AT THE COMPANY AND INDUSTRY LEVEL

Given the above challenges, the EDEM tourism team focused on activities in each of the three key areas and emphasized the National Geographic Geotourism approach described in the text box below.

Firm-Level Direct Technical Assistance

At a firm level, EDEM worked with tour operators, travel agencies, and hotels to develop new marketing and promotional materials; assist companies to improve their websites, online marketing capabilities, and branding; advertise both domestically and internationally; and forge lucrative market linkages with foreign tour operators that wanted to include Albania as a destination in their catalogues.

In order to raise the profile of top Albanian tour operators, EDEM introduced international media to individual businesses for coverage in online and offline articles that have appeared around the world. EDEM also arranged for the distribution of firms' information on the first ever tourism information stand at Tirana International Airport. Hotels, in turn, were introduced to the free online booking service of Web Reservations International, which is one of the preferred providers for Lonely Planet travelers.

Tour operators, hotels, and other tourist operations also required intensive training if they were to provide top notch services and facilities in order to compete with more well known regional destinations. EDEM provided training to individual firms in the following:

- **Customer service.** Firms were advised on ways to improve customer service and thus improve their product delivery.
- **Insurance.** Firms were advised on the types of insurance available for their businesses, an essential part of the travel business and a prerequisite for working with most foreign tour operators.
- **Travel trade fairs.** 21 industry staff participated in the joint training program offered by EDEM and Netherlands-based CBI for organizing firm level efforts and maximizing the benefits of participating in travel trade fairs.
- **Hotel staff certification.** Over 20 hotels had 26 staff participate and receive the “Certified Hospitality Department Trainer” certification provided through examination by the American Hotel & Lodging Association’s Educational Institute, one of the world’s best sources of hospitality education and training programs. This was the first time staff from local hotels received formal international hotel training and certification. Several CHDT certification recipients have trained other staff at their hotels using the material from the course.
- **Tour guide training.** Over 100 guides have been trained throughout Albania based on the international standards of the World Federation of Tourist Guide Associations. As with hotel training, this was the first time tourist guides in Albania received internationally recognized certification for training.

National Geographic’s Geotourism approach is defined as tourism that sustains or enhances the geographical character of a place—its environment, culture, aesthetics, heritage, and the well-being of its residents. It is based on the following core principles:

- Integrity of place
- International codes of UNWTO and ICOMOS
- Market selectivity
- Market diversity
- Tourist satisfaction
- Community involvement
- Community benefit
- Protection and enhancement of destination appeal
- Land use
- Conservation of resources
- Planning
- Interactive interpretation
- Evaluation

- **Cultural heritage and community tourism.** Over 30 residents, seven guesthouse owners, and 15 local craftsmen in the Rehoval and Korca region were advised on ways to improve their tourism product offers, including handicrafts and food items that would be of interest to visitors.

Industry-Wide Technical Assistance

Marketing and Promotion. At the industry level, EDEM worked with stakeholders to expand international media coverage, increase awareness of Albania among foreign tour operators, and position the Albanian tourism industry more solidly on the map of world destinations through increased linkages to World Tourism Day activities. Part of this effort involved advising the Ministry of Tourism on international branding, and educating Albanians themselves about the potential for their country to be a prime tourism destination. For example, EDEM established the “Greetings from Albania” postcard, poster and postage stamp campaign—the first ever tourism destination awareness campaign for young people.



Tourism Information. A key impediment preventing Albania from becoming a well-known tourist spot was simply the lack of information about tourist offerings within Albania and internationally. In response, EDEM collaborated with the Tirana International Airport to set up the first ever tourist information stand which now distributes over 300 brochures a week from over 80 businesses, municipalities and organizations. In order to promote information about Tirana and the rest of the country to encourage international visitors, EDEM assisted in the development of the first ever Thomas Cook Guidebook, Tirana Cityspots, and organized the visit to Albania of Tony Wheeler, founder and publisher of Lonely Planet Publications. Following his visit, Lonely Planet published two travel articles on Albania and now is interested in publishing an Albanian travel guide.

Domestic and International Trade Fairs. EDEM improved Albania’s presence at international travel trade fairs, and developed new local fairs showcasing Albania as a prime tourist destination. In collaboration with BKT Bank, EDEM arranged for 55 hotels and travel agencies to exhibit at Albania travel promotional events in Skopje and Pristina. This was the first organized effort to proactively market to Macedonians. With British Airways as a co-sponsor, EDEM also organized the presentation of Albanian tourism for the first time at the prestigious Royal Geographical Society in London. EDEM arranged for a workshop and presentations from the Albanian Ministry of Tourism National Tourism Organization, and Ministry of Foreign Affairs. Over 60 UK tour operators, journalists and others interested in Albania participated in the events. This summer, BA added a fourth weekly flight and most major UK daily newspapers have published travel articles about Albania. Domestically, EDEM established the first ever local travel fair: “Albania Travel Nights.”

Product Development. EDEM worked with tour operators to create 11 new itineraries for Albanian tourism along the south coast. Through EDEM’s introductions, international tour operator Abercrombie & Kent also began offering Albania as a destination for its prestigious Marco Polo Program.

Staff Training and Development. EDEM developed a series of education and training programs for the tourism industry as a whole that introduced new ideas and approaches to over 750 trainees. Training

topics included: customer service, classification and quality standard systems for hotels, insurance for tourism companies, hotel staff training and certification, tour guide training, and cultural and community tourism and heritage preservation.

Assistance to the Government. The Government plays an important role in promoting a country's image and showcasing available tourism products. EDEM's assistance focused on leveraging the Government's support positioning Albania as a tourist destination at international travel trade fairs. In order to assist government officials operating the Albania stand at international fairs, EDEM developed a "Tourism Communications Toolkit" for integrating all National Tourism Organization (NTO) communications efforts, provided advice on how to improve NTO materials, and worked individually with officials on how to conduct press conferences and events.

KEY SECTOR ACHIEVEMENTS

Tourism is one of the world's fastest growing industries, and very promising for both job and export growth in both developed and developing countries. When EDEM began working on tourism in 2004, the UNWTO estimated that Albania received 750,000 international tourist arrivals. By the end of 2008, this figure is expected to grow by at least a third to well over 1 million. The UN World Tourism Organization (WTO) and the private sector World Travel and Tourism Council (WTTC) forecast tourist arrivals and tourism related income in Albania to grow by at least 4 percent annually for the next 10 years. Two trends have been helping to drive this growth.

First, there are significant resort investments that are in the planning and construction phase, primarily on the coast. The planned Club Med and Omnix investments north of Durres alone are valued at more than US\$1 billion over the next four years. Second, major infrastructure investments in Tirana International Airport, the Durres-Kukes road, the Tirana-Shkoder road, and the East-West Corridor VIII, will facilitate travel to the coast and major cities and will make it easier for visitors to fan out into the countryside. Third, the World Bank has completed a master plan for the south coast, which is helping to establish a framework for maximizing the benefits of tourism in general, including EDEM's tourism work.

For EDEM, one of the greatest areas of achievement for the industry has been in marketing and promotion, particularly the establishment of media tours of Albania. Journalists have been brought in from eight countries—the UK, US, Germany, Italy, France, the Netherlands, Denmark, and Bosnia-Herzegovina—and have generated articles about Albanian tourism in more than 30 publications and websites reaching at least 100 million readers around the world, especially in Europe and North America. Every major consumer and travel publication in the UK has published travel articles about Albania, thanks largely to EDEM's efforts.

Another key area of achievement in marketing and promotion included guiding the National Tourism Agency with improving Albania's presence at travel trade fairs by assisting with improvements in brochures, audio-visual presentations, cultural performances, receptions and press conferences. Combined with increased media attention, these activities contributed to a stronger image for Albania as an international tourist destination and thus contributed to the continual annual increases in Albanian tourism.

EDEM has also substantially assisted the tourism sector in training and education. For the first time, internationally recognized training and certification programs for tour guides and hotel staff have been implemented. EDEM helped a core group of six tour guides achieve the certification of the World Federation of Tourist Guide Associations, the highest international standard in tour guide certification.

This core group, in turn, with EDEM's assistance trained nearly a hundred other guides throughout Albania. For hotel staff and owners, EDEM introduced the competitive "Certified Hotel Department Trainer" program of the American Hotel & Lodging Association's Educational Institute and assisted 26 hotel staff with achieving the certification, the first group ever in Albania to receive internationally certified hotel training.

CONCLUSIONS AND RECOMMENDATIONS

The EDEM tourism program has been a catalyst for sustainable tourism development in Albania. Through technical assistance in the critical areas of marketing and promotion, education and training, and government policy and advocacy, EDEM has helped lay a solid foundation for growth. Both the UN World Tourism Organization (WTO) and the World Travel and Tourism Council (WTTC) forecast that this growth will continue: tourist arrivals and tourism related income in Albania are expected to grow by at least 4 percent annually for the next 10 years. And, in so doing, tourism could add \$756 million and 70,000 jobs to the Albanian economy in this period. However, this growth is not guaranteed.

Major resort investments on the coast such as the planned Club Med and Omnix investments north of Durrës could dramatically boost the international sun and sand market for Albania. This market is risky in two key respects: 1) There is a lot of competition for this segment throughout the region, especially along the Antalya coast of Turkey, so there will be a strong tendency to compete on lowest price; and 2) Albania's most unique selling propositions—its cultural and natural heritage—may be considered less important tourist attractions and thus not receive the support that is required to protect and sustain these irreplaceable assets.

In order to develop and sustain Albania's unique selling propositions, donors, the Albanian tourism industry, Governmental and non-governmental organizations need to cooperate to the greatest extent possible in leveraging the foundation of support that EDEM has helped to create. The implementation of a "hub and spoke" strategy would serve to link Albania's interior destinations with the coast and Tirana and thus ensure maximum economic and experiential value. "Hub" destinations would be based on strengthening and promoting a cluster of hotels, restaurants, attractions and, where they exist, inbound operators (such as Shkodra Travel in Shkodër). There should be continued efforts to link the operators to international operators (such as Mountain Travel Sobek and Thomas Cook Travel internationally and many local operators), hotels and, to the extent possible, guest houses, and airlines serving Albania. In "spoke" destinations, the focus would be on strengthening and promoting a cluster of tourism companies in rural areas and linking them to the hubs. The initial result will be increased day-trips and overnights in these areas. Over time, spokes can be developed into mini-hubs by promoting them as destinations for "wild nature", ethno- and agro-tourism.

Future efforts could focus on five hub destinations—Shkoder, Tirana, Vlore, Korce and Saranda—and up to 15 spokes. EDEM initially used the "Linking Communities, Tourism & Conservation: A Tourism Assessment Process" framework, which USAID developed and co-sponsored with Conservation International and George Washington University, in Berat, Gjirokaster, Saranda and Pogradec. This should be used more substantially in developing the hub and spoke destinations. Secondly, application of National Geographic's Geotourism Principles and Assessment process, which was used as recently as June 2008 by USAID in collaboration with SNV in the Rehova region, should be pursued.

In pursuing a hub and spoke strategy, implementation should focus on the following:

- Continued implementation of both traditional and web-based marketing and promotion—expanding on the activities mentioned above.
- Assist the Ministry of Tourism with improving their capacity in collecting and analyzing market data.
- Pursue opportunities to establish cross-border national park and Geotourism corridors with Montenegro, Bosnia and other countries in the region.
- Focus on increasing tourism investment in Albania, especially investment in interior destinations that are in line with Geotourism.
- Continue pursuing international certification especially for workforce development and food safety (HACCP certification).
- Continue working with restaurants, hotels and tourism providers to package single-day and overnight excursions in hub and spoke destinations.
- Continue training in customer service, guide services, hotel staff certification, technology and product development.

SUCCESS STORY: ONLINE BOOKINGS INCREASE REVENUES

In 2004, there were no independent hotels in Albania offering online bookings. EDEM introduced hotels to the free online booking system of Web Reservations International (WRI), one of the preferred independent hotel booking service providers for Lonely Planet and Expedia that enables bookings through over 2,500 global affiliate websites. EDEM assisted 26 hotels with getting listed on WRI's system so that they could accept online bookings.

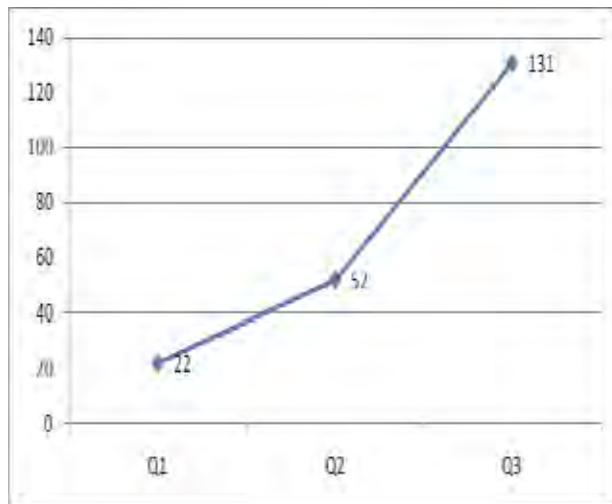
Sales for EDEM online registered client hotels totaled 11,689 Euro in 2007, with 317 bookings and an average of 36 euros per booking. This figure has already been exceeded in the first six months of 2008. Perhaps more importantly, the average booking increased to 65 euros. This reflects an increased length of stay among people using the service.

The manager of Palma Hotel in Tirana is happy because they received 860 Euro in sales from online booking during April–June, 2008. The manager of Hotel Porto Eda in Saranda noted similar success, saying, "We were able to have 972 Euros in sales for our hotel from 3 bookings online during the second quarter of 2008."

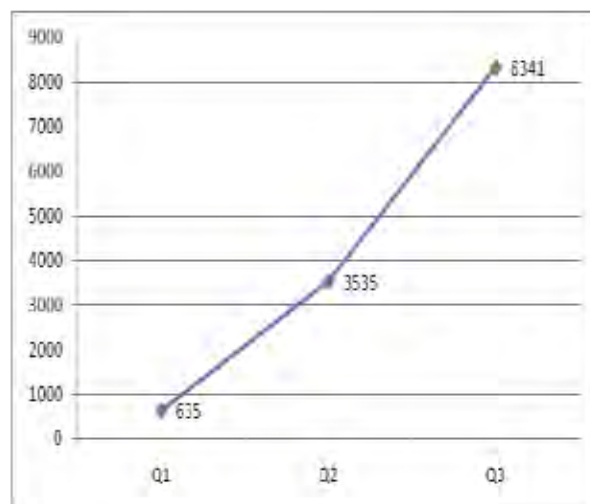
What was once reluctance to use the online registration system has turned into satisfaction and recognition of current trends in tourism. As the Hotel Porto Eda Manager put it, "Today we have a better understanding of the importance and benefits that comes from this new sales channel."

In 2008, bookings and revenue have steadily increased each quarter, as indicated in the charts below.

NUMBER OF BOOKINGS



REVENUES



MEAT PROCESSING INDUSTRY

INDUSTRY CHALLENGES WHEN THE PROJECT BEGAN

Albanian meat processing is a relatively new industry in Albania, which has largely operated with outdated technologies and equipment, limited product development, and poor linkages to higher value markets. In 2003, EDEM carried out an in-depth analysis of the potential—and constraints—facing the meat processing sector. The project found that there were promising opportunities for firms to increase their turnover, accelerate investments, generate employment, and expand domestic market coverage with targeted technical assistance and strategic industry-wide collaboration. EDEM technical specialists estimated that the overall domestic market value for processed meat products was around \$ 70 million, and that there was great potential to displace regional importers. There were, however, a number of challenges to overcome. The industry was generally highly characterized by:

- **Limited Experience**, with a maximum of 10 years of involvement in meat business.
- **Poor Food Safety and Quality Standards.** Unsanitary practices were common, with little attention to food safety and limited governmental inspection. New EU regulations required tracking the meat product, by lot, from raw material to finished shipments, and if Albanian processors were to access these markets, they needed to adapt their production facilities and develop product traceability documentation.
- **Limited access to new technology and new industry trends in production.** Meat processors only received updates on technology through the few who attended trade fairs, and the country lacked professional expertise to offer advice on operations improvement.
- **Lack of marketing acumen.** Firms generally sold only in small local markets, did little in the way of branding and promotion, and rarely packaged their products (less than 10 percent of all processed meats sold were packaged).
- **Limited market-driven information** to help companies understand threats and opportunities in the marketplace. Few, if any, companies had internal marketing capacities and utilized market information to inform their strategies.
- **Limited product development.** Albanian processors sold only four to five standard sausages.
- **Inadequate Management Capacity/Systems.** To support ongoing growth, the companies needed entrepreneurs with modern business management skills to lead them into new markets, manage annual multimillion dollar budgets, and oversee large teams of operational staff.

EDEM TECHNICAL ASSISTANCE AT THE COMPANY AND INDUSTRY LEVEL

EDEM provided training and technical assistance to meat processing companies that demonstrated an entrepreneurial willingness to adapt to rapidly changing market conditions and serve as a model to other SMEs, and that had the potential to generate large increases in employment and sales. The project facilitated several trade information and business-to-business activities, as well as trainings for a total of 18 meat processing companies, two meat associations, and a machinery supplier.

Firm-Level Direct Technical Assistance

Food Safety/Quality: EDEM offered food safety expertise to help five companies—Meat Master, Tona Co, Bardhi, Arani, and Albidea—to build international HACCP and ISO 9001 systems. EDEM helped these processors to develop product traceability documentation, and to obtain certification in 2008.

Plant/Technology Upgrading: EDEM provided tailored assistance to individual firms to validate the efficiency of existing manufacturing equipment, review product packaging and design, evaluate meat processing layouts, assess the quality of ingredients used and stored, and provide advice on the design of company-owned product testing laboratories. EDEM assisted Tona Co, Bardhi, Albidea, Rozafa, and Pienvis to invest in new meat processing equipment to increase production and efficiencies.

Marketing: EDEM provided technical assistance to Meat Master, Arani, Tona Co, Bardhi, Albidea and Rozafa in the development of marketing strategies, branding expertise, TV advertising, and cross promotions. This included efforts to design logos, labels, posters, billboards, TV spots, and web-sites, and to organize local trade fair promotions. EDEM also strengthened the capacities of the internal marketing staff to organize their own market surveys.

New Product Development: Smaller Albanian companies needed assistance in specializing in one or two meat product categories, and larger companies needed to increase sales by utilizing excess production capacities by leveraging their brands into new meat product categories. EDEM provided assistance in new product development in fresh and processed meats through Dr. Robert Campbell, an expert with extensive experience with major US meat processing plants. Meat Master, Hako, Tona, Rozafa, Bardhi, Arani, Albidea, Driza Chicken Farm benefited from in house technology training.

Business Plan Development: Six meat processors developed business plans which incorporated activities to improve marketing, technology and food safety standards. Business planning helped firms expand sales, make substantial investments and overcome financial shortages.

Information Technology: All Meat Processors introduced advanced computerized accounting and databases. EDEM additionally assisted Tona and Albidea do developing cost accounting and reporting.

Industry-Wide Technology and Marketing Activities

Domestic Trade Fairs: EDEM aimed to promote demand for Albanian meat products in domestic supermarkets, restaurants, and hotels. Meat processors promoted their products through a number of EDEM-organized events such as “The Taste of Specialty and Traditional Albanian Meat Products,” “Meat Night” fairs, meetings with Euromax supermarkets, and Agribusiness Days in Durres and Vlora.

International Study Tours/Trade Fairs: In order to expose meat processors to international buyers, modern technologies, new products, and regional competitors, EDEM organized study tours and trade fairs. The 2005 Poland Study Tour exposed managers of five Albanian meat processing companies to Poland’s leading exporting companies, top supermarket chains, the Meat Association, and the Veterinary Service Directorate, and the 2008 UK Meatex/Foodex Fair introduced seven meat processors and

EDEM MARKET RESEARCH PROMOTES REGIONAL EXPORTS

Following distribution of the information and contacts, Meat Master improved their market presence and achieved in 2006 the historically highest meat export to Kosovo. The report familiarized the Albanian industry with the experience in dealing with the fastest growing supermarket chains, competition with leading regional companies, and regional market structures.

the Technology Center to the industry's latest innovations and demonstrations from leading manufacturers, suppliers, and producers.

Market Research: Albanian companies needed information on how consumers view their brands, what specific products consumers buy, and what decision-making processes they use. EDEM was active in offering market information to the entire industry through a number of market surveys, including the 2004 Market Survey of meat products in Tirana and Durres supermarkets, the 2004 Kosovo and Macedonia Market Research on regional export markets, and the 2008 Domestic Meat Consumption Survey which analyzed consumer behaviors of 1000 families from the 6 largest cities. In order to build capacity and promote sustainability of locally developed market information, EDEM subcontracted all survey work to the Institute of Development Research and Alternatives (IDRA).

New Technologies: EDEM assisted Multivac Inc., a leading manufacturer of packaging systems, to organize four annual exhibitions and demonstrations of the most advanced machinery and packaging solutions to the food processing industry. Following the successful cooperation with the local industry, Multivac Albania and other German technology partners launched its new technology center and showroom in Tirana to provide continuous service to the Albanian meat processing industry.

Internal Auditor Training: EDEM also developed an ISO 9001 Quality Management Internal Auditor Training course in cooperation with 'Certiquality', an Italian international certification body. Eleven quality managers of EHW, KMY, Tona, Meat Master, Hako, Bardhi, Albidea, Rozafa took part and successfully received Internal Auditor certification.

KEY SECTOR ACHIEVEMENTS

When EDEM began, the industry was dominated by small, family run operations with limited production and marketing capacity. EDEM technical assistance had a great impact in assisting meat processors to become more competitive, invest in new technologies and processing infrastructure, capture greater domestic market share, and expand into foreign markets. Over the past five years, the sector has experienced increasing growth rates in terms of production, employment and investment, and is currently cited as one of the fastest growing sectors in agro-food processing, reaching 15% growth per year. Market share of domestic sausages and ham is estimated to be over 90 percent, having managed to out-compete most imported products. Most importantly, the legacy left by EDEM will continue with the Meat Technology Center, which offers up-to-date information on new technologies, fee-for-services including trainings and repairs, and annual fairs to promote the industry.

- In total, EDEM clients have invested approximately \$5.5 million in modern processing and packaging machinery equipment, processing line reengineering, plant and slaughterhouse reconstruction, and opening of new company outlets.
- Ten meat companies received international food safety standard certifications (HACCP and ISO 9001), opening up new export opportunities in the EU.
- The first private Technology Center in Albania now offers cutting edge meat processing and packaging technologies, efficient repair services, organizes annual fairs and trainings. About 1.5 million dollar machineries were supplied to the meat industry for the last two years. EDEM is very proud to leave behind a sustainable business to carry on professional services to the industry.

- Over 25 company managers have received training in technology (new equipment, products, processes), marketing (market planning, logistics, IT, promotion, branding), and management (strategic planning, cost accounting, human resources management, quality management). Eight EDEM clients have now successfully diversified their sales portfolio, expanded markets, and organized nationwide efficient distribution channels.

HOW EDEM TRANSFORMED FOOD SAFETY COMPLIANCE IN THE ALBANIAN MEAT INDUSTRY

Food Safety standards were virtually unheard of when EDEM began. Firms suffered from poor facility and employee hygiene, lack of awareness of HACCP and ISO 9001 and EU Food Legislation, and no traceability systems.

In addition to intensive management and marketing support, EDEM promoted food safety through three steps:

- Step 1 - Awareness and Familiarity with HACCP and ISO 9001 (2004-2005). This included industry-wide seminars and training for individual managers on EU food safety legislation and on the technical requirements of HACCP and ISO 9001. EDEM also sponsored a study tour for the five leading meat processors to Poland to witness HACCP and ISO 9001 certified plants owned by Smithfields and Tyson Foods.
- Step 2 - Processing Plant Improvements and Capacity Building (2006-2007). EDEM provided targeted technical assistance to firms in developing plant and production layouts in compliance with GMP requirements, carrying out feasibility assessments for new plant investments, and training and certifying 21 Internal Auditors on ISO 9001 by Certiquality, and Italian international certifier.
- Step 3 - HACCP and ISO 9001 Implementation and Certification (2006-2008). EDEM developed ISO 9001 and HACCP Implementation and Certification programs for each meat processing plant and offered technical assistance towards building the systems in collaboration with other donor programs.

Nine leading meat processing companies are ISO 9001 and HACCP certified, covering approximately 70 percent of the domestic market. This is the highest number of food safety certifications in Albanian agribusiness. Within five years, EDEM succeeded in transforming the industry's understanding of, and compliance with, the most stringent food regulations in Europe, and with the adoption of the new Albanian Food Law in 2008, have ensured that Albanian meat processors will survive, and thrive, in domestic and increasingly international markets.

CONCLUSIONS AND RECOMMENDATIONS

USAID assistance to the Meat Industry has left a legacy of private sector companies with sound management, modern technologies, certified facilities, diverse product ranges, and access to domestic and international markets. Much, however, remains to be done.

Food Safety and Quality Management Systems developed with EDEM support are still fragile. Maintaining the systems requires firms to constantly monitor processes and invest in upgrades; leading firms understand the importance of this but newer, smaller operations will continue to need support if they are to comply with the new food safety regulations.

Related to the above, governmental food safety bodies do not have the capacity to monitor and enforce food safety in the plant and retail sectors. Meat processing companies will need EU Export licenses from the Brussels EU commission to export. This is going to be a difficult process as willingness and commitment is needed by Albanian Food Safety Authorities to fulfill all EU required documentation before EU inspection is invited to Albania. Ongoing support is needed for GOA authorities to understand and comply with EU as well as Albanian food safety regulations.

Companies also remain dependent on frozen meat imports, and the absence of modern slaughterhouses prevents processors from accessing local fresh meats or live animal imports. EDEM did make some inroads into exposing the meat processing industry to slaughtering, cutting, value adding, packaging and retailing. Some companies have in turn established fresh meat processing and storage areas. However, without large slaughterhouses, there will be limited opportunities for processors to procure fresh cut meats locally.

A sound livestock development strategy with support from the government and donors would help local producers and processors to capture a greater share of the \$300 million fresh meat market. For example, in the pork sector, critical elements should include:

- Supporting investments in large pig farms and slaughterhouses.
- Promoting professional farm management.
- Initiating domestic meat brand promotion.
- Enforcing 'rule of origin' bylaws.
- Strengthening food safety governmental inspection in fresh meat sector.

OLIVE OIL PROCESSING INDUSTRY

INDUSTRY CHALLENGES WHEN THE PROJECT BEGAN

When EDEM began to work with olive oil processors in 2006, the industry was plagued with inefficiencies— production was scattered across small farms with weak links to markets, and processors operated at an average of 20 percent capacity. Marketing was haphazard and opportunistic, with only a few processors selling their oils bottled and labeled to retail shops, and no firms exporting. Processors lacked information on consumer preferences and new products, and Albanian consumers lacked awareness of Albania’s high quality oil. The Alimentary Oil Association (AOA), the primary trade association representing olive oil processors, had limited capacity to advocate for the needs of its members, provided no fee-based services, and lacked a strategic vision for moving forward.

There was also, however, much opportunity for growth and development. Albania has had a long history of oil production, involving around 100,000 family farms producing close to 4,000 metric tons of olive oil annually. There were also a small number of leading processors interested in investing in the latest processing lines and improving product quality, and the AOA, while weak, was anxious to improve and grow to meet the needs of the industry.

EDEM TECHNICAL ASSISTANCE AT THE COMPANY AND INDUSTRY LEVEL

In 2005, EDEM carried out a needs assessment of the olive oil subsector, concentrating on the Southern Coastal and Central Regions which accounted for more than 90% of Albania’s production. The assessment identified constraints facing olive oil processors and proposed targeted areas of technical assistance. Following a workshop involving the AOA, olive oil companies, and the Ministry of Agriculture, consensus was reached that EDEM should focus on improving product quality, facilitate stronger market linkages to both domestic and international buyers, and strengthen the capacity of the AOA. In total, EDEM has assisted 9 olive oil processors, and worked closely with the AOA to ensure that there is strong industry leadership. With the AOA, EDEM has provided capacity building assistance to strengthen association management, develop a strategic vision for the future, and increase Albanian consumer awareness of the country’s high quality olive oil.

Firm-Level Direct Technical Assistance

EDEM first began to work with the olive oil industry in 2006 by first assisting a few of the most advanced firms to successfully export. After nearly two decades of no exports, EDEM management assessed that it was critical to demonstrate to the industry what was required to compete in international markets through the experience of several leading industry firms. These companies—beginning with ANI and Skilja—both agreed to publicly share their stories of the exporting process from initial contact to final delivery to serve as a model for what worked, what needed improvement, and where other processors would need to improve in order to follow in their footsteps.

Export Development. ANI SH.p.k. had previously received technical and marketing assistance from USAID throughout the years, and by 2006 had developed an olive oil of exceptional quality that could compete in the most demanding markets. EDEM assisted ANI to identify and negotiate with the Croatian firm Tanchini which eventually led to 47 metric tons of exports of virgin olive oil in two shipments valuing approximately 180,000 euros. EDEM then worked closely with the processor Skilja to export 11 tons of extra virgin olive oil valuing 120,000 euros to Malaysia. For both firms, EDEM made the initial

linkage between the olive oil processors and the importers via the Albanian Chamber of Commerce, and assisted in the sales negotiations, including discussions of pricing and payment terms. Because these firms had never before exported, EDEM also facilitated sample testing in certified international laboratories, identified a reliable Albanian transportation company, and assisted them in the preparation of the necessary export documents. Following these successful exports, EDEM, ANI, and Skilja presented at AOA workshops the process and the lessons learned for other firms gearing up to enter into international markets.

Following the experiences of ANI and Skilja, EDEM assisted a number of firms to enter into export sales agreements with buyers in the EU and the Balkans. EDEM posted several Albanian olive oil production companies on the international olive oil trade portals, and sent samples of olive oil from EDEM clients to Macedonian and Kosovar companies interested in importing Albanian olive oil. Based on these and one-to-one meetings through trade fairs and study tours, EVRM, IVAP, Shkalla, and Musai have all successfully exported.

Marketing and Branding. EDEM also provided targeted technical assistance to several olive oil producers in marketing and branding. This included the preparation of a marketing strategy for ANI to enter the Tirana market, and developing a business plan for Musai company. EDEM assisted Skilja and ‘3 Miqte’ to develop promotional materials; design new logos, brands, and labels; and update the product packaging.

Industry-Wide Technical Assistance

A large part of EDEM’s energies were focused on promoting the olive oil industry as a whole. This strategy had a number of components: promoting the awareness and consumption of Albanian olive oil in the domestic market; facilitating the development of a national tasting panel; introducing the AOA and its members to new products, markets, and buyers through attendance at international trade fairs; providing market and price information; and building the capacity of the AOA to ensure long-term sustainable support of the Albanian olive oil industry.

Promoting Domestic Olive Oil Consumption. While some leading Albanian olive oil companies have produced excellent, high quality oils for years, when EDEM began, there was a limited presence of Albanian olive oils in the local supermarkets. Albanian consumers were simply not aware of the high quality of several Albanian olive oils. EDEM therefore worked closely with the AOA to promote domestic awareness of, and demand for, locally produced oil. In the beginning of 2007, EDEM collaborated with AOA members to develop a strategy for rolling out a promotional campaign for the domestic market which included Olive Oil Mini-Fairs (B2B events), an Olive Oil Competition, Olive Oil Sampling (one-day, in-store promotional events), a Catalogue of Albanian Olive Oil and Point of Purchase Promotional Materials.

In June 2007, EDEM sponsored a product sampling event in the Universe Trade Center to build public awareness on the availability of high-quality Albanian-produced olive oil and help olive oil processors develop business relations and conduct sales. Eight olive oil producing companies exhibited and promoted their products to shoppers. In addition, six olive oil companies participated and exhibited in the agro tourism Days organized by EDEM in Durres and Vlora.

EDEM and AOA organized the first Albanian Olive Oil Day in Himara in 2008. The event brought together nearly 400 people from all over Albania, including olive oil processors, and industry

stakeholders, villagers from surrounding communities, hotel and restaurant owners, donor project representatives, and many tourists and visitors. This event served as an effective link between EDEM's efforts to promote local olive oil while also promoting Himara as a tourist destination. The event featured Olive Oil competitions, product displays, and an agro-tourism fair in collaboration with local tourism companies. The event garnered significant media coverage—two television stations were on hand to report on Albanian Olive Oil Day.

For two consecutive years, EDEM assisted the AOA to organize Annual National Olive Oil Competitions. The competitions sought to stimulate domestic producers to increase the quality of the olive oil they produce, and to increase domestic consumer awareness of and appreciation for the domestic product. In both 2007 and 2008 around 20 leading companies participated and competed in the virgin and extra virgin oil categories evaluated on chemical composition and by an internationally certified olive oil taster. AOA board members provided the guidelines and rules for the competition.

Pursuing Membership in the International Olive Council. The International Olive Council (IOC) is the most prestigious multi-governmental global organization dedicated to the promotion of table olive and olive oil production and consumption. The IOC has not only promulgated rules and standards to ensure product authenticity, it also implements multidisciplinary activities in the fields of agriculture, technology, science and information for its members. Albania's Ministry of Agriculture (MAFCP) had been working to gain membership status into the IOC since 2003 in order to benefit from the buyer networks and assistance that the IOC provides. Prior to EDEM assistance, however, the Ministry had been relying on outdated information on IOC guideline compliance. In response to this need, EDEM brought in world renowned olive expert Nancy Ash, who educated Ministry staff on new IOC regulations and accession procedures and assisted in drafting a proposal for the Minister of Agriculture. Based on these moves forward, the Spanish Minister of Agriculture has indicated that Albania would likely gain "observer" status this year, and full membership in ensuing years.

Formation of the National Albanian Tasting Panel. A national tasting panel for olive oil not only promotes rigorous quality standards that olive oil producers must follow, but its existence is also a prerequisite for IOC membership. In 2007, EDEM developed introductory and intermediate training courses in the Sensory Assessment of Olive Oil for 25 Albanian professionals. The trainees represented a variety of interests within the industry, including producers, food safety officials, and laboratory staff. EDEM additionally assisted MAFCP to draft regulations on an IOC compliant National Olive Oil Tasting Panel.

International Trade Fairs. EDEM assisted the AOA to attend a number of the largest and most well-attended trade fairs in Europe. This included the Fourth International Olive Oil Conference and Trade Fair in Split, Croatia, in which ten AOA members showcased their olive oil internationally for the first time. The Albanian delegation developed contacts with 25 advanced technology and packaging suppliers, and took home four gold medals selected from 1,063 submitted samples. EDEM also assisted an Albanian delegation comprised of olive oil processors, AOA representatives, and an Albanian professional chef to attend the Land of Olive Groves Conference and Exhibition, in Jaen, Spain. During the Conference the Albanian delegation presented an overview of the Albanian olive and olive oil industry, led a tasting ceremony, and performed a cooking demonstration of Albanian traditional food cooked with olive oil.

Association Capacity Building. EDEM worked to strengthen AOA's ability to deliver demand-driven services to their members, strengthen management capacity, and become a sustainable trade association. EDEM brought an international consultant to work closely and help build capacity of the association's

management. EDEM assisted AOA management and the Board of Directors to define roles and responsibilities; develop annual calendars of events; register with the Albanian Chamber of Commerce; and hold annual meetings involving members, the MAFCP, and the Albanian Agricultural Competitiveness (AAC) project. At all promotional events, EDEM focused on building the capacity of AOA by involving them closely in the planning and execution of the annual Olive Oil Competition, the first Albanian Olive Oil Day, KASH Trade Fair, Study Tour in Croatia, Conference and Exhibition in Spain, etc.

Market Information. Prior to 2007, olive oil processors in Albania had virtually no access to market and price information to help them in their marketing and production strategies. To respond to this need, EDEM established an SMS text message service, providing up to date prices of Extra Virgin, Virgin and Lampante olive oil from the Jaen exchange. Fifteen Albanian olive oil companies also received bi-weekly updates from www.olivanet.com detailing the current average price of oil per kg traded in Jaen, Spain.

KEY SECTOR ACHIEVEMENTS

EDEM provided technical assistance to the olive oil industry in only the last two years of the project. In that limited amount of time, significant critical advancements have been made that have poised the industry for broad-based growth. For the first time in over ten years, several leading firms in the industry have successfully exported, totaling 300,000 euros in sales to Croatia and Malaysia. The experience of these firms exporting has served as an example to others in the sector, and a number of additional firms are working towards making deals with international buyers. Olive oil processors have also improved product quality based on assessments made by EDEM-trained certified olive oil tasters, and Albanian consumers are now more aware of locally produced oil. The Alimentary Oil Association (AOA), an organization virtually defunct three years ago, is revitalizing; its new leaders have lobbied the government and represented Albania in several international trade events, and is moving towards sustainable management with plans to provide fee-based services to their members. International markets are also taking notice. Through participation in international trade fairs, Albanian olive oil producers have been awarded four gold medal honors at the acclaimed Olive Oil Conference and Trade Fair in Croatia. Furthermore, EDEM client MUSAI received an international prize for quality in the Biol Fish fair, while Shkalla was profiled in the publication *Guide to the Best Oils from Organic Farming in the World*, and included in a listing of the world's 101 best extra virgin olive oils.

CONCLUSIONS AND RECOMMENDATIONS

EDEM has set the stage for significant growth of the olive oil industry in Albania. In order to consolidate these gains, the industry requires continued assistance along the value chain. AAC is now working with olive producers to address the critical needs of the small farmers, which will contribute to improved product quality and lower production costs for olive oil processors. And while much progress has been made in marketing, olive oil producers continue to require assistance identifying promising market opportunities and linking with foreign buyers. As more supermarkets enter into the domestic market, firms will also have new opportunities to supply these formal market channels if they can meet the quality, consistency, and volume requirements of these more demanding buyers. In order to raise the profile of the industry both domestically and internationally, AOA will need additional assistance to organize national competitions, in-store tasting activities, and local trade fairs, while also assisting members to showcase their products at international trade shows. A critical step towards ensuring consistent quality will be through the establishment of a National Taste Panel. In addition to continuing

with trainings in olive oil tasting, potential panel members will need training to take the IOC exams for recognition. This requires a long term commitment on everyone's part – the potential panel members and the supporting sponsors.

The AOA's role is critical in pushing forward with a number of the above recommendations. As the primary conduit between its members and the government, AOA will need to be vigilant in advocating to the government on a number of issues including pushing for Albanian membership in the International Olive Council (IOC) in 2009. IOC leadership has indicated that this is feasible if the industry continues to improve its quality and satisfy IOC requirements.

SUCCESSFUL EXPORTS TO CROATIA

Although Albania is endowed with abundant olive trees, favorable climate and soil conditions, to date Albanian oil producers have not been able to make significant inroads into regional and European markets. For the first time in over a decade, EDEM-assisted firm ANI Sh.p.k. successfully exported close to 50 metric tons of high quality virgin olive oil in the second half of 2006 to the Croatian firm Tanchini.

ANI Shpk is a family operated enterprise established in 1995 in Qeparo. Mr Anastas Gjikondi, the principal owner of the enterprise, has over 35 years of experience in olive oil production as an employee of a state run olive oil production facility and later as a private entrepreneur. USAID has provided technical and marketing assistance to ANI Sh.p.k. over the years, and it is now one of the largest Albanian companies in this sector.

EDEM began working with ANI in early 2006, assessing the organoleptic qualities of the olive oil, its production processes, and its marketing strategies. Based on this initial assessment, EDEM staff concluded that ANI had the product and management capacity to export; it simply needed some targeted assistance in making the initial linkages with international buyers and overseeing final shipment of the product.

EDEM facilitated the introduction and contract negotiations between ANI and Tanchini, which included drafting sales agreements on pricing, payment, and delivery terms; facilitating sample testing in a certified laboratory in Italy; identifying an internationally recognized "Kosher" certifier for product certification; selecting a reliable Albanian transportation company; and assisting in the preparation of the necessary export documents. As a result of this assistance, ANI has made approximately 180,000 euros in export sales, and is now in the process of expanding sales agreements with other buyers in the region.



Mr. Anastas Gjikondi and his son Mr. Nikolin Gjikondi receiving Kosher Certification recommendations from Rabi Yosi Haleve, Chief Rabin of Turkey, Istanbul

FRUIT AND VEGETABLE PROCESSING INDUSTRY

INDUSTRY CHALLENGES WHEN THE PROJECT BEGAN

When EDEM began to provide technical support for fruit and vegetable processing firms in 2006, the industry was stagnating. Production facilities were old and technology was outdated. Processors had made only limited capital investments due to a lack of information on modern technologies and limited access to credit. There were few cold storage facilities and packing houses to preserve fresh raw materials and assist in year-round throughput for the factories. Processors had to import expensive packaging material as well as a large portion of their fruits and vegetables, further raising costs and hindering competitiveness. Marketing was also incredibly weak. Processors largely did not have international contacts or networks, had limited market information, and generally lacked the capacity to develop new products, even when they had a secure market for them. Customer service was weak, quality was variable, and branding was virtually non-existent.

There was, however, great potential. Several fruit and vegetable processors had demonstrated an interest and willingness in making the types of investments needed to upgrade their facilities and develop new products. They were willing to take on loans to do so, and were open to suggestions for improving their operations on all fronts—from factory layout to product recipes to packaging and labeling.

EDEM INVOLVEMENT AT THE INDUSTRY LEVEL AND WITH INDIVIDUAL FIRMS

The fruit and vegetable processing industry was a new addition to the EDEM project during its last two years. In 2006, EDEM carried out a needs assessment focusing on ten fruit and vegetable processing clients to identify critical areas for improvement for those companies judged to have the greatest ability to revitalize the entire sub-sector. EDEM's technical assistance for the industry was almost entirely focused on the firm level, and included promoting capital investments by providing information on modern technologies, instructions and training on new facility design and/or existing facilities improvement; identifying suppliers of technological machines and equipments; improving the quality and range of processed products; developing new products; promoting new market growth with foreign and domestic buyers; and strengthening value chain linkages between producers, consolidators, and processors.

Firm-Level Direct Technical Assistance

New Technologies. The majority of Albanian food processors work in old buildings with outdated equipment inherited from previously state-owned enterprises. For those firms that have expanded their facilities, most have simply added on to old factories, disrupting process flow and increasing inefficiencies. EDEM worked with three clients to help update their processing capacity, techniques, and technologies: Amarilto in Lezha, Shpiragu in Berat and ALFA in Lushnja. EDEM began by bringing in an expert in food processing technologies and operations to work closely with the companies, both of whom were in the process of planning the construction of completely new facilities. Sejega revamped their equipment, and is now in the process of receiving ISO 22000 certification, which combines ISO 9001 with HACCP principles. Sejega developed the requisite Food Safety Management System (FSMS), and now has documentation procedures in place. ALFA, in turn, purchased two machines on the technical advice of EDEM experts: a vegetable slicing machine and a sealing machine for plastic bags, three other companies, (Shpiragu—Berat, Hodaj—Mallakastër and Kampion—Shkodër) purchased new cherry pitting and stemming machine

New Product Development. EDEM’s processing clients routinely received requests from their buyers for products that they did not currently produce, but many lacked the capacity to follow up on these requests to develop new products. EDEM helped these companies with local and expatriate STTA consultants to develop recipes and procedures for new products. For example, Amarilto developed three new products with EDEM assistance—stuffed peppers with curd, stuffed table olives with red pepper and spices, and cooked mixed vegetables, called fërgesë. This assistance included developing specifications for raw materials and food additives, and for finished product handling, labeling, warehousing and marketing. Based on the success of these new products, Amarilto is in the process of planning to construct a new building and purchase updated processing equipment. Fezolli, an ex-centralized state tobacco dehydration facility, also received TA to evaluate the prospects of producing dehydrated fruits and vegetable for the food ingredient and pet food industries. The products tested were apples, carrots, plums and leeks. The upgrading of the existing plant involved testing the dehydration chambers, preparing product recipes and specifications, developing product flow charts, and training employees in product processing,.

Forward Market Linkages to End Markets. When EDEM began, Albanian fruit and vegetable processors had virtually no export experience or marketing knowledge that contributed to there being a lack of foreign buyers. , EDEM worked with these processors to expand their markets and develop marketing strategies, which included targeted technical assistance in market identification, distribution, and pricing for both international and domestic markets. For example, EDEM collaborated with Sejega to export approximately 280 metric tons of products valuing 310,000 euros to Australia, Italy, Greece, and Germany. EDEM helped Lezhë-based Amarilto, in turn, to introduce new products to Tirana markets for the first time. Amarilto now sells its products in 12 wholesale centers and in many retail shops, restaurants, and fast food facilities around Tirana. Other companies such as Fani Food, Sidnei, Shpiragu, and Alfa have each increased sales to new markets by 5 to 15 percent over the past two years.

Backward Market Linkages to Producers. A significant obstacle preventing further growth and competitiveness of the sector has been the lack of consistent, high quality raw inputs into the fruit and vegetable processing industry. EDEM worked in close collaboration with USAID’s Albanian Agricultural Competitiveness (AAC) project to develop sustainable, market-driven relationships between growers and processors in Berat, Lushnje, Fier, Shkodra and Lezhë. While this component has only been operational for the last year of EDEM, several mutually beneficial contracts have been developed. For example, EDEM and AAC established direct contacts between Sidnei and apple growers in the Korça region. Sidnei has purchased 150 metric tons of fresh apples directly from AAC-assisted farm producers for industrial processing (jam, compote and marmalade). In 2008, Fani Food in Shkodër also sourced 4000 mt of tomatoes, while Alfa has contracts to purchase fresh carrots, cabbage, red sweet peppers, and “Cornichon” cucumbers for further processing—all from local producers. In total, nine processors have secured agreements with local input suppliers across the country.

Industry-Wide Technical Assistance

Association Support. EDEM provided limited support to the Albanian Fruits & Vegetables Processors’ Association (AFVPA), which had begun in 2006 with GTZ support and is still in the earliest stages of development. EDEM has involved Association management to attend technical discussions on new product development and facility layout and design to complement GTZ assistance in association development, management training, and strategic planning.

Trade Fair Participation. EDEM sponsored participation in a number of local, regional, and international trade fairs to help the project’s clients to understand what is required to enter international

markets, and to see what their competitors are providing. This included supporting 12 Albanian agribusinesses to attend the International Agricultural Fair in Pristina, 11 to the Foodex Meatex Fair in Birmingham UK, and industry-wide participation in the Albanian Agribusiness Fair, organized by the Albanian Agribusiness Council (KASH) and the MAFCP in Tirana.

Market Information. EDEM conducted a Retail Outlet survey for all fruit and vegetable processors that included important insights as to what domestic buyers expect from their preferred suppliers, including product specifications, delivery times, payment terms, and customer service. Findings were presented at a series of roundtables and workshops. The survey was updated in 2008.

New Technologies. EDEM prepared a processing manual for processors and for the Association which included a compilation of modern processing technologies and their suppliers located in the region and in Europe. EDEM distributed the manual at public awareness events and individually to firms.

Facility Design and Production Standards. EDEM consulting specialist worked with the top three food processors in Albania to help improve operational designs, train on food safety standards, and work flow efficiencies. Input provided to processors led to improved plant operations and enhanced food safety systems comparable to international standards. Food processors were presented layout designs for facility expansion and provided equipment recommendations. Furthermore, a workshop was presented to the Albanian Fruits and Vegetables Processing Association that gave an overview of the current status of the industry, the principles of international operational standards and food sanitary guidelines applicable for international sales.

KEY SECTOR ACHIEVEMENTS

EDEM has only worked with fruit and vegetable processors for two years, and in that period significant changes have been made by a handful of lead firms. Sejega and Sidnei are leading the way in investment in new technologies, equipment, and factory design (Sejega has invested 2 million euros in the construction of a new facility in 2007); Amarilto and ALFA now report that they are also planning to revamp their production facilities. Processors are developing new products—from stuffed peppers to cooked vegetables to dehydrated fruits. Amarilto has secured buyers for their new products, and plan to expand production over the coming year. Sejega has exported 351 metric tons of processed vegetables in the first three quarters of 2008 to Hungary, Macedonia, Germany, Greece, Kosovo, and Australia, valued at more than 281,000 euros.

Perhaps the most important, and lasting, contribution of EDEM has been in its work in strengthening the value chain from input suppliers to end buyers. EDEM spent most of 2007 working with processors to develop new market linkages with international and domestic buyers. With the initiation of AAC near the end of 2007, EDEM has subsequently also turned its attention to collaborating with this project to upgrade farm-level production and develop formal market agreements between growers, consolidators, and processors. This work is market driven and on the path to becoming sustainable as processors continue to grow and will demand even greater supplies of local, high quality throughput.

CONCLUSIONS AND RECOMMENDATIONS

Despite the many obstacles confronting fruit and vegetable processors, EDEM has successfully been able to identify those firms in a position to push the industry as a whole forward, serving as a demonstration to others and increasing demand for locally produced fresh horticultural products as inputs. EDEM has assisted with the expansion and modernization of existing agro-processing plants, and guided individual

entrepreneurs towards promising, and profitable, new markets. Additionally, forthcoming improvements in the enabling environment, particularly road infrastructure, consistent and affordable electricity, and more accessible certification authorities will help improve the competitiveness of Albanian food processors.

The fruit and vegetable processing industry has made important strides forward, but it is still far from where it should be. The value chain from farm to end market is still fragmented and weak. Processors continue to need assistance collaborating with producers to ensure adequate supplies of raw materials throughout the year, and they also need support negotiating with new buyers. Many firms will need to make capital and technological upgrades in the future, and require assistance identifying modern technologies as well as accessing finance. Due to finite time and resources, EDEM assisted only a small number of firms, while there are more than 50 processing operations that are at varying levels of sophistication and development, and will need support if they are to survive increased competition from larger firms and low cost importers. The Association also has a critical role to play in promoting growth of the industry, but it is still nascent and will require several more years of attention and support if it is to become a sustainable part of the agribusiness landscape.

SEJEGA—AN EXAMPLE TO BE FOLLOWED

SEJEGA is the leading processed fruits and vegetables company established since 1994. The company employs around 50 full time staff and it engages seasonal employees during the high season (up to 100). With EDEM support, SEJEGA has introduced approximately 50 new products, including canned fruits and vegetables, salad dressings, and powders. As the company expanded, EDEM also assisted SEJEGA to acquire financing to invest over 1.8 million Euros in a new plant.



Located in Arbanë, the facility covers a total surface of 3 000 m² in a two floor building. SEJEGA management reports that production has increased by 300 percent, they have hired 30 new workers, and have increased sales by 10-15 percent in the past two years. With the finalization of the new investment, the priority for the company remains implementation of food safety and quality systems in compliance to EU standards. SEJEGA is finalizing ISO and HACCP certification, which should be complete by the end of 2008.

HERBS AND SPICES INDUSTRY

INDUSTRY CHALLENGES WHEN THE PROJECT BEGAN

Albania is an important world producer of sage and other herbs and spices, but these products are largely collected from the wild rather than cultivated at managed sites. When EDEM began in 2003, inexperienced dealers were engaging in unsustainable harvesting, threatening the future of the entire industry. The majority of Albanian companies in the sector were relatively small businesses struggling to establish stable raw material supply networks with large customers. Firms had invested little in value-added production or processing, and combined with relatively high production costs, they were facing increasing competition from international suppliers. Compounding this problem was the fact that companies had very limited knowledge of international standards, and the Albanian Law on Bio-Certification was not being implemented, contributing to a decline in both the quantity and quality of exports. These challenges not only affected the industry's advancement but also the image and reputation of Albania as a high quality, reliable supplier to international markets.

EDEM INVOLVEMENT AT THE INDUSTRY LEVEL AND WITH INDIVIDUAL FIRMS

EDEM's strategy for developing the herb and spice industry initially focused on supporting the creation and growth of an herb and spice cluster comprising businesses, government, and other organizations to remove non-firm specific constraints to competitiveness. In 2004, EDEM turned its attention to individual companies that demonstrated the potential to grow, develop, and supply high quality export herbs and spices. As with other sectors, EDEM selected client companies who were industry leaders and progressive small and medium companies—those in a position to truly grasp, digest, and respond to the project support through new investments in technology, certifications, business expansion, and/or value adding activities—in other words, activities leading to increased jobs and export sales.

Firm-Level Direct Technical Assistance

EDEM provided firm assistance in identifying new market opportunities, facilitating sales agreements, developing new value added production, and acquiring modern processing technologies. Assistance was provided through on-site visits with clients, during client visits to the EDEM offices, and during international events.

Marketing and Market Linkages. Identification and establishment of relationships with new buyers has always been a challenge for Albanian herbs and spices suppliers because of language barriers and a lack of familiarity with online marketing and e-business transactions. EDEM helped companies to identify interested final buyers and to fully understand and meet the buyers' specifications. This was a process that went beyond merely facilitating one-off transactions; the objective was to build long-term business relationships between Albanian herbs and spices export companies and foreign buyers rather than just helping them to make a sale. For example, EDEM worked with Xerdo to export organically certified essential oils to Austria valued at

EDEM Assists Sage Dealers To Increase Export Value By 60%

Albania is the world's largest exporter of sage. The volume of sage directly exported from Albania to the US has increased roughly 34 percent in 2008 over 2007 imports. However, the value of sage exports to the US increased by 40 percent. This fact highlights EDEM's success in stimulating value added initiatives in the herbs and spices industry. EDEM clients developed and offered better cleaned, further processed (rubbed and ground sage), organically certified sage, and increased production of essential oils.

280,000 euros and a 12 percent price premium; Xerdo continues to export to this client three years later. Agroherbal and Gurra, in turn, have exported a range of dried spices to the US valued at 32,000 and 30,000 euros, respectively, and have expanded the types and numbers of American clients now importing sage and other spices from them. In 2008 alone, EDEM-assisted clients entered 15 new markets in Africa, the US, and Scandinavia.

Business-to-Business (B2B) Meetings. B2B meetings have proven to be effective tools for EDEM herbs and spices clients to meet buyers and potential partners, and to understand market requirements. For example, in 2005 EDEM assisted eight Albanian herb and spice businesses to participate in a regional herb and spice B2B meeting in Macedonia. EDEM directly assisted the businesses in developing promotional materials, consulted on their stand preparation and product samples, and facilitated communication between the Albanian suppliers and regional buyers. The event provided the participants valuable insights into the structure, trends, and developments of the industry in neighboring countries, and enabled the Albanian businesses to understand what they needed to do to compete in regional as well as international markets.

Investment in New Technologies and Upgrades. EDEM has worked closely with industry leaders to make extensive investments focusing primarily in the areas of technology upgrades, warehousing and sanitation at processing and storing facilities, new product development, and quality control and assurance and traceability systems. From 2007 to 2008, EDEM clients invested over 270,000 euros in order to increase the overall quality of their export products and strengthen their competitiveness in the global marketplace. EDEM took advantage of site-specific technology transfer opportunities by selecting those members of the association willing to provide their facilities for demonstrations and training.

Organic Certification. EDEM educated industry businesses on the Albanian law on organic production and processing; provided direct TA on organic inspection and certification to EDEM clients; and introduced certifying bodies to herb and spice businesses. Half of all EDEM-assisted companies successfully obtained organic certification.

Industry-Wide Technical Assistance

Association Capacity Building. EDEM worked closely with leaders in the herb and spice business to form the membership-based Essence Producers and Cultivators Association (EPCA). EDEM provided association capacity building assistance to EPCA itself in areas such as strategic planning, association management, new service development, and advocacy. With EDEM's support, EPCA prepared and submitted two memorandums to the GOA which addressed issues currently faced by herb and spice firms and proposed a series of actions. In order to promote international industry collaboration, EPCA also established communication with the American Spice Trade Association with EDEM assistance. Through this partnership, the ASTA will provide information on how to understand and comply with the market standards for all herb and spice imports into the US.

EDEM also collaborated closely with EPCA to undertake major industry-wide activities and funneled most technical assistance through this association. For example, EPCA and EDEM organized a total of six herbs and spices conferences which addressed international legislation, sustainable development of natural resources, and Albania's positioning in world markets. In order to prepare EPCA for developing new fee-based services, EDEM assisted EPCA to develop marketing services for members in the essential oils business.

Trade Fairs. Trade fairs have enabled the Albanian herb and spice industry to establish direct communication with international buyers, increasing the possibility for long term relationships. Trade missions also create opportunities for Albanian exporters to visit potential collaborators and learn more on quality, safety, technology, and sustainability issues. Biofach is the premier event of the organic industry. From 2006 to 2008, EDEM assisted Albanian firms to set up a booth with samples and promotional materials. Attendance has not only generated new trade connections, but has also helped to present the real potential of the industry to global buyers. In 2008, the value of preliminary contacts resulting from attendance at Biofach increased by 21 percent over the previous year.

Inward Buying Missions. In order to introduce foreign buyers to Albania's range of high quality herbs and spices, EDEM sponsored three inward trade missions. The results have been promising. For example, following a visit from UK-based S&D Aroma, Xherdo reached an agreement to export essential oils valued at 11,000 euros in 2007.

New Technologies. EDEM also assisted interested companies to acquire up to date processing technologies. The project prepared a database of regional equipment suppliers and disseminated this information throughout the industry.

Training and Capacity Building. EDEM conducted a series of workshops, market research, and training/educational activities focused primarily on marketing, quality, sustainable development of natural resources, and organic collection and production. EDEM also coordinated with a number of local and international organizations in developing and disseminating training programs. Examples include the Botanical Garden of Albania, United States Forestry Service, Ministry of Food, Agriculture and Consumers' Protection, Ministry of Environment, Forests and Waters Administration, SASA, GTZ, SNV, UNDP, SIFE, etc.

KEY SECTOR ACHIEVEMENTS

The Albanian herb and spice industry experienced dynamic developments over the last five years due primarily to the intensive serious efforts and investments within the business community coupled with the support provided by EDEM. Summarized below are key industry achievements during the life of the project:

- Increased value of export products. EDEM clients have invested significantly in value-added processing, contributing to higher priced exports. According to USDA Foreign Trade Statistics, from January to June of 2008, the value of sage imports into the US has increased by 32 percent. This expansion of trade is particularly significant given the depreciation of the dollar and the extreme droughts of 2007.
- New export markets entered. From 2005 to 2008, Albania exported dried organic herbs and spices, organic fresh kitchen herbs, and organic essential oils to the US and European markets for the first time.
- Organic certification. Fifty percent of EDEM clients obtained organic certification, which led to price premiums of 5-10%. In addition, the number of organic herbs and spice products has increased by as much as 50 percent for certain companies such as the Albanian Trading Company, Xherdo, and Elite AE.

- **New investments.** Businesses have made significant investments in two major areas: technology upgrades (purchase of new equipment) and remodeling of existing facility designs and lay out (improving internal sanitation and processing conditions). For example, Xherdo Company invested 1 million euros in equipment for processing organic dried herbs and spices and essential oils, while Elite AE invested in expanding their greenhouse production area, increasing the company's export sales by 30%.
- **Diversified Products.** EDEM clients have introduced a number of new products to both domestic and international markets. For example, Filipi company introduced "Rubbed" and "Packaged" Sage to the US market, leading to a 20% increase in company export sales. Firms have also entered into new complementary businesses, such as Tealb that established greenhouse production of herb and spice seedlings, leading to an increase of 10% of company sales and also directly contributing to the sustainable development of the herb and spice market.
- **Increased promotion of the Industry and companies.** Through trade fairs; international /regional conferences and B2B events (organized in collaboration with IFEAT, IFEOAM, GTZ); and trade missions and study tours (USA, EU, South Africa, Moldova), the Albanian herbs and spices industry is becoming recognized worldwide. EDEM assisted the Albanian herb and spice industry to exhibit at the Biofach 2007 for the first time, and sales made through this event have increased over time. The value of preliminary agreements signed at Biofach 2008 was 21% higher compared with the previous year.
- **Association development and strengthening.** The Essences Producers and Cultivators Association (EPCA), through EDEM's substantial support, has become the voice of the Albanian herb and spice industry. EPCA is lobbying successfully with the Albanian government (several legal and financial practices were changed), and its members participate in reputable international organizations such as IFEAT and IFOAM. EPCA is also in the process of becoming an ASTA member (the world's leader in standards and legislation for this industry).

CONCLUSIONS AND RECOMMENDATIONS

Export market development was the substance of EDEM's assistance at the firm level of the herb and spice industry. As a result of EDEM assistance, Albanian herb and spice companies have considerably upgraded their overall business capabilities, entered into new marketing agreements—many at a price premium due to organic certification—invested in new facilities, implemented new quality control and traceability systems, turned to more sustainable harvesting, and developed a number of new products. At an industry-wide level, EDEM provided extensive support to the EPCA and to promoting the country's image as a top and reliable supplier of quality herbs and spices.

While the industry is on a positive growth trajectory, herb and spice firms require additional assistance in a number of areas. Value-adding should be the primary focus of assistance and industry efforts, as it will help strengthen and increase Albania's market share globally. For example, Albania led sage exports to the US with 47% of the market in 2007. However, a considerable portion of exports also went as raw sage for further processing in Turkey and Germany. Efforts to supply processed and packaged sage directly from Albania should continue. Other products follow the same pattern. While many client firms have established promising longer-term relationships with foreign buyers, others continue to need assistance identifying and linking into higher value export markets. Additionally, competition is fierce and several run the risk of losing market share if they do not receive additional assistance in developing quality control measures, new products, and strong customer service to build confidence with buyers. Finally,

EPCA has made impressive strides in moving towards becoming a sustainable organization. However, because it is young it also runs the risk of losing momentum. Further assistance is needed to develop the association to become the voice of the industry and the provider of critical fee based services.

ALBANIAN ESSENTIAL OILS FIND NEW MARKETS IN THE UNITED STATES

Organic Certification, Buyer Linkages Open Doors for Albanian Producers

An Albanian producer, a Belgian buyer, a Vietnamese laboratory, and an American market—it's a story fit for the era of the global economy, and it comes complete with a happy ending for Albanian essential oil producer Xherdo, which finds itself at the threshold of important new markets in the United States.

This story began with leadership by EDEM in a presentation about Albania at the International Federation of Essence and Aroma Trade (IFEAT) 2007 Conference in Budapest. Mr. Luc Vossen, Director of the Vossen & Company based in Brussels, attended the presentation. Vossen & Co. is an essential oils distributor that specializes in value-added and particularly organic products, but previously focused mostly on oils from Nepal and Vietnam. Following the IFEAT Conference, and supported by interest from the Albanian Essence Producers and Cultivators Association (EPCA), EDEM arranged an inward buyer mission for Mr. Vossen in December 2007. He met with essential oils producers, harvesters, harvest collectors, transportation companies, and a representative of the organic certifying body in Albania. Local production techniques and equipment were showcased, as well as Albanian exporters' capacity to adhere to organic harvesting and processing principles. Mr. Vossen took several samples of sage, thyme, oregano, melissa, rosemary, lavender, juniper, laurel, myrtle, and fir for testing at an international laboratory in Vietnam. Based on sample results, Mr. Vossen placed his first shipment orders, from EDEM client Xherdo in the beginning of 2008. The value of first export transaction was \$100,000 of organically certified essential oils. The cooperation with the Vossen company also helped Xherdo to enhance the quality of the final export products by using filtering systems that were suggested by Mr. Vossen. This cooperation has been very successful, and will continue in the future. In addition, Xherdo has already started establishment of a modern facility for the processing of organic dried herbs and spices and essential oils worth of 1.000.000 Euros.

FRESH FRUITS AND VEGETABLES SECTOR

INDUSTRY CHALLENGES WHEN THE PROJECT BEGAN

Albania's fresh fruit and vegetable industry is highly fragmented, consisting of thousands of small growers. When EDEM began, the project found a situation of haphazard and uncoordinated marketing, a lack of trust among farmers due to the previous history of forced cooperation, and few firms farther up the value chain—such as consolidators, packing houses, cold storage facilities, packagers, and exporters—capable of reaching formal markets domestically or internationally. There was also a lack of professional and reliable transportation across the country, which had a particularly negative impact on export opportunities, forcing farmers to sell their product to any available buyer as price takers.

EDEM INVOLVEMENT AT THE INDUSTRY LEVEL AND WITH INDIVIDUAL FIRMS

EDEM began working with fresh horticulture products in 2004. Following a number of meetings with different actors in this sub-sector, EDEM concluded that providing assistance to consolidators could serve to catalyze growth of the entire industry. Consolidators played the critical role of collecting the product from a number of scattered producers who were poorly organized and lacked access to storage facilities. EDEM's strategy was therefore to focus on consolidators as industry leaders who could provide support to the multitude of farmers engaged in fruit and vegetable production. Meetings with consolidators in Albania's main production areas led to a list of priorities for developing the industry, which included increasing the volume of products by organizing farmers; investing in cold storage facilities; improving transportation & packaging; identifying new markets; and certifying products. EDEM also identified those products deemed to have export possibilities (including watermelons, tomatoes, cauliflower, onions, and leeks) by contacting buyers in different regions.

Firm-Level Direct Technical Assistance

EDEM provided direct technical assistance to consolidators in three primary areas: marketing; logistics, packaging and transport; and assistance in upgrading packinghouse facilities.

Market Linkages. EDEM worked closely with seven consolidators to develop sales agreements with buyers in the EU and in regional markets. Assistance was provided to EDEM clients during and after trade fairs to carry out final sales transactions, and through meetings with individual consolidators and buyers arranged by EDEM in Serbia, Turkey, Macedonia, Croatia, Germany and the UK. As a result of this assistance, consolidators successfully linked with buyers across Europe and the Balkans, exporting watermelons, tomato, cauliflower, cabbage and carrots. As one example, the total export of watermelons to EU markets for 2007 was 2,234 MT worth \$432,000, a 35% increase, while total watermelon sales to formal domestic markets totaled \$352,000 in the same year. In total, EDEM clients reported export sales valuing \$920,000 in 2007 and \$1,400,000 in 2008.

Logistics, Packaging and Transportation. In order to reach European markets, Albanian consolidators needed to find cost effective and reliable transportation companies with sufficient capacity to bring the products to buyers. EDEM provided extensive assistance to consolidators and exporter clients to identify and negotiate with transportation companies offering services to Albanian exporters. The availability of professional, reliable and cost effective transportation companies capable of handling perishable export products from Albania proved to be a major challenge. Indeed, the inability of transportation companies to mobilize a sufficient number of trucks resulted in several export orders having to be cancelled. Based

on these initial problems, EDEM stepped up efforts to identify reliable transport companies. Consolidators Bruka Seedling and Aris successfully exported to Germany, Macedonia, Montenegro, Bosnia, and Serbia, resulting in reliable shipments of product to the EU and reduced shipping costs.

Proper packaging was also critical for export, as buyers in the EU required that fresh produce be shipped in boxes or in pallet bins. EDEM focused on watermelons as a first pilot test case in improving packaging, and solicited offers from suppliers of carton pallet bins suitable for shipment of watermelons. These offers were then evaluated by the consolidator/exporter clients. EDEM also assisted consolidators to identify the best packaging materials and companies for tomato, cauliflower, and mandarins, which led to a number of new sales agreements between producers and consolidators in Divjaka with buyers in Croatia.

Improving Post-harvest Systems. A major impediment to the growth of the Albanian horticultural industry is the lack of modern and efficient packing and storage facilities. To help remedy this problem, short-term technical consultants were hired to work with the most progressive consolidators in Albania. Business operations were reviewed, pack house designs were developed and appropriate equipment was recommended to clients. Since 2006, consolidators have made technology upgrade investments totaling approximately \$1.7 million.

Industry-Wide Technical Assistance

Inward Trade Missions. Albania was not known to many European buyers as a source for high quality fresh fruits and vegetables when the project began. In 2007 and 2008 EDEM therefore organized eight inward trade missions with buyers from Norway, Croatia, UK, Holland, Turkey, Serbia and Germany. Several companies participated more than once, showing strong interest in Albanian products. The trade missions enabled industry businesses to gain information on quality control and assurance; certification; logistics and transport; branding and labeling; and supermarket trends. Consolidators learned what was needed for Albania to succeed in export markets, including improving product quality, selecting the right varieties, meeting export “windows,” and improving on packaging and cold chain management.

Outward Trade Missions and B2B activities. EDEM organized four B2B and study tour events to Holland, the UK, Germany, and Macedonia and Kosovo in order to follow up on the status of shipments to these markets, to learn more about market requirements, and gain first-hand information on the way the products are sold in those markets. In total, five consolidators and one representative from AlbInvest participated in tours to Europe. The study tour to Germany included attendance to Fruit Logistica, the largest trade fair in the world for the fresh fruit and vegetables. The study tour to Macedonia and Kosovo involved 22 participants, including consolidators, growers, and 2 AAC staff. Following this larger group visit, Divjaka07 returned to continue negotiations and finalize sales agreement with a Macedonian buyer. As a result of these combined trade missions, the value of fresh fruit and vegetable exports for 2007 was approximately \$1.5 million.

Product Certification. An extremely important internationally recognized set of standards (particularly for European markets) is the Global model for Good Agricultural Practices, commonly known as GLOBALGAP. Several major retail grocery and supermarket chains in Europe only accept products that are GLOBALGAP certified. Most participants in the Albanian agricultural industry lack information and knowledge of European standards and have thus traditionally faced difficulties in complying with them. To familiarize Albanian farmers with these requirements, EDEM contracted Albanian certifier ALCEBO to deliver training in the implementation of GLOBALGAP standards. Five one-day training sessions were

delivered in five agricultural areas, with a total of 94 participants in attendance. Follow up meetings were organized between EDEM consolidators and farmers in the Korca, Divjaka and Saranda regions to pursue certification.

Promoting Farmer Cooperation. While EDEM’s activities were focused on developing market opportunities, it was also recognized that additional efforts to bring farmers together and to consolidate products on the farm level were needed. By so doing, the consolidators could take a more active role in providing advice, input materials, services and training to the farmers to ensure that the products produced would be in accordance with the requirements of the markets they serve. In addition to serving the needs of the consumer markets, the consolidators/wholesalers could also act as intermediaries on behalf of the fruit and vegetable processing industry. EDEM collaborated with AAC in the final year of the project to organize meetings between consolidators and AAC farmers in Divjaka, Berat, Saranda, Korca and Fier. The concept of a private sector “cooperative” was introduced to them, and farmers in Korca and Divjaka now have functioning farmer groups. AAC is continuing with this activity.

Marketing Support. Within the industry, modern marketing practices were generally unknown. To improve competitiveness and increase sales, EDEM provided industry-wide marketing support to consolidators and grower associations through six market awareness seminars held in the major production regions. The seminars were attended by industry stakeholders, including top producing farmers, consolidators, financial service providers, donor agencies, the Albanian Ministry of Agriculture, input suppliers, and local government officials. The seminars not only provided much-needed marketing training, but also fostered B2B exchanges and promoted business trade. For example, the newly established business Green Market, which provides market information, made its first client during a market awareness seminar.

Other technical Assistance. EDEM also developed a number of publications for the fresh fruits and vegetables industry. This included: Post harvesting guide, Guide for watermelon harvest and post harvest handling, Standards & Certifications Brochure, and Export Market Guides for watermelon, tomatoes, and peppers.

KEY SECTOR ACHIEVEMENTS

EDEM’s efforts to improve the fruit and vegetable industry focused on assisting those clients considered most critical in promoting growth of the entire value chain: consolidators located across the country. Relationships between traders and exporters have been strengthened due to EDEM-sponsored inward and outward trade missions and through individual linkages to buyers in Europe and the region. As a result of EDEM support, Albanian fresh fruits and vegetables exports have increased by 55 percent from 2007 to 2008. EDEM clients reported export sales valuing \$1.4 million in the first three quarters of 2008.

Businesses are also recognizing the importance of quality control and proper infrastructure investments; in total EDEM clients have invested more than \$1.8 million in packing lines, packinghouse facilities, and packaging materials. While refrigerated transport continues to be an obstacle to exporting, several consolidators and traders have developed business relationships with reliable transport companies, and have been able to increase export volumes incrementally. With AAC continuing to address the transport concerns, it is anticipated that progress in improving logistics will continue.

Perhaps most importantly, the entire value chain from farm to end markets has been strengthened. Relationships between consolidators and newly formed farmer groups are strengthening, enabling

consolidators to provide technical assistance to producers to improve product quality, increase volumes, and ensure more consistent supply to domestic and foreign markets.

CONCLUSIONS AND RECOMMENDATIONS

The trajectory for fresh fruits and vegetables exports looks promising. With growers and traders working more closely together, establishing linkages with packaging and transport companies, and developing relationships with buyers in Albania, the Balkans, and the EU, the industry is poised for rapid growth. The AAC project's continued support for fresh horticulture is critical for consolidating the gains made. Issues that still require attention include:

- Quality assurance and consistency of products must meet European standards (e.g. GLOBAL GAP);
- Packaging must be in accordance with industry standards and buyers' requirements;
- The lack of proper post harvest techniques and cold storage facilities, including pre-cooling facilities, needs to be addressed;
- Transportation and logistics are critical for successful exports. The export companies need assistance in planning and preparing well in advance of the harvest season for the quantity of the products that they will export;
- Pricing must be consistent with requirements of buyers—wholesale prices in Albania are at times higher than in competing markets;
- Terms of sale, including payment terms, must be in accordance with industry standards;
- Exporters must have adequate working capital or access to trade finance;
- Regular and consistent supply of products in accordance with agreements and plans must be assured and honored;
- Participation at industry conferences and major trade fairs are important to make new trade links and contacts and to learn new technologies. The study tour in Macedonia and Kosovo resulted to be very interesting for the Albanian participants. Such activities are highly recommended for AAC project;
- There is an unmet demand for practical sales training, as demonstrated by the widespread participation in the sales techniques courses.

ALBANIAN WATERMELONS EXPORTED TO NEW MARKETS IN THE REGION AND THE EU

Based on discussions with representatives who visited Albania on previous trade missions hosted by EDEM as well as contacts with fruit and vegetable buyers and importers in export markets, EDEM concluded that watermelons and other melons represented key products produced by the Albanian agricultural industry with significant potential for export to both regional and European export markets. In late 2007, EDEM - in close cooperation with the project's consolidator/wholesaler clients - worked to facilitate the export of Albanian watermelons and melons. Early in the process it was decided to concentrate efforts on watermelons for the current season, due to the lack of proper packaging for other melons and the small quantities of galia and cantaloupe melons.

In order to ensure that Albanian producers could meet the quality standards and specifications of buyers in international markets, EDEM developed a leaflet "Guide for Watermelon Harvest and Post Harvest Handling". This leaflet was distributed to growers interested in exporting, and complemented with AAC on-field training in modern production and post-harvest handling practices.

Working with consolidator/exporter clients, EDEM collected and compiled data on the expected production volumes, harvest times and also the varieties of products that had been planted. This information was used in a marketing campaign by EDEM staff, whereby potential buyers and importers in the regional and European markets were contacted to solicit their interest in importing watermelons from Albania. Representatives for these buyers/importers were invited to visit Albania to meet with the project's consolidator/exporter clients. Significant interest was generated among potential buyers, and EDEM facilitated three inward trade missions for buyers from Croatia, Serbia and Germany.

While some buyers/importers in the regional markets could accept receiving the watermelons loaded in bulk, buyers in more distant markets in the EU required that the watermelons be shipped in boxes or in pallet bins. It was decided that pallet bins would be the most practical solution to be used during the current season. EDEM and consolidator/exporter clients searched for producers of both wood and carton pallet bins suitable for shipment of watermelons, and solicited offers from these suppliers. These offers were then presented to and evaluated by the consolidator/exporter clients. Two suppliers of carton pallet bins, one in Croatia and one in Italy, presented the most favorable alternatives. The exporters decided to buy the carton bins from the Italian supplier, while the wood pallets were bought from a supplier in Albania.

Once agreements had been reached with buyers, the key issue was to find cost effective and reliable transportation companies with sufficient capacity to bring the products to buyers. EDEM provided extensive assistance and support to the project's consolidator/exporter clients both in identifying potential transportation companies offering services to Albanian exporters and also in the negotiations with these companies. While the availability of professional, reliable and cost effective transportation companies capable of handling perishable export products from Albania proved to be a major challenge, several successful shipments were made.

The buyers have found the quality of the watermelons received from Albania to be excellent, and all existing buyers have indicated intentions to continue purchasing watermelons through the end of the season. EDEM's consolidator/exporter clients are also in continuous contact with buyers in the Netherlands and Poland, who have expressed interest in purchasing watermelons from Albania. The harvesting season in Albania this year is expected to extend till the middle of August, and the consolidator/exporter clients expect that additional shipments will be made to export markets through the end of the season.

EDEM has also made tentative agreements with the buyers who have already visited Albania and other interested buyers to visit Albania later this year to discuss agreements for the purchase of watermelons for the next season. The purpose of these visits will be to discuss and agree on volumes and varieties of watermelons and other melons for the next season (including seedless watermelons, galia melons and cantaloupes), and the purchase of other fruit and vegetable products from Albania.

An important factor in the successful implementation of the watermelon exports this season was the close cooperation and coordination between the two EDEM client consolidators, i.e. Bruka Seedlings, Divjaka and Aris, Saranda. With facilitation and assistance from EDEM the two consolidators/exporters cooperated on all aspects of the exports of watermelons from the joint purchase of pallet bins and pallets, negotiations with transportation companies, negotiations with buyers to the fulfillment of orders. To our knowledge this is the first time that Albanian consolidation companies have established such an extensive cooperation to export fruits and vegetables.

LEATHER AND SHOES INDUSTRY

INDUSTRY CHALLENGES WHEN THE PROJECT BEGAN

The leather products industry is important to Albania, making up between 20 to 30 percent by dollar value of the total exports of the country. In 2004, when EDEM began to work in the leather and footwear sector, it ranked fifth in terms of total employment. While the industry had a number of advantages—it was considered an attractive location for investment from nearby Italy and Greece, labor was inexpensive, and a few lead firms had invested in modern technologies and factories—there were also a number of obstacles impeding further growth. A number of companies were experiencing a shortage of skilled labor capable of quality work in leather product cutting and sewing; quality mid- and senior-level managers were also lacking, and as a result businesses in general were inefficient, inexperienced in marketing, offered products of variable quality, and focused on short-term gains at the expense of longer-term, sustainable growth. There was no effective association to represent the needs of the industry, and communication between the government and private sector firms—particularly concerning environmental compliance—was weak, contributing to mutual distrust.

EDEM began working with the Albanian Center for International Trade (ACIT) to form a leather goods/footwear cluster in 2004. ACIT accepted responsibility for managing the activity and directed much of the assistance activities, while EDEM supported ACIT's efforts by providing STTA support and guidance to ACIT staff as they undertook the different tasks. EDEM assistance to the footwear and leather industry ended in 2006, as the project shifted to new industries such as olive oil and processed fruits and vegetables.

EDEM INVOLVEMENT AT THE INDUSTRY LEVEL AND WITH INDIVIDUAL FIRMS

The Albanian leather goods/shoe production industry can be characterized as having two main types of firms: 1) larger firms that are generally joint ventures with Italian owners with much in-house capabilities; and 2) smaller, generally Albanian owned, firms with limited management and design capabilities. A major task for ACIT/EDEM was to encourage collaboration between the industry's two components and develop synergies so that the overall Albanian leather goods/shoe production industry could prosper and create new employment opportunities.

EDEM first carried out a comprehensive inventory of companies and products produced in Albania. Following the database development, EDEM and ACIT developed a three-pronged approach to working with the sector: promoting cooperation between SMEs and larger European-managed firms; providing targeted technical assistance to individual companies; and addressing industry-wide business environment issues. EDEM also worked with ACIT to increase its knowledge of the sector and help improve its effectiveness in dealing with industry related opportunities/problems.

Firm-Level Direct Technical Assistance

EDEM developed close working relationships with firms within the footwear industry that demonstrated an ability to adopt recommendations, develop new products, enter new markets, and attract foreign investment. There are 60+ companies in the sector and the project met with and evaluated the capabilities of most. At any given point in time, the project had specific activities ongoing with 8-10 companies.

EDEM informed these firms (Donianna, Miral, Golden Shoes, Berttoni, among others) of major opportunities and important developments in the global industry, and provided targeted assistance linking firms to new buyers, developing joint ventures with foreign firms, strengthening firm productivity and product quality, and improving their management process.

Management Assistance. EDEM provided hands-on demonstrations of tools and techniques for improving management to individual firms including Angelo, Picari, Endi, Silda, etc. Through product demonstrations, EDEM clients effectively implemented new software-based financial management processes. EDEM also assisted firms to improve their production and quality management by brokering subcontracting agreements with sophisticated Italian owned factories in Albania. EDEM furthermore helped firms to improve their external communications through internet tools: electronic catalogues; e-mail campaigns; and IP telephony.

Promoting Joint Ventures and Foreign Direct Investment. While many companies in Albania produce leather dress and casual shoes and boots, the evolving focus of a large majority of the Italian and Greek customers has been the production of footwear and uppers aimed at the work and safety business. Albania is a natural partner and supplier for these companies, several of which are located directly across the Adriatic Sea from Durrës. Even with the previous relations, however, Albanian companies and their capabilities were not well known in Italy, Greece, or Spain. EDEM took a number of steps to address this and link Albanian production companies to their most likely customers in Europe. For example, EDEM identified and assisted a high-quality footwear producer from Greece to enter into a joint venture with Angelo Shoes, an Albanian footwear producer in Korça. This partnership created approximately 50 new jobs for women in Albania.

Marketing. EDEM worked with leather and footwear firms to develop new marketing strategies, price their products, design new promotional materials, and identify new buyers in Europe. This included assisting several firms in promptly responding to international customers' requests for product samples and price quotes. For example, EDEM trained Mastorr, a footwear firm in Korça, in developing processes for promptly responding to new business inquiries with high quality samples and competitive prices. Following this assistance, Mastorr vastly improved its customer service to its clients in Spain, increasing sales over two years by 19 percent.

Industry-Wide Technical Assistance

Marketing. EDEM's external marketing/trade promotion efforts at the industry level focused on identifying markets where Albanian companies would have a competitive advantage (primarily in the Middle East), and in developing industry/company specific press articles, favorable to Albania, for inclusion within worldwide trade press to increase outside knowledge and image of Albania as a footwear exporting country. EDEM developed a direct and focused campaign informing major footwear buyers/producers in Italy, Greece and Spain on the opportunities available in establishing footwear production in Albania in order to promote greater foreign direct investment. EDEM also collaborated with the Albanian Government Export Promotion and Investment Promotion organizations via foreign trade missions.

Internet Portal. EDEM developed the online web portal ALBANIAN Leather/ Footwear Industry. This product served as an informational and communicative marketing tool, promoting the industry and individual companies to potential foreign partners. The portal became the face of a more professional and vigorous Albanian footwear and leather product industry to the outside world.

Worker Training. EDEM collaborated with ACIT to develop pilot worker training partnership programs in Korça and Shkoder, which addressed a critical industry need and provided opportunities for the chronically unemployed.

KEY SECTOR ACHIEVEMENTS

Firms receiving the project's assistance showed significant growth in exports, domestic sales and employment over the 2004 to 2006 period of assistance. For these firms exports grew on average 19 percent, with women owned enterprises registering higher growth rates. Domestic sales grew by 17 percent, and employment within these firms grew by 7 percent. Major achievements included the following:

- Identified potential marketing opportunities for Albanian firms in export markets through sustained marketing/trade promotion efforts. As noted above, this led to double digit growth in exports for assisted firms, and increased employment within the industry.
- Increased the awareness of the international footwear community of opportunities in Albania and the capabilities of specific Albanian companies. This led to two new joint venture investments (Spanish and Greek) in Albania.
- Increased the awareness of opportunities in domestic and regional market for Albanian footwear producers. Over the period of assistance, domestic sales grew by 17 percent.
- Developed a strategy to assist companies in identified business improvement efforts. Strategy developed for local/regional sales opportunities and project assisted via local market survey, market research trip to Macedonia, manufacturer/retailer roundtable, and local trade fair.
- Finalized development of the first complete database of the Albanian footwear/leather goods industry. This product is now being used for marketing and contact purposes by the project as well as Albanian government agencies.
- The Albanian Centre for International Trade (ACIT) increased its knowledge of the sector and developed the capacity to effectively address industry related opportunities and problems.
- Dramatically increased awareness of Albania's capabilities in the international footwear community with profile stories appearing in major international footwear publications as a result of project's efforts.
- Trained firms in improving the effectiveness of their marketing efforts through the use of electronic product data sheets, web-based catalogs and e-mail campaigns.

CONCLUSIONS AND RECOMMENDATIONS

EDEM's firm level assistance work focused on developing international market channels for Albanian producers; facilitating linkages between specific Albanian companies and foreign buyers; and assisting business owners implement management improvements. At the industry level, EDEM worked on promoting Albania as a target for FDI, and advertised Albanian leather footwear products through web promotions, trade fair attendance, and study tours.

Prospects for continued growth are positive. With rising costs in neighboring countries (Greece, Italy, Romania, Spain), Albania offers a viable production base located close to major European markets.

Several Albanian owned firms are now able to meet the production standards required by international buyers, and their management capabilities are improving. Albania's strategic location is a key advantage, enabling European clients to employ Just-In-Time production methods with overnight shipping to much of Italy and Greece, same truck direct shipping to Western Europe, and round trip—Materials In, Production Out—contract shipping options.

If Albania is to continue to grow as a viable producer of high quality footwear, however, the following obstacles must be addressed:

- Large factories, mostly Italian owned are supported by marketing from Italy. They require stable electric power, trained workers and reliable sub-contractors.
- Most Albanian owned firms producing for export still lack market knowledge, and are generally dependent on one or a few buyers from Italy.
- Most Albanian owned firms need to improve financial management practices and marketing.
- Small and medium scale organizations lack the know-how for developing new products in demand by European clients, such as high technology footwear and footwear uppers containing features such as waterproof membrane linings, burn resistant threads, attractive fabric/leather combinations, and specialized drop and crush resistant toe and ankle protection.

EDEM CROSS CUTTING ACTIVITIES

In addition to offering company and industry level technical assistance, EDEM developed a number of activities, including trainings, workshops, and trade events to benefit firms across all sectors and regions of the country. These events aimed to strengthen business management practices, increase credit access, and promote Albanian businesses both within the country and abroad.

TRAININGS

Business Plan Development. In December 2007, 22 companies attended a one-day workshop focusing on developing business plans and on how 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. The workshop included EDEM staff in order to build their capacity to coach private enterprises to prepare these business plans during remaining life of project and beyond. Following the workshop, EDEM offered one-on-one company support to 19 companies to develop their business plans. As the result of this assistance, EDEM assisted clients received more than \$1.8 million in new loans from Albanian financial institutions.

Branding Strategies. In January 2007, EDEM held a series of branding workshops and offered individual support to companies to on brand improvement. EDEM worked intensively with several companies with retail packaged products including, for example, Meat Master, Tona Co, Sejega, Ferlat, Tealb, and Albidea for fresh meat.

Sales & Marketing. In February 2007, EDEM, in cooperation with the Project for Adult Education in Albania (PARSH), developed a three day training course for 17 companies in Professional Selling Skills using practical examples from EDEM target industries. Following the seminar, two of the companies hired the trainer to provide the training sessions to others within their firms, and one participant was designated to be the in-house sales trainer for her company.

Business Service Providers. In cooperation with Raiffeisen Bank, EDEM conducted a series of seminars to provide a platform to market the services of the EDEM-trained BSPs, and to present the services offered by the banking industry. Seminars involved 250 participants in Shkoder, Berat, Elbasan, Fier, Korca, Durres, Vlora, Gjirokastra, Kruja and Tirana.

Participation in the BSP seminars served to link top service providers to other companies as well as to other donor programs. EDEM client Xherdo Company, whose owner attended the seminar in Tirana, was contracted by the Business Advisory Services Program (BAS) to develop design and engineering plans for several of their SME clients for new production facilities outside Tirana.

FAIRS AND MARKETING EVENTS

AgroTourism Days. At the launch of the 2007 summer tourist season, the project team conceptualized and organized, in cooperation with businesses and the local authorities, AgroTourism days in Vlore and Durres. The aim of these activities was to strengthen the linkages between regional tourism concerns and domestic agribusiness industries, thereby expanding presence and sales of local traditional products and brands to shoreline hotel food services and grocery store shelves.

Over 100 Albanian food producing companies, top tourism hotels and restaurants, and retail markets convened to celebrate the first 'Vlore AgroTourism Day'. The event presented over 80 products from 16

enterprises, including olive oil, processed meat, fresh grilled ostrich meat and chicken, processed fruits and vegetables, to the roughly 200 hotels, restaurants, supermarkets, and retail outlets in attendance.

At the Durres Agro Tourism Day, 18 firms exhibited over 100 different products ranging from fresh farm fruits and vegetables to olive oil, processed meats, canned fruits and vegetables. About 60 of Durres' most prestigious hotels and restaurants attended.

Over 30 new contacts were established between food producers (meat, olive oil, fresh and processed fruits and vegetables), markets and restaurants in Durres and Vlora. For example:

- The new canned tomato producer Fani Food broke for the first time into the Vlore markets and reported sales contracts with 10 hotels, restaurants, and retail markets.
- Myzeqeja federation established 3 new supermarket links and started supplying over 20 products at 7 metric tons per week of fresh fruits and vegetables.
- ADC, located in Durres, began to supply tomatoes, cherry tomatoes and cucumbers to 5 new markets (hotels and restaurants).
- New relationships between the seed producers from Divjaka and consolidators from Lushnja and Saranda took place for watermelon production. These contacts helped to strengthen the supply of higher quality seedlings to growers in southern Albania.
- IVAP Olive Oil Company established new contacts in the Vlora and Durres markets. Immediately after the mini-fair the company started supplying 3 hotels and 10 shops in the Golem area. Three olive oil processors directly sold over 150 liters of virgin and extra virgin to general consumers at the Durres mini-fair.

Novi Sad Agricultural Fair. In close cooperation with the Albanian Ministry of Agriculture, Food Safety & Consumer Protection, EDEM staff supported Albania's first ever exhibition at the 73rd Annual Agricultural Trade Fair in Novi Sad, Serbia. During the weeklong event, EDEM staff assisted participating Albanian firms to present their products to representatives of businesses from across the Balkans and Europe.

Euromax Hypermarket Meetings. EDEM organized meetings between Euromax management and representatives from Albania's food industry in order to introduce Albanian firms to new trends in food retailing and the growing role of hyper/supermarkets. A secondary objective was to for the companies to make a direct connection with the Euromax market. Over 30 businesses met with Euromax and received information on the types of products they would like to purchase from domestic producers, and their criteria for packaging, quality and safety standards.

CHAPTER THREE BUSINESS ENABLING ENVIRONMENT ACTIVITIES

CAPACITY BUILDING FOR BUSINESS SERVICE PROVIDERS

An important element of EDEM activities was a focus on sustainability, not only in the industries and firms it directly supports, but also in institutions that will provide long term support and services to the firms. In 2005, EDEM completed and distributed a Business Service Providers (BSP) Survey that identified Albanian private BSPs, NGOs and other organizations that have the ability to provide market-driven services in areas such as business plan development, marketing, finances and accounting, and operations and process improvements. EDEM complemented these findings with two additional surveys: a lender survey of 15 commercial banks, seven micro-credit institutions and three equity funds; and a donor survey that described all in-country programs, the type and amount of funding, their target market/sector, and directions for SMEs interested in participating in technical assistance activities.

EDEM actively worked to encourage BSPs and independent management consultants (many of whom had been trained by USAID over the years and were providing free lance management services). These BSPs participated in training programs provided by EDEM and met regularly with EDEM staff to network with EDEM clients, develop new skills and services, and respond to their target industries' needs.

TRAINING ACTIVITIES

EDEM aimed to develop a core group of business service providers who would be able to provide the types of technical assistance and training that Albanian SMEs needed to become more competitive, and that EDEM currently provided. BSPs were, in essence, a critical element of EDEM's exit and sustainability strategy. EDEM developed a training program for BSPs to transfer and develop skills, knowledge and attitudes related to the development of Albanian businesses. In December 2004, EDEM launched a training of trainers program for selected BSPs. This was followed by a series of training modules targeting different types of business services.

EDEM provided training to BSPs in the following:

- Trainer Formation Skills (Two courses);
- Conducting a Needs Analysis in a Business for Trainers/Consultants;
- Banking & Communication Skills in Korca & Vlora
- Business Ethics Training of Trainers
- Consulting Skills;
- Leadership;
- Modern Management and Supervisory Practice/HRD training module;
- The format and Structuring of a Consulting Business/Training Module;
- Offshore (Cyprus) course to train tour guide trainers and a follow-up training of trainers;
- Introduction to the use of Accounting Software and IT Technology;
- Branding and marketing; and
- Professional Selling Skills.

BUSINESS DEVELOPMENT

EDEM also assisted a number of BSPs to set up consulting practices and to register their new companies with the Ministry of Economy. Once legally established, EDEM also worked with the BSPs to link with Albanian businesses interested in contracting their services. Over the life of the project, EDEM assisted BSPs providing services in Information Technology, advertising, human resources development, quality management, accounting, business plan development, tour guide training, and hotel and tourism consulting.

RESULTS

The combination of trainings, business development, and networking led to more clients and income for a number of BSPs, as well as to the development of a small but growing cadre of professional business service providers capable of meeting the needs of Albanian SMEs. For example, the Albanian Quality Management Institute (supported by EDEM in several training activities) set up a quality improvement program for some of EDEM's meat products producers. At fairs and training sessions, AQMI was able to meet with a number of meat processors and secure several substantial contracts with these firms. Likewise, a technology consultant provided a seminar in the use of software to Albanian businesses in an EDEM-sponsored event in Korca. Following this event, the consultant was contracted by three firms to provide services to their employees.

ALBANIAN BUSINESSES BENEFIT FROM TRAINING

Genti Daci is the owner of ABCOM (Albanian Business Communications), a company that specializes in information technology and internet services. Started by three partners in 1998, ABCOM has thirty employees and has grown as a BSP over the past several years. EDEM began to work with ABCOM in 2005, providing training in Albanian Business leadership, Management Skills for Business, and the Formation of a Consulting Business, among others.

Mr. Daci reports that the training he has received from EDEM has helped him in many ways. As a result of his acquired knowledge, he has implemented the following changes in his business:

- Provided increased incentives by providing a bonus to workers at the end of 2005;
- Created management changes in delegation of responsibilities;
- Developed an improved management library based upon on-line research on topics received in training such as conflict management, planning, delegation, and employee motivation;
- Held staff meetings and invited employee participation in strategy development; and
- Undertook a strategic and financial planning effort based upon the need to deal with company growth: set growth and financial targets and aligned employees to meet targets.

Mr. Daci observes, "EDEM training has made a difference in our company management; just go ask our people. Employee satisfaction and staff morale has improved, communication has improved and our vision is clearly understood by our staff. This helps us sell more services and provide better customer satisfaction."

CAPACITY BUILDING FOR BUSINESS ASSOCIATIONS

Associations play a key role in representing the needs of industry to the government and in providing critical services to their members. In the second phase of the project, EDEM put increased emphasis on strengthening business associations' capacities. The following is a description of each industry-specific association supported by EDEM.

ESSENCE PRODUCERS AND CULTIVATORS ASSOCIATION (EPCA)

EPCA has been in existence for five years, and represents Albanian companies producing culinary and medicinal herbs and distilled oils. Represented in the organization are 110 members including cultivators, collectors, essence producers and exporters. EDEM provided a range of support services to EPCA, focusing on technical assistance in production, new technologies, and marketing, as well as association capacity building. With EDEM support, EPCA organized five national herbs and spices conferences, carried out a membership drive, and developed new industry regulations compatible with international standards. EPCA is now one of the strongest associations in country, and have successfully assisted their members to increase product quality, preserve biodiversity, and enter into new markets.

ALBANIAN OLIVE OIL ASSOCIATION

The AOA is a membership-based organization open to olive oil processors and other industry specialists. Although legally established in 1997, the AOA was virtually defunct when EDEM began to work with the association in 2005. With EDEM support, AOA has re-emerged to serve as a conduit between their members as industry stakeholders and various government departments and institutes. During the past two years, the association organized activities which included:

- Processor education—HACCP certification, uses of pomace oil, sources for government support
- Domestic consumer marketing—mini fairs in Durres, Vlora, National Olive Oil Day
- International marketing—attending competitions and fairs in Croatia and Spain
- Annual Olive Oil Competition

ALBANIAN TOURISM ASSOCIATIONS

Albania's tourism associations are critical to developing high quality tourism services and products to promote the image of Albania as an attractive destination. EDEM supported efforts of the Albanian Hotels Association, Albanian Tourism Agencies Association (ATTA), Albanian Tourism Operators Union (ATOU) and National Albanian of Tourism Guides Association to strengthen their organizations and provide services of value to their members. EDEM's assistance focused on building the capacity of the associations to collaborate more effectively with Government tourism entities, collaborate in attracting foreign tourists, and offering management and staff training for guides, hotels, restaurants, and other tourist attractions.

ALBANIAN DAIRY AND MEAT ASSOCIATION

The Albanian Dairy and Meat Association (ADAMA) represents 33 members in the dairy and meat industries. In 2006, EDEM carried out a detailed assessment of ADAMA, including its current capacities and services offered, areas for improvement, and technical assistance needs. EDEM worked intensively

with ADAMA management to develop a strategy for association development, including training for management and staff, developing a mission statement and yearly workplans, and identifying the needs of members in order to develop new fee-based services. With EDEM assistance, ADAMA has become active in lobbying and working with the government to protect the interests of its members. The association's laboratory is the first private, independent chemical and microbiology laboratory in Albania, and has served as a critical component towards facilitating increased exports of its dairy and meat members.

NATIONAL ASSOCIATION OF FRUIT AND VEGETABLE PROCESSORS

EDEM collaborated with the National Association of Fruit and Vegetable Processors to organize several industry level activities locally and abroad. In June 2008, the project introduced association members to the new food safety legislation issued by the Albanian Government, and hosted a number of roundtable discussions on the implications of the law and what would be required to ensure compliance. EDEM also facilitated the attendance of four association members to attend the Foodex/Meatex Fair in Birmingham, UK. Foodex. Due to the concentration of exhibitors, attendees were able to view a vast array of products and could engage in hands on demonstrations of much of the machinery.

ANTI-CORRUPTION, NEW LEGAL INITIATIVES, PUBLICATIONS ON TAX AND LEGISLATION

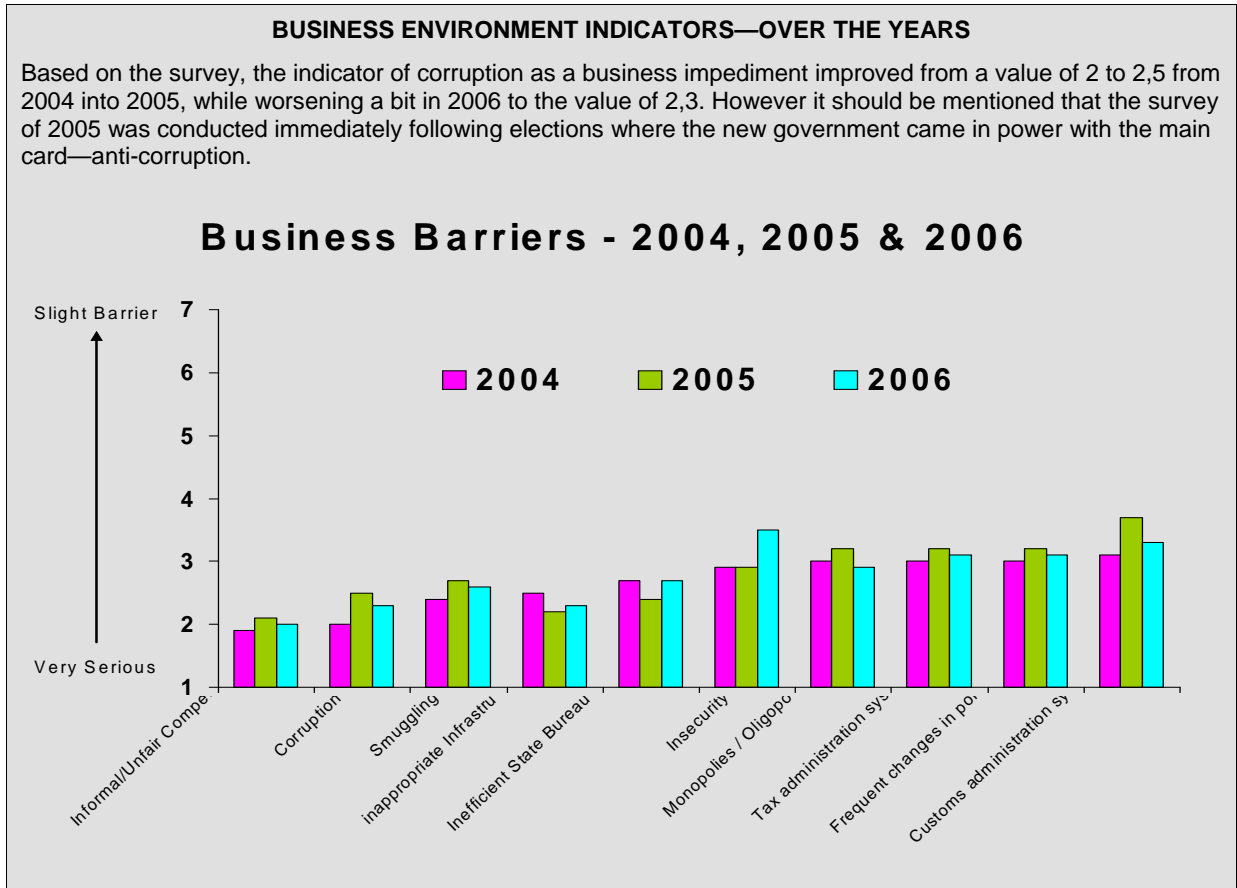
In 2003, Albania's business environment was considered the least attractive among Southern Eastern European countries in terms of finance, infrastructure, taxation, regulation, the judicial system, crime, and corruption. From 2003-2006, EDEM collaborated with governmental institutions and the business community to undertake several activities to address corruption, which was considered a major impediment to the competitiveness of Albania's SME community.

In 2006, a Millennium Challenge project was introduced to help the Government of Albania to reform and modernize tax administration, public procurement, and business registration through IT solutions and legislative enhancements. With the launch of this new initiative, EDEM shifted its strategy to work associations to advocate for improvements in legislation and policies related to industry-specific issues. Some of the key activities aiming to improve the business environment included the following:

- In 2004, EDEM co-organized two workshops with the Albanian Coalition Against Corruption (a coalition of local NGOs) focused on the cost to businesses resulting from corruption. The well-attended workshops were targeted to the business community and to journalists. The purpose of the workshops was to highlight the treatment of corruption as a cost issue for the business community, rather than just a moral/ethical issue.
- A paper on "Corruption and its costs for businesses" was prepared and delivered at EDEM's National Competitiveness Conference. The purpose of the paper was focus the public's attention on the fact that corruption affects the cost of doing business and thus is a significant element in the higher prices paid for product made and/or sold in Albania.
- Through its local subcontractor IDRA, EDEM presented to the Anti-Corruption Unit of the Council of Ministers comments and suggestions for the Anti Corruption Matrix 2004-2005. These comments and suggestions aimed to improve the draft of the Unit's 2004-2005 action plan for fighting corruption.

Nearly all of the suggestions were incorporated in the Matrix. The report of Anti-Corruption Matrix can be found in: <http://www.idra-al.org/pdf/en/Matrix2004-2005IDRAenglish.pdf>.

- In collaboration with the USAID Civil Society Corruption Reduction project, EDEM designed a survey to gather information on the magnitude of corruption's effects on the business community. The Business Corruption Survey, organized for three consecutive years, included interviews with 200 businesses in agribusiness, construction, transport, trade, and services covering the districts of Shkodra, Tirana, Elbasan, Durres, Fier, Korca, Vlora and Gjirokastra.



EDEM PUBLICATIONS AND GUIDES

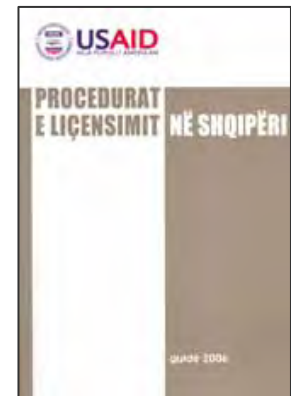
Albanian Tax Guide 2005 and 2006. These guides provided a comprehensive review for Albanian businesses on Albania’s tax system. The guides were distributed to 400 hundred EDEM assisted businesses, members of Chambers of Commerce, and business associations. The guides were also published on the ALBIC portal and are available free of charge online. (www.albic.net–3,000 visits a day).



Public Procurement Guide. With EDEM support, IDRA prepared “A Guide on Public Procurement” to help support the development of transparency in government/business interactions. The Guide is the first effort to target the business community by simplifying the understanding of the government’s procurement process and procedures. The guide has been distributed widely to EDEM assisted businesses, Chambers of Commerce and business associations and is available electronically on the ALBIC portal (<http://www.albic.net/Shqip/InfoBiznesi/ProkurimiPublik/ppbazaligjore.htm>).

Export Guide. Another guide prepared by IDRA with EDEM’s support to help improve the competitiveness of Albanian businesses was the “Export Guide”. The guide contains valuable information for businesses in such areas as: the Trade Regime of Albania with EU and other neighboring countries; Quality systems and certificates for successful exporting; Custom procedures for exporting; transporting of export goods; insurance; export contracts; dispute resolution; and export financing. The guide is available on the ALBIC portal.

Licensing Guide. EDEM produced the Albanian Licensing Procedures Guide, which is a comprehensive guide of all types of licenses and permits that exist in Albania. The guide is designed to help the business community to better understand the process of licensing in Albania, and includes information on which institutions are involved; the types of licenses, permissions, certificates and authorizations are issued; and the criteria, documents, and tariffs required to become licensed. Approximately 30 institutions and 160 licenses, permissions, certificates and authorizations are included in this guide. The guide is available online at www.licensing.albic.net.



CHAPTER FOUR

SOCIAL IMPACT

ASSISTANCE TO BUSINESS WOMAN ENTREPRENEURS

While EDEM had no explicit gender mandate, a large portion of its projects worked closely with women-owned firms, and resulted in assisting a number of women entrepreneurs to overcome impediments to growing their businesses. Twenty-two percent of EDEM client firms were women-owned businesses, while 60 percent of the total proportion of staff trained were women. These figures do not include companies from the leather and shoes sector, where an estimated 90 percent of employees are women (gender disaggregated data were not collected in the first two years of EDEM). The following are a number of success stories involving EDEM assistance to women entrepreneurs and managers.

Bardhi Meat Processing. Liljana Bardhi is the general administrator of Bardhi Meat Processing, which has benefited from USAID assistance for many years. In 2005, EDEM worked closely with Mrs. Bardhi to secure a bank loan to finance a new plant investment. With this loan, Bardhi Meat Processing has restructured its product portfolio to include fresh meat products, salamis, and grocery items. Liljana Bardhi regularly attended EDEM-sponsored training and trade fairs, and was elected as General Secretary of the Albanian Dairy and Meat Association.

Vila Shpk. Vjollca Larashi is the founder, owner and primary manager of VILA Shpk, a large-scale fresh mushroom production facility located in Maliq, just north of Korça. In order to diversify her growing business base, Ms. Larashi invested her own funds in buying and refurbishing a large, former cow barn in Maliq for production and processing of mushrooms and mushroom-based products, including high quality compost and potted plants. With EDEM assistance, Ms. Larashi has successfully developed the technical support infrastructure required (laboratory, climate controlled room, production areas, etc.), and trained her local staff on modern mushroom production practices.

Iceberg Publicity. In 2004, Rafaela Rica and her team carefully studied the emerging Albanian market and realized that there was a huge demand in the field of outdoor advertising and sophisticated digital printings. In response, she established Iceberg Publicity as a full service marketing and advertising agency. Utilizing EDEM's assistance, Iceberg Publicity invested in a new line of services in the outdoor and indoor advertising field in partnership with a Turkish company. Iceberg secured a loan of 60,000 Euro from The National Commercial Bank of Turkey; Iceberg Publicity now offers an expanded line of products such as outdoor and indoor advertising and also raw materials like folio, aluminum frames, Plexiglas, promotional materials, indoor signs, and road signs.

Olive Oil Association. Valentina Postoli made her mark by leading the re-organization of the Albanian Olive Oil association. As President of the Association, she contributed significantly to the domestic promotion of olive oil, lobbying for governmental support, and representing the Albanian industry in major international events. EDEM provided training and targeted technical assistance to Ms. Postoli and the other AOA staff to strengthen their capacity to oversee and implement the successful transformation of AOA into a sustainable organization. Ms. Postoli also received training in business plan development, marketing, and new technologies.

Gulliver OK. The Gulliver OK Company began in 2001 by Sonia Popa to provide the local market with travel services, primarily focused on ticketing and outbound tourism. Three years later, Ms. Popa developed a new strategy to expand services as an inbound tour operator, offering a variety of tour packages of Albania. Since 2004, Ms. Popa has participated in EDEM training courses in Leadership, Human Resource Management, Branding, Training of Trainers, and Tourist Guides. Gulliver OK has also received one-on-one technical assistance from EDEM in new product development, assistance in trade fair participation, web site development, and promotional support. With EDEM's assistance, Ms. Popa— together with other participants of the Tourist Guide Training program in Cyprus—formed the first Tourist Guide Association in Albania called the National Albanian Tourist Guide Association. The association has provided training for more than 100 tourist guides across Albania.

EDEM COLLABORATION WITH ALBANIAN DISABILITY RIGHTS FOUNDATION (ADRF)

The Albanian Disability Rights Foundation (ADRF) and the National Albanian Labour Invalids Association (ALIA) are two local organizations focused on promoting the integration of disabled persons into Albanian society. With assistance from EDEM, ADRF and ALIA successfully secured a grant from Mobility International USA (MIUSA) to promote collaboration between ALIA, ADRF, EDEM and businesses in the tourism and agriculture/agribusiness sectors to promote employment opportunities for persons with disabilities.

Totaling \$6,150, the partner organizations in the project carried out four workshops in Tirana, Shkodra, Korca and Vlora. The workshops focused on economic development, employment and disability in Albania and involved 40 businesses. Participants discussed how to raise awareness among businesses on issues relating to disability rights and legislation, with a special focus on the right to employment and strategies for facilitating the employment of disabled persons in tourism, agriculture, and agribusiness.

ANNEX

EDEM OPTION YEARS RESULTS. QUARTER 20 (YEAR 5, QUARTER 4) ¹

	SO Level Indicators	Cumulative to Date Option Years	This Quarter July-August 2008	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.	84	2	86	81	106
2	S.O. 2 Number of private enterprises benefiting indirectly from USAID assistance.	4,002	60	4,062	2,980	136
3	S.O. 3 Value (in 000,000 Lek) of sales of Albanian products and services in domestic markets by USAID-assisted enterprises.	7,608.6	814.2	8422.8	5,334	157
4	S.O. 4 Value (in 000,000 Lek) of target Albanian products and services exported by USAID-assisted enterprises.	2,259.3	216,3	2,475.6	2,144	115
5	I.R. 1 Number of assisted enterprises applying new technology, good management practice and/or marketing strategy.	79	3	82	80	102
6	Sub-IR 1.1 Number of assisted enterprises receiving training in new technologies	73	8	81	79	102
7	Sub-IR 1.1 Number of people trained in new technologies	317	111	428	225	190
8	Sub-IR 1.2 Number of assisted enterprises receiving training in good management practices	79	2	81	88	92
9	Sub-IR 1.2 Number of people trained in good management practices	768	111	879	176	499
10	Sub-IR 1.3 Number of assisted enterprises receiving training in marketing strategy	73	9	82	81	101
11	Sub-IR 1.3 Number of people trained in marketing strategy	629	98	727	127	572
12	I.R. 2 Number of loans to assisted enterprises from commercial banks.	11	2	13	25	52
13	I.R. 2 Number of loans to assisted enterprises from non bank sources	59	3	62	49	126

¹ 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.

	SO Level Indicators	Cumulative to Date Option Years	This Quarter July-August 2008	Cumulative to Date Option Years	Target Option Years	% of Target Achieved
14	I.R. 2 Value of loans to assisted enterprises from commercial banks (in 000,000 Lek).	396.5	22.1	418.6	154	272
15	I.R. 2.Value of loans to assisted enterprises from non-bank sources (in 000,000 Lek).	559.5	4.2	563.7	69	816
16	I.R. 3 Number of policies and regulation reforms implemented by the Government of Albania				24	
17	Common Indicator: Number of firms with improved management practices as a result of USG assistance	79	2	81		
18	Common Indicator: Number of SMEs that successfully accessed bank loans or private equity as a result of USG assistance (SD)	38	5	43		
19	Common Indicator: Number of firms investing in improved technology as a result of USG assistance (SD)	59	4	63		
20	Common Indicator: Number of events held that provided training improving the trade and investment environment	Not reported on Quarterly Basis		23		
21	Common Indicator: Number of participants in trade and investment environment trainings (SD)	760		760		
22	Common Indicator: Number of firms receiving USG assistance that obtain certification with international quality control, environmental, and other process voluntary standards or regulations	18	0	18		
23	Common Indicator: Number of products meeting international standards as a result of US assistance	364	0	364		

CLIENT LIST

Company Name	Contact	City
FY 2003-2008		
Olive Oil Producers		
3 Miqte	Vladimir Pasmaciu, Agim Xhumri	Ndroq, Tirane
ANI Shpk	Anastas Gjickondi	Qeparo, Vlore
Artan	Artan Daja	Petrela, Tirane
EVRM	Vesaf Musai	Skrofotine, Vlore
IVAP	Valentina Postoli	Petrela
Jal	Raimond Carapuli	Tirane
Sabin	Lulezim Kapllani	Panaja, Vlore
Shkalla	Shpresa Shkalla	Lunder, Tirane
Delvine ShPK	Rakip Iljazi	Delvine
Nivice 95	Agron Papagjika	Sh. Vasil
Panajot	Panajot Dhuni	Dhermi
Riviera	Kleanti Andruco	Himara
Skilja	Fatmir Skilja	Elbasan
Herbs and Spices		
Agroherbal	Arif Daçi	Tirane
Albatrading Co	Ylian LIPERI	Durres
Elite - AE	Arben Islami	Vore
FILUPI Company	Filip Gjoka	Tirane
Amla	Ramiz Jahaj	Kukes
Dala	Dashnor Lame	Skrapar
Medflor	Zyber Gjoni	Diber
Gurra	Mehmet Guga	Tepelena
Medflor	Zyber Gjoni	Peshkopi
Pepa	Myslym Pepa	Manze - Durres
Relikaj	Ramdan Likaj	Koplik
Tealb	Ibrahim Myftari	Tirane
Alboem	Luan Shahu	Tirane
Cupi	Preng Çupi	Lezhe
Dorena	Refat Braho	Polican
Elbashehu	Ylli Shehu	Elbasan
Erba	Kujtim Kekaj	Koplik
Galen	Alfons Cico	Shkoder
Koldashi	Emin Koldashi	Elbasan
Leila	Lefter Lame	Skrapar
Muca	Vasel Muça	M. e Madhe
Qose	Gjergji Qose	Berat
Relikaj	Ramadan Likaj	Koplik
Selekt	Vanagjel Qirushi	Sarande
Xherdo	Xhevit Hysenaj	Tirane
Meat Processors		
Albidea	Hysni Hasani	Xhafzotaj-Durres
Bardhi	Liljana Bardhi, Robert Bardhi	Tirane

Company Name	Contact	City
Driza	Hiqmet Driza	Fier
Expres	Roland Arani, Albana Arani	Tirane
Mare Atriatik	Mark Babani	Lezhe
Meat Master	Ndrek Kimca	Shkoder
Piervis	Simon Keri	Kucova
Bektash Zhiva	Bektash Zhiva	Pogradec
Islam Meat Center	Abdulah Xhabar	Tirane
Hako	Adnand Hako	Tirane
Rozafa Kaci	Anton Kaci	Shkoder
Tona CO	Nikola Tona	Korce
Fruits and Vegetable Processors		
ALFA - Lushnje	Arta Mari	Lushnje
Amarilto	Tom Malshi	Pllane, Lezhe
EN&ZY	Enver Ferizaj	Kavaja
Fani Food shpk	Ferdi Fani	Shkoder
FEJZOLLI Sh. p. k.	Arjan Fezolli	Pogradec
Kampion	Gezim Bala	Shkoder
Cuedari	Kastriot Cuedari	Berat
Sejega	Genc Mita	Vaqar
Shpiragu	Kristaq Galani	Berat
Sidnej	Lorenc Mollishta	Berat
Fresh Fruits and Vegetables Consolidators		
Agrokoni	Ruzhdi Koni	Tirane
Aris sh.p.k.	Thimio Gozhdari	Saranda
Bruka Seedling	Josif Gorrea	Divjaka
Frigoriferi "Erseke"	Luan Shupe	Erseke
IEG-AL Import-Export	Geltjan Bardho	Korce
Jahja sh.p.k.	Spahi Jahja	Lac
Lika	Mersin Lika	Kavaja
AGIP	Irakli Gorrea	Divjake
Agro Alba	Bekim Haziri	Vore
BITIMO	Saimir Biti	Divjake
Green Market Albania	Roland Larashi	Tirane
Vellezerit AK	Agim Janko	Divjake
Watermelon Producer Saranda	Pellumb Saliu	Saranda
Villa	Vjolca Larashi	Maliq, Korce
Hotels		
Hotel Adriatik	Soela Pogace	Durres
Hotel Mangalemi, Tomi	Tomi Mio	Berat
Arvi	Arjan Kushta	Durres
Europa Travel	Silvana Dracini	Tirane
Hotel Belinda	Gezim Musabelliu	Golem
Hotel Butrinti	Meri Lepuri	Saranda
Hotel New York	Adnan Aliaj	Vlore
Hotel Oaz	Ervin Bytyci	Durres
Hotel Tomorri	Tomorr Rehovica	Berat

Company Name	Contact	City
Hotel Palma	Natasha Kalemi	Tirane
Hotel Tourism Puka	Xhim Begeja	Puka
Hotel Vlore International	Vasilika Hanxhari	Skele Vlore
Tradita G&T	Gjok Dukgilaj	Shkoder
Hotel Voskopoja	Dritan Naumi	Voskopoja
Castle Park	Zamir Spathara	Berat
Mondial Hotel	Mr Arben Cico	Tirane
Cobo Winery	Muharrem Cobo	Berat
XIXA Complex	Sadete Bejdo	Durres
Bleart Complex	Namik Sadiku	Durres
Tour Operators and Tourist Agencies		
Albania Holidays	Kliton Gerxhani	Tirane
Albes Turist	Agim Selimaj	Tirane
ATHS	Dritan Pajo	Tirane
Gerbi	Maksi Gerbi	Tirane
Gulliver Ok	Sonja Popa	Tirane
Magic Tours	Bukuroshe Bleta	Tirane
Meridiana Travel & Tour	Andi Alimehmeti	Tirane
SAVA Tours	Vojsava Bardhi	Tirane
Shkodra Travel	Sokol Hoxha	Shkoder
Sun Traver & Tours	Rozeta Karaj	Tirane
Travel Day	Amarilda Bulluti	Tirane
Albtours D	Enver Mehmeti	Tirane
Antalja Travel & Tours	Attila Gurses	Tirane
Union Travel	Gezim Hajdini	Tirane
Input Suppliers		
Diamant	Perikli Goga	Durres
Iceberg Publicity	Rafaela Rica	Tirane
MULTIVAC	Angelo Golgota	Durres
Associations		
ADAMA	Merita Uruci	Tirane
Adriatik Association	Anastas Prifti	Divjaka
Aeronautica	Alket Islami	Tirane
Albanian Edible Oil Association	Valentina Postoli	Tirane
Darsia e.g	Zabit Sharka	Husgjokaj, Lushnje
EPCA	Xhevit Hysenaj	Tirane
Goskova Association	Geltjan Bardho	Goskova, Korce
Myzeqeja Federation	Andon Rrapokushi	Fier
NATGA	Alfred Dono	Tirane
Outdoor Albania	Genti Mati	Tirane
Leather and Shoes Companies		
Angelo Shoes	Petraç Dodi	Korce
Astra 2000 (Miral)	Elisabeta Dosti	Tirane
Intern Konfeksion Company	Jani Lluka	Tirane
Mas-Torr	Genci Gellci	Korca
SAM	Mimoza Vojka	Tirane

Company Name	Contact	City
Picari	Nimet Musaj	Patos
Demonstration Companies		
Agro Alba	Bekim Haziri	Vore
Dafinor	Tonin Kakija	Shkoder
MIGO sh.p.k	Agron Juka	Durres
Posejdon	Alban Zusi	Shengjin, Lezhe
Watermelon Producer Saranda	Pellumb Saliu	Saranda

BSPS TRAINED

No	Contact Person	Location	Activity	EDEM involvement
1	Alban Zusi	Tirana	BSP	BSP/Quality Management
2	Edlira Mali	Tirana	BSP	BSP/Quality Management
3	Mira Shyti	Tirana	BSP	BSP/Quality Management
4	Luan Dervishej	Tirana	BSP	BSP/Quality Management/Tourism
5	Genti Daci	Tirana	BSP	BSP/IT
6	Arjan Alite	Tirana	BSP	BSP/IT
7	Edlira Muedini	Tirana	BSP	BSP/Management/TOT
8	Enno Bozdo	Tirana	BSP	BSP/Management/TOT
9	Roland Lami	Tirana	BSP	BSP/Management/TOT
10	Klodiana Collaku	Tirana	BSP	BSP/Tourism
11	Sonja Popa	Tirana	BSP	BSP/Tourism
12	Rafaela Rica	Tirana	BSP	BSP/Management
13	Artan Samara	Tirana	BSP	BSP/Management/TOT
14	Idlir Proseku	Tirana	BSP	BSP/TOT/TNA
15	Naz Feka	Tirana	BSP	BSP/TOT/TNA
16	Rajmonda Simoni	Tirana	BSP	BSP/Management
17	Edlira Muhedini	Tirana	BSP	BSP/Management
18	Fabiola Duro	Tirana	BSP	BSP/TOT
19	Enkeleda Ferrollari	Tirana	BSP	BSP/Management
20	Helona Muca	Tirana	BSP	BSP/Management
21	Anila Arapi	Tirana	BSP	BSP/TOT/Management
22	Deni Guga	Tirana	BSP	BSP/TOT/TNA
23	Orieta Glozheni	Korce	BSP	BSP/Tour Guide/TOT
24	Klodian Rama	Tirana	BSP	BSP/Tour Guide/TNA
25	Gerta Gjata	Tirana	BSP	BSP/TOT
26	Entela Postoli	Tirana	BSP	BSP/TOT
27	Ols Lafe	Tirana	BSP	BSP/Tour Guide/TOT
28	Armada Molla	Tirana	BSP	BSP/Tour Guide/TOT
29	Ardiola Alikaj	Sarande	BSP	BSP/Tour Guide/TOT
30	Martin Mato	Tirana	BSP	BSP/Tour Guide/TOT
31	Klodian Loka	Kruje	BSP	BSP/Tour Guide/TOT
32	Genci Harunaj	Tirana	BSP	BSP/Tour Guide/TOT
33	Majlinda Gjoni	Tirana	BSP	BSP/Tour Guide/TOT
34	Anesti Polena	Korce	BSP	BSP/Business Ethics
35	Mustafa Devolli	Gjirokaster	BSP	BSP/Business Ethics
36	Petri Peno	Korce	BSP	BSP/IT & Accounting
37	Albana Korreshi	Tirana	BSP	BSP/Accounting/TOT
38	Merita Thomai	Tirana	BSP	BSP/Accounting
39	Joana Pano	Tirana	BSP	BSP/TOT/Management
40	Arian Sinoimeri	Tirana	BSP	BSP/IT
41	Shkelzen Marku	Tirana	BSP	BSP/Management
42	Eduard Ostrosi	Tirana	BSP	BSP/Management
43	Skerdi Dafa	Tirana	BSP	BSP/Management
44	Endrit Kullaj	Tirana	BSP	Participant in Branding