



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

QUARTERLY REPORT

For the period

1 October 2005 through 31 December 2005

Prepared by

Development Alternatives, Inc.

For

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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Albania Enterprise Development & Export Market Services

EDEM

This Quarterly Report covers the period from 1 October 2005 through 31 December 2005.

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

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

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

A. ACTIVITY SUMMARY

Project activities during this reporting period focused in three major areas:

- implementing the transition from sole reliance on a cluster approach to support development of Albania's private sector competitiveness to an approach combining industry-wide efforts with a more intense firm level assistance involvement;
- providing firm level assistance including: developing individual business profiles, developing 'action plans' for the delivery of assistance and implementing specific assistance needs; and
- preparation of the project's Year 3 Work plan and submission of the Year 2 EDEM Annual Report to USAID/Albania

Highlights

- Six representatives from five leading Albania meat processing companies participated in a study tour to Poland where they were exposed to the experiences gained by Polish industry leaders as their firms transitioned to EU market capability.
- In November the Meat Master Co. of Shkodra became the 2nd meat processing company and only the 13th company in all of Albania to receive ISO 9001 certification.
- Two Albanian herbs and spice companies, ATC and Xherdo received internationally recognized bio-certification in October/November allowing them to market their products as value added 'organic'.
- Contracts with international buyers have been signed for the export of dried herb and spice products and organically certified essential oils by ATC and Xherdo.
- Vellezerit AK and Shkalla companies are in the process of shipping trial orders of their products (cauliflower for Vellezerit and organic olive oil for Shkalla) to a major importer in Norway. The trial shipments, to arrive in Norway in January, are expected to lead to long term contracts for both companies.
- With EDEM's assistance, VILA restructured an existing loan to more favorable terms and received an additional funding at the same time. After extended negotiations among the bank, VILA and EDEM, the bank provided VILA a loan of 30 million lek.
- As a result of the EDEM initiative to provide tourism information to incoming travelers, a private company has taken over the Rinas Airport arrivals Tourism Information stand and upgraded it to a fully staffed kiosk offering a larger selection of tourism materials.
- The number of Albania hotels with the capability to accept on-line reservations continues to grow. An additional 11 hotels were registered this quarter with the WRI web reservation system.
- The 2nd Annual "Greetings from Albania" postcard campaign received more than 300 postcards from 12 communities. The six winners – three first places and three second places - were awarded digital cameras at a ceremony held in the National Art Gallery attended by the USAID/Albania Mission Director, and the Minister and Vice Minister of Tourism, Culture, Youth and Sports. Winning entries were from Tirana, Vlora, Berat, Gjirokastra, Pogradec and Shkodra.

- EDEM organized a reception at the Albanian stand at London’s World Travel Market. The reception attended by over 80 international tour operators, travel agents, and media representatives was the first ever event of its kind held at an Albanian booth in an international tourism fair.
- EDEM has assisted a Greek producer of high quality leather footwear to relocate its production activity to Korça. The firm is currently in the process of setting up its production line in co-operation with Angelo Shoes.
- With EDEM’s assistance, Angelo Shoes received a 160,000 Euro loan from Alpha Bank that allows the firm to meet its working capital needs for production targeted to new markets.
- In cooperation with GTZ, EDEM worked on the initiative “Support Albanian Products”. The initiative promoted domestically produced products which represent unique Albanian taste and characteristics. Selected products were included in gift baskets distributed to government officials, embassies and other VIPs during the end of Year holiday season
- IDRA, EDEM’s subcontractor, published and distributed the Albanian Export guide, an effort to help Albanian businesses improve their export capability. The guide has been well received by businesses who see it as a valuable tool for their efforts to understand and work through Albanian export regulations.
- The fifth issue of the EDEM Newsletter was published in November. Five hundred copies were delivered electronically, via mail, and in person to the Albanian business community, donor organizations, BSP’s, government agencies, and other interested organizations and individuals.

B. BUSINESS ASSISTANCE ACTIVITIES

Meat Processing

Industry level Activities

In collaboration with USAID’s Human and Institutional Capacity Development Program (HICD), a meat processing study tour to Poland was organized in October. The study tour’s objective was to expose managers of Albanian meat processing companies to the experiences gained by Polish industry leaders as their firms transitioned to EU market capability. The study tour provided valuable learning in understanding the requirements for adopting food safety/quality management systems and for developing successful marketing strategies. Study tour participants included six top owners/managers from five

Albanian meat processing companies: KMY, Tona Co. Meat Master, Bardhi, and Rozafa Kaci and the EDEM Business Development Specialist who supports the meat industry.

EDEM assisted HICD in developing a training program responding to the needs identified by the companies. The program included a combination of site visits at well established Polish meat companies and supermarket chains, training sessions, visits to governmental institutions and a meat association. During the study tour, participants became familiar with major trends within the meat industry, learned on reforms imminent with EU accession and were exposed to various marketing strategies directed at meeting international competition.

Upon returning to Albania, EDEM structured activities to help participants make use of the concrete ideas and training they received. For the Meat Master Company the practical learning combined with EDEM's business development assistance produced immediate results in improving marketing and building quality management systems. EDEM is helping other companies undertake major investments plans and implement new strategies for production, improving marketing and retail operations, adopting food safety and quality certifications.

Company Level Assistance

Meat Master

Meat Master received intensive support from EDEM in support of its marketing activities and adoption of international food quality standards. Technical assistance was provided for establishing a tracking system for all substances used in the production process and building a company quality management system. The Company's General Manager used the practical experiences observed in implementing HACCP and ISO 9001 systems in Poland, such as registration forms and product cards. After an international audit from an Italian certifying body, Meat Master's quality management system was certified in November to be in compliance ISO 9001:2000 standards.

EDEM helped Meat Master plan and organize the certification awarding ceremony at company's offices. Attending the event were the Minister of Food and Agriculture, representatives from USAID, local governmental authorities and a number of the company's partners. The awarding ceremony received significant local and national media coverage.

EDEM provided a broad range of support on improving the company's marketing activities and promotion. For the first time a national media plan was developed to promote Meat Master products and ISO 9001:2000 certification. Assistance was provided on preparing two TV spots and facilitating contracts with major national channels to transmit them during the holiday season. EDEM helped introduce a new label design and with the international registration of the company's bar code. These steps will accelerate Meat Master's transactions with supermarkets in domestic and regional markets.

With support from EDEM, Meat Master is becoming involved in tourism promotion activities in order to brand its traditional products, link with tourism catering services and agents as well as helping improving the image of Albania. Meat Master exhibited its specialty products at London Tourism World Trade Fair, which also served as an opportunity to test market its products within the UK's Albanian community.

Due to a significant increase in market share in Tirana and Durres retail outlets and restaurants, Meat Master is rebuilding its marketing structures to manage this growth. EDEM is assisting in local market research and recommending options for efficient sales outlets. Copying an idea observed in Polish supermarkets, Meat Master placed a special display booth in Euromax to attract customers. Early results indicate that sales are flourishing as Meat Master increased its supply to Euromax to 300 kg per day, an increase of 6 times what it had been previously supplying.

Tona Co

EDEM is assisting Tona Co. with the design of an efficient processing layout to host operations in three departments - ham and salamis, canned meat, and packaged meat. Construction to expand production capacities has already started and is expected to be completed by June 2006. Based on the Polish experience of setting up effective company-owned food stores, Tona Co is planning to create two new stores in the Korca region as a way to introduce a new line of fresh meats.

EDEM is supporting the sale of fresh meat products by the Albanian meat processing industry. It will not only build sales for the industry but also encourage an increase in domestic fresh meat production, and improve slaughtering and marketing conditions of fresh meat in compliance with food safety standards. EDEM has prepared a cost analysis and financial planning strategy for a small-scale farm operation near Korca to support its efforts to improve its pig production. The design is to establish an effective linkage between Tona Co, a slaughter house and livestock farms.

Hako

The Hako meat processing company has expressed an interest to collaborate with EDEM creating quality and safety systems. Hako recently built a new modern processing plant, supplying retail shops all over Albania. The company also exports to Kosovo. EDEM supplied the company with information on the entire procedure to adopt HACCP systems and a checklist for self-auditing of GMP/GHP procedures. This is a new company to benefit from USAID/EDEM assistance.

Company	Town	Technical Assistance	Results
TONA Co	Korca	<ul style="list-style-type: none"> - developing a factory production layout (ongoing); - restructure the business operation (ongoing); - redesign two new stores and linkages with fresh meat producers. 	<ul style="list-style-type: none"> - increased production and sales.
MEAT MASTER	Shkodra	<ul style="list-style-type: none"> - establishment of a tracking system in the processing; - building a company quality management system; - organizing the ISO certification ceremony; - media plan and production of two TV spots; - new labeling and bar code registration; - tourism promotion activities with participation in London fair; - market research and display booth in Euromax Supermarket. 	<ul style="list-style-type: none"> - sales growth; - new management/marketing practices in place; - increased employment opportunities.
HAKO Co	Tirana	<ul style="list-style-type: none"> - assistance in building quality and safety systems; - secure bank financing. 	<ul style="list-style-type: none"> - new management practices in place; - sales growth.

Herbs and Spices

During the quarter, efforts included the design of the Year 3 work plan for providing assistance to the herbs and spice industry. Ongoing direct assistance to companies primarily consisted of in depth discussions on: full compliance with organic regulations; quality improvement and relevant technology upgrades for dried herb and spice products and essential oils; guidance on existing cultivation activities and up-to-date low cost cultivation techniques; identification/contacting prospective international buyers interested in organic and conventional dried herb and spice products and essential oils; and the promotion of individual businesses.

Summarized below is the outcome of EDEM's assistance given to the Albanian herb and spice industry businesses:

1. new cleaning equipment worth of 3,000 Euro was purchased by Rozafa Kaç from a Serbian producer;
2. a contract worth 50,000 Euros, to be finalized in January, for a new cutting machinery between Filipi company and a German producer;
3. contractual agreements, between ATC and Xherdo and international buyers, for export of dried herb and spice products and essential oils organically certified;
4. full compliance and implementation of Organic regulation for ATC and Xherdo companies including a new design and lay out of processing and distillation facilities in full conformity with organic principles;
5. sage and red clover samples (from ATC, Gurra, Agroherbal and Elbasheu) were delivered to US and European buyers for testing and final approval;
6. cultivation activities in new locations and size of plantings took place; and
7. higher quality processing improvements resulting in higher quality products were put in place.

EDEM coordinated meetings between the industry businesses (Agroherbal, Alboem, ATC and Tealb) and the United States Forest Service in order to support the USFS team outline the strategy and methodology for carrying out a study on the existing inventory of the Albanian herbs and spices.

Industry Development Summary

Participation to Regional Events

EDEM facilitated the participation of Albanian herbs and spice in the 4th Agricultural Trade Fair and the Workshop on the "Sustainable Use and Production of Organic MAP's in the Balkan region" - both events took place in Montenegro. Participants from the Balkan countries, representing private and governmental institutions, were introduced to the latest challenges, developments and opportunities of the herb and spice industry in the region. During the events, EDEM facilitated direct communication between Albanian companies and private businesses from the region to identify potential areas of cooperation. At both events, EDEM presented a profile of Albania's herb and spice industry. EDEM also arranged a booth where information material and products samples from several businesses were displayed.

Cooperative activities

EDEM Project collaborated with several governmental and private institutions to better tackle and serve industry businesses needs.

* ACIT and EDEM worked on the updating export data as the Albanian Custom's Office report figures relate only to the dried herbs and spices and do not include essential oils data. Work is still in progress.

- * The United States Forest Service and EDEM discussed the development and performance of the Albanian herb and spice industry with respect to the industry's impact on the environment. Connected to the USFS study EDEM met with the Research Institute of Forests.
- * The Kosovo Agri-Businesses Association met with EDEM to discuss the experience of the Albanian herb and spice industry during the country's transition period of the past 15 years.
- * The Ministry of Food, Agriculture and Consumer Protection and EDEM discussed the technical aspects of permits that herb and spice businesses must obtain from MOAF in accord with the requirements of the Tax Office.
- * The Directorate General of Forests and Pastures/Rrogozhina and EDEM discussed potential cooperation on the cultivation of major herb and spice products in the Rrogozhina area.
- * The IFAD-financed program on wood products solicited support from EDEM in identifying contacts of wood processing industry businesses. EDEM recommended ACIT as the appropriate information source.

Firm Level Activities

ATC /Durrës

With assistance from EDEM, ATC obtained organic certification in October. ATC is now registered in the web page of the certifying body, Skal International, giving ATC a competitive advantage for its business. ATC is recognized as organically certified in Europe and USA. EDEM supported ATC's post certification efforts to rearrange its existing facility layout in conformity with organic regulations in order to ensure full implementation of organic principles.

EDEM facilitated the participation of three ATC representatives in the 4th Agricultural Trade Fair and Workshop on Organic MAP's in Montenegro.

EDEM contacted new US buyers to facilitate potential export of Rubbed Sage to USA, Sage sample already delivered to interested buyers.

EDEM held in-depth discussions with ATC to screen their major needs for the upcoming year, which serve as basis for determining the type of assistance that EDEM will provide to the company.

XHERDO / Skrapar

Xherdo, with assistance from EDEM, received the internationally recognized organic certification from Skal International in October. Xherdo is now on the web page of Skal recognized as organic in Europe and USA. EDEM assistance Xherdo's post certification efforts on redesigning its existing extraction facility to best fit to operational procedures in conformity with organic regulations.

EDEM advised Xherdo on the expansion of the company's existing cultivation activity (new cultivation schemes, items and new cultivation locations).

EDEM arranged the participation of a company representative at the "4th Agricultural Trade Fair" and workshop on the "Sustainable Use and Production of Organic MAPs" - both events taking place in Montenegro.

EDEM is in the process of arranging to bring to Albania a British essential oils buyer who is interested in exploring opportunities for cooperation with Xherdo. The British Company's representative is scheduled to meet with Xherdo during the second week of January. The buyer, who is a significant supplier of the cosmetics manufacturers, will visit cultivation and organic and conventional herb growing areas.

EDEM held in-depth discussions with ATC to screen their major needs for the upcoming year, which serve as basis for determining the type of assistance that EDEM will provide to the company.

Gurra / Tepelene

EDEM assisted Gurra in identifying US buyers interested in the company's products. EDEM arranged the delivery of samples directly to an interested US buyer. The samples are currently being tested. EDEM held conducted several meetings with the company to identify their needs for Year 3. Gurra has solicited EDEM's support regarding organic certification of the company in 2006.

Rozafa Kaci

EDEM assisted Rozafa Kaci identify companies that produce equipment for cleaning juniper berries. The company intends to export about 15 tons of berries to Italy and the US and also them as an ingredient in the company's salami products. Rozafa Kaçi purchased the new cleaning equipment worth 3,000 Euro from Europrima/Serbia, which is considered best model employed in all Balkan countries for the processing of Juniper berries. EDEM advised Rozafa Kaçi on the cleaning machinery's technicalities and parameters (final design, type of main machinery and auxiliary parts). The new equipment will be transported and installed the second week of January.

EDEM organized the participation of a company representative at the "4th Agricultural Trade Fair" held in Montenegro.

Agroherbal

EDEM assisted Agroherbal in identifying new trade links to the USA and has supported the company's efforts to deliver sage sample to the USA for testing. EDEM discussed with the company the feasibility of a project to produce spice blends for the US market, in cooperation with an international company, Herbes de Provence. Agroherbal agrees in principle to produce such spice blends. After discussions with EDEM, Agroherbal is considering organic certification during 2006 and with EDEM's support upgrade the company's promotional materials.

Tealb / Tirana

EDEM supported the company's efforts to improve the packaging and labeling of the company's products. EDEM advised Tealb branding its products and developing a logo that will support the company's efforts to strengthen its position in the market place.

Elbashehu

EDEM assisted Elbashehu's shipping of a red clover sample to a US buyer. The buyer has accepted the sample and is currently negotiating an order with Elbashehu.

Filipi / Laç

EDEM supported Filipi Co regarding the purchase of a cutting machine, worth 50,000 Euro (the German producer was contacted at the Germany Study Tour). Filipi intends to finalize the purchase early in 2006.

Hodaj & Borel

EDEM assisted the company on direct communication with Herba/Serbia on the potential export of bay leaves. While the two companies could not agree on prices, they have expressed interest in further cooperation.

Company	Town	Technical Assistance	Results
Albanian Trading Company	Durres	<ul style="list-style-type: none">- TA on organic certification;- TA on organic regulations post certification;- participation to trade fair/workshop-Montenegro;- new trade links	<ul style="list-style-type: none">- organic certification obtained;- significant upgrade of operational and management plans and design; full compliance with organic principals;- 3 company representatives participated;- sage samples delivered to USA.

Xherdo	Poliçan	<ul style="list-style-type: none"> - TA on organic certification; - TA on organic regulations post certification; - TA on cultivation of herbs and spices; - participation in trade fair/workshop-Montenegro; - New market connections.. 	<ul style="list-style-type: none"> - organic certification obtained; - significant upgrade of operational and management plans and design; full compliance with organic principals; - expansion of cultivation space and new location; - 1 company representative participated; - UK buyer to have direct discussions with the company at site; potential export of essential oils to UK.
Gurra	Tepelena	<ul style="list-style-type: none"> - new trade links to USA; - organic certification. 	<ul style="list-style-type: none"> - sage samples delivered to prospective buyer; - consideration of organic certification.
Rozafa	Shkoder	<ul style="list-style-type: none"> - TA in identification and direct contact with equipment producer; - participation in trade fair and workshop-Montenegro. 	<ul style="list-style-type: none"> - purchase of new cleaning equipment worth of 3,000 Euro. - 1 company representative participated.
Agroherbal	Mamurras	<ul style="list-style-type: none"> - new export markets identified; - production of spice blends; - discussions on bio-certification as value adding; - company promotion. 	<ul style="list-style-type: none"> - sage sample delivered to US prospect; - company agreed on cooperative effort; - consideration of bio-certification application; - production of company brochure.
Tealb	Tirana	<ul style="list-style-type: none"> - TA in new product development. 	<ul style="list-style-type: none"> - consideration of new design, labeling and packaging of existing products; - development of company's brand name and logo.
Elbashehu	Elbasan	<ul style="list-style-type: none"> - export of red clover to USA. 	<ul style="list-style-type: none"> - sample approved; final negotiations pending.

Out of country Technical Assistance

FFF Associates, an EDEM subcontractor, provided the following services to the Albanian herb and spice industry during this past quarter

- supported development the Year 3 work plan and SOW to cover the subcontractor's activities for the coming months. Discussions were held with EDEM to identify the relevant activities needed for further growth and development of the industry businesses;

- followed up with UK-based Biosys representative, a supplier to cosmetic manufacturers using natural ingredients, regarding a potential visit to the Xherdo Company. A Biosys representative is expected to come to Albania the second week of January to see organic and conventional herb collection sites and Xherdo's essential oils extraction facility;
- efforts were made to maintain and increase communication with a number of spice processors, importers and brokers with whom FFF has had discussions regarding the purchase of Albanian herbs and spice products, with a focus on sage;
- followed-up on inquiries for red clover. A sample from Elbashehu's has been delivered and approved by a buyer. A firm order is pending negotiations;
- exploring the opportunity of a project to produce spice blends in Albania under the brand name of Herbes de Provence; and
- preparing for the upcoming trip to Albania in January as well as preliminary planning and contacts for the Trade Missions to the US in February.

Leather Goods & Footwear Sector

Summary

The leather/footwear industry in Albania has continued to maintain its position as the second largest (after garments) sector for exports of manufactured goods and a leading employer of production workers. Albania's footwear exports, during the 3rd Quarter of 2005, the latest period for which information is available, were \$41.4 million.

The industry, highly dependent on joint ventures with Italian footwear firms, has continued to grow despite the on-going turmoil and dislocation in Italy and other traditional footwear production/trading centers brought on by massive competition from low cost producers from China, Vietnam, etc. The following data indicates the industry's significance to Albania's economy:

	First 9 months of 2005 in USD	Share of total exports from Albania	First 9 months of 2004 in USD	Share of total exports from Albania
Footwear exports	\$137 million	27%	\$120.4 million	27.4%

Since October 2004 assistance to this sector is being jointly provided by ACIT and EDEM. Such assistance encompasses addressing issues that are of common interest to the industry as well as working with selected individual firms in improving their marketing, financial and general management practices. EDEM has continued to support ACIT's efforts while assisting firms directly in developing and implementing marketing strategies and in financial management.

The Albanian footwear industry has evolved to be a significant international source for leather dress and casual shoes and boots for men, women, and children. The industry has been gradually evolving as a production center for footwear and uppers aimed at the work and safety shoe business for a large majority of the Italian customers. EDEM is focusing on a select group of Albanian producers with capability in such production and assisting them in improving their market reach. In addition, EDEM is providing assistance to two Albanian owned footwear producers in highlighting their capabilities in producing footwear, utilizing hand sewing methods, a unique capability, much sought after by quality conscious customers in major western markets.

EDEM has also worked at developing interest among Greek footwear producers in considering Albania as a possible source for footwear products. As reported earlier, through this effort, EDEM has assisted a Greek producer of high quality leather footwear to relocate its production activity to Korça. The firm is currently in the process of setting up its production line in co-operation with Angelo Shoes, a footwear/leather producer that EDEM has been assisting over the last year.

Industry Development Assistance

EDEM has continued to work with ACIT in increasing its knowledge of the sector and help improve its effectiveness in dealing with industry related opportunities/problems. In directly addressing the industry's needs EDEM has carried out following tasks:

- Identified potential marketing opportunities for Albanian firms in export markets through sustained marketing/trade promotion efforts;
- Identified company specific and industry business problems and addressing those via the most appropriate means;
- Increased the awareness of the international footwear community of opportunities in Albania and the capabilities of specific Albanian companies; and
- Increased the awareness of opportunities in domestic and regional market for Albanian footwear producers.

Firm Level Assistance

EDEM's firm level assistance work during the 4th quarter has continued primarily in the following areas: developing international market channels for Albanian producers; facilitating linkages between specific Albanian companies and foreign buyers; and assisting business owners implement management improvements. In this effort EDEM has carried out following tasks:

- Continued to provide assistance to Angelo Shoes, that is providing production space and assistance in the migration of production from Greece to Korça; and
- Trained firms in improving effectiveness of their marketing efforts by developing and implementing carefully thought out marketing plans and use of electronic product data sheets, web-based catalogs and e-mail campaigns.

Company	Town	Technical Assistance	Results
Angelo Shoes	Korça	<p>Assist owner in obtaining additional loan finance from bank.</p> <p>Assist business owners evaluate new production technology.</p> <p>Conduct a B2B meeting between the firm and “Trijus” a footwear producer in Ohrid, Macedonia.</p> <p>Participate in the interviews that the manager had</p>	<p>Firm has received a 150,000 Euro loan that will enable it to meet its working capital needs for production targeted to new markets.</p> <p>Firm able to evaluate new production system technical requirements and market risks in entering new line of production based on UK technology.</p> <p>Identified potential customer in Macedonia for its leather products.</p>
Miral (Astra 2000)	Tirana	A Marketing – Competitive Strategy action plan developed for this growing footwear producer planning to expand in garment production.	Knowledge gained in terms of product needs and strategy for responding to export market buyer’s needs. Able to understand need to focus on few items where it can compete.
Picari	Patos (Fier)	Assist business in negotiating new contract with Filanto, a major Italian producer with facilities in Albania (and several other countries)	Firm able to obtain its first contract from Filanto, opening the possibilities for future business co-operations.

INDUSTRY DEMONSTRATION COMPANIES

Poseidon, Shengjin

On behalf of Poseidon, EDEM conducted a market research in Skopje to investigate the potential sales of Poseidon’s canned fish products – anchovies and next year, sardines. EDEM meet with representatives of the major Macedonian supermarket chains, wholesalers and distributors of food products, pizzerias, etc. The information obtained during the meetings has been passed on to Poseidon management.

Vellezerit AK, Divjaka

EDEM is actively assisting this company in its efforts to open new export markets in Western Europe for the firm's fruits and vegetables. A trial order of cauliflower destined for Interfrukt in Oslo, Norway has been received, and will be delivered in the beginning of January. In addition EDEM made possible the participation of the owner of this business, Agim Janku, in the Regional Competitiveness Initiative conference in Serbia, which provided direct contact with major supermarket chains that operate in the Balkans.

Amarilto, Lezha

Following an earlier meeting, arranged by EDEM for a food safety specialist from the Directorate of Agriculture and Food to visit the plant and recommend food safety improvements, the firm introduced recommended food safety measures. EDEM has also put the firm in contact with suppliers of safety door screens and disinfecting chemicals. The firm has modified its production facilities for preventing insect access.

EDEM facilitated the participation of Amarilto in the third Regional Agro processors Conference "Fit for the EU" held on 17-18 November, in Durres. Processors and other stakeholders of the Agro-processing industry for the Balkan region participated in this conference. During the two days of the conference, Amarilto had the opportunity to network with business owners and discuss possible ways of cooperation.

VILA, Maliq

During the last quarter EDEM played a significant role in assisting VILA make major changes to its business strategy and take an approach that has allowed the firm to increase production and introduce its products in the markets in Albania.

EDEM assisted this company to restructure its loan with Credins Bank and to get an additional 30 million lek in working capital funding at the same time. To ensure an effective use of its additional financing, EDEM assisted the company to create a business plan that provides organizational structure for the business.

To support VILA's production efforts, EDEM arranged and conducted a B2B meeting between the owner of VILA and the owner and technical staff of "Champignon" the largest mushroom producer in Macedonia. Through this initial contact VILA was able to obtain compost, the key material for mushroom production at the lowest delivered cost. The technical staff from "Champignon" have subsequently visited VILA's facilities and provided valuable guidance, at no cost, on growing procedures. EDEM has also arranged for VILA's owner to obtain mushroom production and preservation training over 3 days, at the Koçani farm in the near future. This training will also be provided by "Champignon" totally free of cost.

To market the company's product in Tirana, EDEM helped VILA obtain a contract for routine delivery of fresh mushroom to EUROMAX super market. This channel has

developed to be the firm's single largest buyer. EDEM also helped VILA's sales manager introduce their products to a group of institutional buyers. Sales to these customers (fine restaurants, pizzerias etc) have also begun.

Shkalla Company, Tirana

EDEM is providing assistance to Shkalla by helping it find new export markets for the company's organic and conventional extra virgin olive oil. A trial shipment of olive oil packaged in consumer size bottles of 0.5 liters and in institutional packaging of 5 liter has been secured from Interfrukt in Oslo, Norway. The shipment will take place in early January along with the shipment of cauliflower from Vellezerit A&K.

ERI Trans, Marikaj, Tirana

EDEM is assisting this company in its efforts to procure additional trucks and trailers, and to develop in-coming markets to avoid the situation where its trucks are returning to Albania empty. Offers have been received, which are currently being evaluated by the company's management.

Tourism

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

- Increase sales, marketing and promotion efforts;
- Provide training in support of these efforts and towards longer term business expansion; and
- Facilitate a dialogue between tourism industry stakeholders and national and municipal levels of Government.

Based on these priorities, the following is a summary of the activities that have been progressing over the October to December 2005 quarter.

Sales, Marketing and Promotion

Airport Tourism Information stand

- 1) In October EDEM maintained the brochure stand by collecting brochures from businesses, municipalities and other tourism-related organizations from throughout Albania. Approximately 350 pieces of tourism information per week from 80 organizations were distributed to incoming visitors.
- 2) From November 1 the brochure stand was handed over to the "Celesi" Design & Publicity Company. In addition to continuing the effort begun by EDEM, "Çelësi" added to the number of information pieces offered to incoming travelers

and has placed staff at the enlarged kiosk to distribute information and answer traveler's questions. This upgraded service will help continue to spur development of Albania's tourism industry.

Marketing for hotels

- 1) During the Quarter an additional 11 hotels were registered with the on-line reservation system Web Reservations International (WRI). Three of the hotels in Vlora were listed in cooperation with the Vlora Chamber of Commerce.
- 2) Three workshops were held, 2 in Vlora and 1 in Saranda, with the participation of students from the University of Vlora and from the Tourism High School in Saranda to promote use of WRI. In addition, the tool was introduced to the Inter-Municipal Tourism Committee (IMTC), which includes US Peace Corps Volunteers and the communities in which they reside.
- 3) EDEM met with the Director of IDRA to discuss the creation of a web portal for Albania's tourism associations.
- 4) Through its STTA, EDEM participated in the Regional Competitiveness Initiative's (RCI) tourism workshop in Belgrade.

Improved Tourism Information

- 1) The tourism asset mapping process begun with the IMTC was further spread to most of the main municipalities with an interest in tourism. EDEM helped the PCVs organize the fifth IMTC meeting in Tirana that focused on the media's role in tourism, management of culture and heritage sites, hotel management and customer service.
- 2) EDEM's tourism consultant discussed the placement of World Heritage Site information with a UNESCO official in charge of tourism at the World Heritage Center and met with him at the World Travel Market in London.
- 3) The Turizmi Shqiptar yahoo user group continued to add members and grow as an educational and networking resource for the Albanian tourism industry. The number of members in this group has reached 207.

"Greetings from Albania" postcards

- 1) The 2nd Annual "Greetings from Albania" postcard campaign received more than 300 postcards from 12 communities. A jury of seven persons from Albania's tourism industry, the Ministry of Tourism, arts community and EDEM selected six winners – three first places and three second places. Winning entries were from Tirana, Vlora, Berat, Gjirokastra, Pogradec and Shkodra.

- 2) EDEM organized an award ceremony to announce the winners on December 20 at the National Art Gallery. Participants included the USAID/Albania Mission Director, the Minister and Vice Minister of Tourism, Culture, Youth and Sports, the award winners and their families, representatives from the business community and municipalities from around the country as well as others interested in youth and promoting Albania tourism. The event garnered significant media coverage from both print and TV outlets.
- 3) Cards from the previous year's campaign continued to serve as tourism promotion pieces and were distributed at the Albania stand at World Travel Mart in London.
- 4) Efforts to commercialize the postcards as greeting cards for the benefit of Albanian youth and for use as Albania postage stamps are continuing.

Media

- 1) Met with the country managers of Malev Hungarian Airlines and Austrian Airlines about possibility of producing articles about Albania for their in-flight magazines.
- 2) Two articles from writers who had participated in an EDEM organized in-country international journalists' tour, Ute Mueller and Christopher Portway, were completed and published during this quarter.
- 3) A media panel involving 3 tourism journalist from South East Europe newspaper, Biznesi newspaper and Koha TV was organized by EDEM as a part of the fifth IMTC meeting.
- 4) The Albanian stand at the World Travel Market in London received coverage from BBC's Albanian branch. EDEM's STTA was interviewed by BBC for insights into the development of Albania's tourism.
- 5) The "Greetings from Albania" award ceremony was broadcast on KLAN TV and NTV, written articles appeared in the Albanian Daily News and the Biznesi and Standard newspapers, Klan magazine, and coverage was spread through the Albanian Telegraph news network and e-turbo news.

World Travel Market

EDEM supported the participation efforts of the Ministry and private businesses at London's World Travel Market.

- 1) Organized a reception at the Albanian stand at the WTM including distributing invitations at the Mart's press center; arranged for meat hors d'oeuvres from Meat Master and wine and cheese sponsored by the Vlora Chamber of Commerce; arranged for excess baggage for reception materials through Malev and Austrian

- Airlines; and gained support from Albania's UK Embassy through the participation of the Albanian Ambassador. The reception attended by over 80 international tour operators, travel agents, and media representatives was the first ever event of its kind held at an Albanian booth in an international tourism fair.
- 2) EDEM provided detailed information to the BBC (Albanian section) about tourism development in Albania and arranged for an interview with EDEM's tourism STTA.
 - 3) Providing hand's on assistance, EDEM's tourism STTA participated in the World Travel Market and:
 - a. Placed information about the Bunker Tour and Berat Tour and invitations to the reception in the press center, also arranged for the Albania stand reception to be promoted at the press center;
 - b. Arranged for information about the Bunker Tour to be published in the WTM Media Daily, which was circulated to the 1000+ journalists registered at WTM, and pitched Albanian tourism to different journalists from Independent, CNN Traveler magazine, the Guardian, Travel News Europe, Modern Agent and Agent@Home;
 - c. Met with representatives of Malev Airlines, with tour operators from Hungary and Slovakia, CBI team about follow-up on their workshop and the upcoming Netherlands travel fair, with the ITB Product Manager about Albania's presence at ITB, and with Web Reservations International to discuss the future development of Albania on-line bookings; and.
 - d. Briefed the Albanian Ambassador to the UK about USAID/EDEM activities and assistance; spoke with Deputy Minister Suzana Turku about the Albanian presence and future improvements; met with the Mayor of Vlora and with the new Director of Butrint.

Training

- 1) Association development – Albanian Travel Operators Union (ATOOU)
 - a. EDEM discussed association development with the ATOOU and recommended the hiring of an administrator to develop the association.
 - b. Advised and demonstrated to the ATOOU Director how to set up a web portal for the Union.
- 2) EDEM conducted workshops on the WRI on-line hotel booking system for hotels in Vlora and Saranda.

- 3) EDEM trained a group of Vlora university tourism students on the basics of internet travel sites and the registration process for getting hotels onto the WRI booking system.
- 4) EDEM conducted a workshop on customer service for 13 travel agencies and hotels in Tirana.
- 5) EDEM made a presentation about the Project, tourism development industry in general and specifically in Albania to the students of the University of Tirana, Faculty of Economy, Tourism branch. This was an initial step of establishing an internship program between private businesses and the University's tourism students. EDEM conducted a workshop on customer service for 12 tourism students, as part of internship program.
- 6) EDEM conducted a workshop on best practices for trade fairs in cooperation with CBI Project in Netherlands. The workshop had 21 participants from travel agencies, hotels and the Ministry's National Tourism Organization. Approximately 5 or so of the workshop attendees will be invited to participate in a Dutch tourism fair in January 2006.
- 7) EDEM conducted a workshop in December in cooperation with Chamber of Commerce of Vlora with participants from area hotels and University students. Three of the hotels were signed up and registered in the website WRI.
- 8) EDEM organized a Training of Trainers – TOT in preparation for a USAID/Human Capacity and Institutional Development study tour that will take place in January. Six trainers will participate in a tour guide training course in Cyprus. Following their return, the trainers will organize workshops around the country to train individuals in proper tour guide techniques.

Government and Policy

- 1) EDEM team met with the Ministry's National Tourism Organization and provided advice on how to create and present an effective Albania stand at WTM.
- 2) EDEM accompanied the USAID/Albania Mission Director in his first meeting with the new Minister of Tourism, Culture, Youth and Sports. The Minister indicated he and his team were very receptive to USAID/EDEM assistance and would like to cooperate with the project as much as possible.
- 3) EDEM met with the Mayor of Saranda and the Peace Corps Volunteer supporting tourism development in Saranda about the status of tourism in Saranda and the need to develop a variety of tourism options in and around the city.

- 4) EDEM met with the Director and Assistant Director of the Vlora Tourism Office, and the Chairman and Board of the Vlora Chamber of Commerce to discuss tourism strategy and marketing at the World Travel Market.

C. SME DEVELOPMENT

(Principal EDEM SME development activities not addressed elsewhere)

Regional Competitiveness Initiative B2B Workshop

In November EDEM, along with the General Manager of Vellezerit A&K, participated in the RCI's B2B Agribusiness Workshop in Belgrade, Serbia. The main objective of the gathering was to connect fresh fruit and vegetables sellers with the buyers of major regional supermarkets, fresh fruit and vegetable wholesalers, hotel chains and other institutional buyers. A significant benefit to the sellers was their exposure to the needs and conditions the supermarket buyers are placing on their purchasing process and product placement in their stores.

The Vellezerit representative made valuable contacts, which may lead to future opportunities for export of Albanian products. Offers for exports of Albanian fruits and vegetables have been sent to representatives of companies from Serbia, Macedonia, Bulgaria, Croatia and Greece. EDEM is supporting Vellezerit's efforts to follow up on the offers.

Accounting Training

Albanian businesses often use rudimentary, and often hidden, accounting practices. Current practices make it extremely difficult for businesses to identify their costs and effectively manage their operations. At the request of businesses interested in upgrading their accounting capabilities EDEM has initiated discussions with the Ministry of Finance and the Approved Accountant Association for preparation of a training of training module on business accounting and financial management. The TOT will prepare a group of trainers capable of delivering accounting/financial management training to the Albanian business community.

The training module will have two parts: the first part will be a training program for accountants working in business; the second part will be a training module for the managers of the companies on how to read and effectively use financial statements in the management of their business. The training module for the accountants will be based on application of International Accounting Standards now required by Albanian authorities.

D. MARKETING

(Principal EDEM marketing activities not addressed elsewhere)

Marketing assistance provided by EDEM addresses specific needs of firms as well as those of industries in general. Firm level assistance in marketing has been included in other sections of this report. In addition EDEM has identified the potential export capabilities of several other firms:

- EDEM's efforts in developing fresh farm produce exports from Albania have led to inquiries and a trial order from Norway for 100% extra virgin olive oil. In order to satisfy potential market needs EDEM has begun identifying sources of high quality olive oil. Two potential sources, from Tirana and Qeparo have been identified.
- Responding to export market buyers' interest for dried fruits/vegetable products EDEM has identified a producer of sun-dried tomatoes in the Rogozhina area. The producer has exported its products to Italy and is interested in broadening his markets and increasing output. EDEM plans to present this (seasonal) product to export markets as samples become available (June-Aug).

European Article Number (EAN) Bar code

EDEM identified the various available options for Meat Master to obtain EAN barcode for identifying its products. EDEM obtained necessary information from "Indicod" and briefed the firm on the needed documentation for applying to "Indicod", the GS1 (EAN) association in Italy. Membership in the association will enable Meat Master to affix bar codes on up to 1000 different products and improve its sales and inventory record keepings. Meat Master is in the process of developing the information needed by "Indicod".

Trade Fair listing

EDEM prepared a listing of trade fairs that will take place in the coming year in Albania, Kosovo, Macedonia, Serbia, Bulgaria Rumania, Italy, UK, Greece and France. The listing provides information on the main trade fairs for agricultural products as well as tourism. It contains useful and detailed information on each fair, as well as designated contacts for respective fair organizers. The list will be distributed to firms EDEM is working with and to relevant institutions such as Chambers of Commerce that work with businesses. Where appropriate, EDEM will provide assistance to businesses interested in participating in the fairs. At the request from the Minister of Agriculture, Food and Consumer Protection, the list was also made available to the ministry.

Fair trade/support Albanian products Initiative

In cooperation with GTZ, EDEM is working on the initiative "Support Albanian Products". The initiative aims to promote domestically produced products which represent unique Albanian taste and characteristics. Together with GTZ, EDEM has identified firms it is working with who have suitable products for inclusion. Selected products will be included in gift baskets to be distributed as gifts during the Christmas

and end of the Year holiday season. Distribution will be carried out by members of “Mjajt” organization. Dried Albanian “tourist” salami (Bardhi Meat Processing Company), ATC packed herbs and spices, ceramic vases from the Ceramics Workshop in Lezha, and postcards from EDEM’s postcard campaign were included in these baskets which will be distributed to embassies and state and private organizations.

Albanian Food Products Stand at the Tirana airport

To support Albanian businesses not only increase their sales but also present their products through specific outlets, EDEM is discussing with Tirana Airport Partners the possibilities of putting a food stand with Albanian products at the Tirana Airport departure area. One of the current airport concessionaries who manages the coffee bar in the departure area has agreed in principle to set up and operate such a stand. EDEM is in the process of presenting this sales concept to firms with suitable products.

Macedonia Market Research

In October EDEM conducted a research trip to Skopje, Macedonia to:

- investigate the potential for sales of Poseidon’s canned fish products – anchovies and next year, sardines. EDEM meet with representatives of the major Macedonian supermarket chains, wholesalers and distributors of food products, pizzerias, etc. The information obtained during the meetings has been passed on to Poseidon management.
- search for suppliers for Iceberg, a Tirana-based advertisement and promotion company that supports many EDEM-assisted companies. EDEM met with potential suppliers of input materials to produce indoor and outdoor advertising materials, such as adhesives, aluminum profiles, and other materials.
- meet with the Macedonia Chamber of Commerce, the USAID funded Land O’Lakes Project, and two individual consultants to discuss export possibilities of EDEM-assisted companies.

Below is the list of meetings held during the trip:

Name of the institution/business	Contact person	Discussions
Marjan Stankovski		possibilities to export in Macedonia, supermarkets, supply chains.
Macedonia Chamber of Commerce	Slavica Bogoeva, Ljubica Nuri	cooperation between Albanian and Macedonian companies, B2B meetings, information for the farmers/producers of fruits and vegetables.

“KALC” Company - mushroom business	Driton Markovski	cooperation with “Vila” company related with packaging, exports and technology.
“JUKOV” Company – honey and halva production	Panov Kiril	
Image Plus”		participation in the fair “Tehnoma ; supply Iceberg with raw materials.
“Champignon” Company – mushroom production	Vinko Marasevic	cooperation with “Vila” company in Albania.

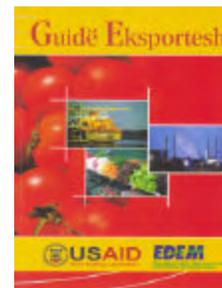
BUSINESS ENVIRONMENT

Business Ethics Seminar in Gjirokastra

In October, IDRA, EDEM’s subcontractor supporting business environment improvement efforts, organized a seminar in cooperation with Gjirokastra Chamber of Commerce and Industry. Participants included elite businesses of the Gjirokastra region which would serve as the catalyst for a wider acceptance and implementation of ethical values in business transactions. A declaration of “Ethical Values” was presented in this seminar to be signed by participating businesses. EDEM also presented its efforts to help Albanian businesses improve their performance and also about the importance of ethical values in the work of businesses. The Gjirokastra Chamber of Commerce President who received TOT training from EDEM on Business Ethics, made a presentation on the advantages of businesses that adhere to ethical values and the importance of these values in the overall climate of doing business in Albania. He also presented the “Declaration of Values” for Gjirokastra businesses and launched a training program on business ethics for business managers.

Export Guide

IDRA published and distributed the Albanian Export guide, an effort to help Albanian businesses improve their export capability. The guide has been very well received by businesses who see it as a very valuable tool for their efforts to understand and work through Albanian export regulations. The guide has been published in Albanian and is available in English. It also has been launched on the ALBIC Internet portal in both languages.



Business Environment and Local Government

Taking into account that small-scale businesses constitute the vast majority of Albanian businesses and are in direct contact with local government (licenses, small business tax, etc.) EDEM and IDRA are undertaking efforts to improve the business climate at the local government level. During the past three months IDRA has been engaged in the following activities:

- 1) Closely coordinated with the USAID/LGDA project to find the most appropriate way of dealing with “business environment” at local level. Meeting with LGDA were organized to design a joint plan of activities. Approaches have been identified to jointly work on several local level business environment issues.
- 2) IDRA prepared a paper on business interaction with local government that serves as a tool to identify areas that need intervention in the chain of interaction between businesses and local governments. The paper identifies all the processes where businesses interact with local governments and graphically portrays the interactions to allow a better understanding of all the steps involved in the process. The full version of the paper can be found on www.idra-al.org. This paper has been also given to the LGDA project for its use
- 3) In October, the Tirana Municipality held a meeting to discuss the New System of Licensing for Small Businesses¹ which is scheduled to enter in force in January 2006. Participants in this meeting included: General Directors of the Municipality, Deputy Mayor of Tirana, EU Cards Project, IDRA, and GTZ. The Municipality of Tirana has been given authority to design and introduce the system as a model to be replicated throughout the country.

This new permit represents the first step in creating a “one-stop-permitting center” at the municipal level. As the permit given to small business is at the end of the other registration procedures required by law (court registration, licenses for specific activities, registration, labor office, etc) the opportunity is presented to integrate the whole registration system into one step. However as it currently stands there are many institutions (both central and local) involved in licensing and integration of all these pieces would require a major intervention in legislation and regulations of institutions. Taking into consideration current situation IDRA proposed the following to avoid a new bureaucratic burden to business registration:

- a) Start the registration only for new businesses in 2006. The law requires all businesses to be given such a permit (even existing businesses) but introducing the permitting process requires a careful drafting of criteria. The municipality can introduce new criteria for new businesses but to impose newly developed criteria on current businesses would be unfair.

¹ The 2005 fiscal package required all businesses classified as ‘Small Businesses’ to register with their municipal government to obtain a permit to operate. Every subject that wants to open/operate a small business in the following areas: retail/wholesale, manufacturing, services, free professions, and transport needs to obtain such a permit.

b) Avoid duplicating registration steps. Currently businesses have to be registered with municipal authorities to get the permit to operate but they also have to be registered with the Tax Office where they have to submit the same documentation (from 8-12 types of documents all notarized). A change in the law and in regulations of tax authorities should be made where the registration in tax authorities is done automatically by registering for the permit to operate.

c) Immediately identify the points in the registration chain which can be handled by the Municipality on behalf of businesses (such as hygiene permit, technical permit from the fire department, metrology and calibration, etc). A complete study of all licenses and permits needed for small businesses should be undertaken with the focus on legal and regulations changes to create a harmonized system with less time and less cost for registration. The work done by IDRA on the Business License Guide is a good start since it is a comprehensive inventory of all types of licenses.

All three proposals were accepted by the Municipal Directors.

Business Anti-Corruption Survey

EDEM/IDRA is currently in the process of conducting a second annual 'Business Anti-Corruption Survey'. The survey is being coordinated with the work of the USAID Rule of Law Project in order not to duplicate efforts of researching the business environment with regard to corruption issues. It has been agreed that EDEM/IDRA will be responsible to survey the businesses community as part of a multidimensional survey (public, public administration, business community and judicial system). The field work data entry and cleaning steps are now finished. The report is expected to be issued in early January.

Using last year's USAID/MSI/Anti-corruption Project method, this year's sample included 200 businesses engaged in: industry and agribusiness; construction; transport; trade; and services. Geographically the sample was distributed in 8 major districts of Albania: Shkodra, Tirana, Elbasan, Durrës, Fier, Korca, Vlora and Gjirokastra. Included in the overall 200 sample are 32 EDEM-assisted businesses.

F. COMMUNICATION

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

- The fifth issue of the EDEM Newsletter was published in November. Five hundred copies were delivered electronically, via mail, and in person to the Albanian business community, donor organizations, BSP's, government agencies, and other interested organizations and individuals.

- Press kits of photos and stories are being developed for leather and footwear companies in preparation for an in-country spring of 2006 press tour of foreign journalists who write for footwear trade publications.
- A series of articles on entrepreneurship prepared by EDEM to raise awareness of the business community were published in “Biznesi” daily newspaper.
- A media session was organized with a panel of journalists for the IMTC meeting to enable IMTC members to better communicate their efforts and the efforts of their respective communities to the public. The activity was broadcasted on 3 TV stations, Albanian Telegraphic Agency and articles were reported in 3 newspapers and magazines.
- A press release was prepared for the London World Travel Market and invitations were prepared and distributed inviting WTM attendees to a reception at the Albania exhibit. One thousand five hundred “Greeting From Albanian” postcards were printed and distributed at the WTM. The event was covered by BBC Radio (Albanian section) and presented for a week on-line over the BBC’s website.
- Four articles about USAID/EDEM assistance in Albanian economy were reported in the daily “Biznesi” newspaper.
- The 2nd edition of “Greetings from Albania” post card campaign was successfully finalized in a ceremony held for announcing the winners. The award winning postcards were framed, some at poster size. Five thousand copies have been printed for distribution at various events. Press kits including a press release were prepared and delivered to media. An exhibition of framed postcards was designed and prepared. Media coverage was arranged, participation of 3 TV Stations, reported in 5 newspapers and through the Albanian Telegraphic Agency.
- During the quarter, EDEM continued to provide communication assistance to companies in efforts to help the companies increase their marketing and public relations capabilities. Meat Master was assisted in improving of the production of two TV spots (text, editing, and voice over). The TV spots were arranged to be broadcast in two Albanian TV stations. EDEM is continuing to assist Meat Master with development of a comprehensive media strategy.

G. SEAL OF QUALITY

In response to USAID’s request for EDEM to examine potential opportunities and options for assuring sustainable existence of the ADAMA owned microbiology and chemical laboratory and its Seal of Quality program (SoQ), EDEM conducted a series of meetings aiming to assess the present situation and opportunities. EDEM met with interim USAID’s Livestock Service Center project (LSC) managers: Maura Schwartz and Elena Linderman, STTA Cheryl Bann, LSC local staff and ADAMA management.

During the meetings EDEM was presented with the assessment and recommendation produced by LSC STTAs: Glen Huskey on ADAMA Lab Sustainability and Cheryl Bann on Association and SoQ. The STTAs reports were shared with EDEM. The assessments represent a good overview of the association, the laboratory and the SoQ certification, and offer a good base for developing a sound business plan based on realistic opportunities.

Regardless of the scenario that will be pursued upon closeout of the LSC project in assuring sustainability for the lab and SoQ effort, mobilizing the current human and technical resources to increase service sales and attract new clients is crucial for securing sustainability. In support of developing a sustainability strategy EDEM provided ADAMA management with an insight in the needs of EDEM agribusiness clients currently not assisted by the LSC project. An obvious way to increase the overall client base is servicing the needs for technical assistance, laboratory analysis and selected supplies of: additional processed meat companies, herbs and spices companies, fruit and vegetable producing, consolidating and canning companies. The list of EDEM-assisted firms including details on their assessed needs that can be addressed by ADAMA using its human resources, laboratory and other assets by developing sellable services was shared with ADAMA management.

USAID and LSC have committed substantial resources in analyzing the sustainability potential and options for the lab and SoQ efforts. In order to not duplicate efforts EDEM will continue to work closely with LSC and ADAMA management in identifying opportunities and developing a laboratory and SoQ strategy.

H. ADMINISTRATION

The principle administrative efforts this past quarter were preparation of EDEM's Year 3 (FY06) Work plan, including preparation of responses to issues raised by USAID/Albania and preparation of a combined Year 2 Annual Report and Year 2 Fourth Quarter Report. As part of the report preparation process, EDEM supported USAID/Albania's annual reporting effort through the submission of information on the project's results and activities on as needed basis.

During the Fourth Quarter, EDEM initiated and completed the process for hiring a new local tourism staff person. The new employee will begin her work on January 4.

Short Term Technical Assistance

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

Consultant	Assignment Dates	Assignment Summary and Results
James Parchman	October 30 – November 18	Helped promote the Albanian footwear industry as significant source for footwear production in the global market and provided on-going support in marketing and product development to footwear producers. Preparations were put in place for a Spring press tour of 5-7 international footwear journalists; several new firms were identified and visited and assistance efforts initiated; three firms were assisted in preparing marketing strategies; and a partnership between a Greek firm and the Korca-based Angelo Shoe Co. was supported.
Scott Wayne	October 31 – November 11	STTA advanced EDEM's tourism efforts by assisting with activities in each of the three main focus areas of: Marketing and Promotion, Training and Education, and Government and Advocacy. Activity included individual stakeholder meetings, roundtable in Tirana, workshops in Vlora and Saranda and assistance to the Albanian businesses participating at the World Travel Market in London from November 14 th to 16 th .
Oana Tudor	December 04 – 17	EDEM's TAMIS was modified to shift it substantially from industry cluster development activities, to a more SME level oriented program and EDEM staff were trained in the use of modified TAMIS for daily work plan implementation and performance monitoring.