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EDUCATIONAL INFORMATION SERVICES & SUPPORT FOR ECONOMIC DEVELOPMENT
ALBANIAN ENTERPRISE DEVELOPMENT & EXPORT MARKET SERVICES

Albania Enterprise Development & Export Market Services
(EDEM)

YEAR 4 ANNUAL & 4th QUARTER
REPORT

for the periods

1 October 2006 – 30 September 2007 & 1 July 2007 – 30 September 2007

Prepared by

Development Alternatives, Inc.

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LIST OF ACRONYMS

ADC	Agriculture Development Corporation
AOA	Albanian Edible Oil Association
B2B	Business to Business
BAS	Business Advisory Services (EBRD funded program)
BGTW	British Guild Travel Writers
BSP	Business Service Provider
CTO	Cognizant Technical Officer
DFPP	Directorate of Forest Polices and Pastures
EBRD	European Bank for Reconstruction and Development
EDEM	Albania Enterprise Development & Export Market Services project
EPCA	Essence Producers and Cultivators Association
EUREPGAP	Euro-Retailer Produce Working Group – Good Agricultural Practices
FAM tour	Familiarization tour
FAO	Food and Agriculture Organization
GMP	Good Manufacturing Practices
GTZ	German Technical Assistance Organization
HACCP	Hazard Analysis Critical Control Point
ICZM	Integrated Coastal Zone Management (World Bank Project)
IDRA	Institute for Development Research and Alternatives (EDEM subcontractor)
IFC	International Finance Corporation
IFC/PEPS	International Finance Corp/Private Enterprise Partnership for Southeast Europe
IFEAT	International Federation of Essential Oils and Aroma Trades
IOOC	International Olive Oil Council
IR	Intermediate Results
ISO 9001:2000	Quality Systems - Model for Quality Assurance in Design, Development, Production, Installation and Servicing
ITB	International Tourism Borse (German Trade Fair) Berlin
KASH	Albanian Agribusiness Council
KCBS	Kosovo Clusters Business Services (USAID-funded project)
LTTA	Long Term Technical Assistance (local staff)
MEFWA	Minster of the Environment, Forests and Water Administration
METE	Minister of Economy, Trade and Energy
MOAFCP	Ministry of Agriculture, Food and Consumer Protection
MTCYS	Ministry of Tourism, Culture, Youth and Sports
NTO	Albanian National Tourism Organization
RASP	Rural Agricultural Services Program
SASA	Sustainable Agriculture Support in Albania (Swiss project)
SNV	Netherlands Development Organization
SO	Strategic Objective
SOS	Member of ‘SOS Kinderdorf International’ (children’s homes)
SOW	Scope of Work
STTA	Short Tem Technical Assistance
TA	Technical Assistance
UK	United Kingdom
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development
USTDA	U.S. Trade and Development Agency
WRI	Web Reservations International (on-line hotel booking)
WTD	World Tourism Day
WTM	World Travel Market (London Trade Fair)

Albania Enterprise Development & Export Market Services (EDEM)

Year 4 Annual (Oct, 2006 – Sept, 2007) & 4th Quarter (July – Sept, 2007) Report

OVERVIEW

This document incorporates two reports for the EDEM project:

- 1) The Year 4 Annual Report covering the period from 1 October 2006 through 30 September 2007
- 2) The Quarterly Report covering the period from 1 July 2007 through 30 September 2007

Incorporated by reference in the Annual Report are EDEM's Year 4 Quarterly Reports, which were previously submitted.

This report is organized by the industry sectors EDEM supports - tourism and agriculture/agribusiness. Each section begins with highlights of the Year 4 results¹, followed by a discussion of the activities and results for the last quarter. Each section also contains a segment on industry level and firm level support; lessons learned; and a success story.

EDEM contributes to USAID/Albania's Economic Growth Strategic Objective, Growth of Self-Sustaining Private Enterprises (SO 1.3), and the following Intermediate Results:²

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

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

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

The table (in Annex One) provides an overview of EDEM's progress in supporting USAID/Albania's Strategic Objective 1.3. Data is presented on firms that were actively assisted during the fiscal year (October, 2006 – September, 2007).

For the option period (FY 07 and FY 08), EDEM performance targets have been revised, and the new targets are an integral part of the approved Work Plan for Years 4-5. For the performance

¹ details of the project activities can be found in the 3 previously submitted Quarterly Reports

² Please note, the SO and IR's were revised in the fall of 2004 and differ from the SO and IR's identified in the DAI/EDEM contract.

targets that require baseline (such as indicators expressed in percentage increase over the baseline), the comparison baseline is end of FY 2006. In addition, several new 'Common Indicators' are included in the table. Formal targets for the Common Indicators have not been projected. EDEM will report on the Common Indicators on an ad hoc basis, as requested by USAID.

SECTOR / TEAM REPORTS

A. TOURISM SECTOR

I. YEAR FOUR HIGHLIGHTS

1. Assistance to World Travel Mart

EDEM assisted tourism companies and the National Tourism Organization before, during and after the second largest international travel trade fair in the world, World Travel Market (WTM), which took place in London from November 6-9, 2006. Highlights included:

- The Albanian stand was larger (115 m2) and the design of the stand was better compared with previous years
- EDEM met with Vantage Travel and Contiki Holidays, two very important tour operators which were very successful in their first year entering the Albanian market with visitors coming from US, UK, Australia, and Canada to Albania.
- The EDEM team organized a reception at the Albanian stand at the WTM including distributing invitations at the Market's press center and gained support from Albania's UK Embassy through the participation of the Albanian Ambassador. The reception was attended by many international tour operators, travel agents, and media representatives.
- EDEM provided detailed information to the BBC (Albanian section) about tourism development in Albania and arranged for an interview on the phone. Provided the latest news from Albanian tourism industry and a press release which was published in E-Turbo News.
- The publisher of E-Turbo News visited the Albanian stand for the first time and met with several EDEM clients.
- EDEM discussed with John Sadler, Director of Thomas Cook Publications at the Albanian stand the possibility of publishing a guide book which includes Albania and Macedonia. USAID's EDEM Project will support Thomas Cook Publications with information and contacts.
- The UK investment fund, Argo Saint George, was introduced to the Arben Dervishaj, General Manager of AraMeras, which is a resort development near Saranda, exhibiting at the Albania stand.

2. Draw Attention to Border Issues

EDEM initiated meetings with the Ministry of Interior to emphasize the importance of prompt service at the borders of Albania for the visitors coming into the country - and also the

appropriate enforcement of the law about tourists staying less than 24 hours in Albania (they should not be required to purchase a visa).

3. Third Annual “Greetings from Albania” Postcard Campaign

For the third year, EDEM organized the postcard campaign ‘*Greetings from Albania*’. This year’s campaign was launched in the last quarter of 2006. Targets were surpassed, with 1,300 submissions from 18 communities throughout the country. The ceremony to award the winners was attended by the Minister of Tourism, Culture, Youth and Sports (MTYCS), Bujar Leskaj; Mrs. Berisha (Albania’s First Lady); Lajla Pernaska (Lawmaker); Suzana Turku (Deputy Minister, MTYCS); and Edward Landau (USAID Mission Director).

SOS Village International (who has the rights for commercialization of the greeting cards) sold over 10,000 cards from the ‘*Greetings*’ campaign during December 2006, for the holiday season. These sales reportedly resulted in profits of over \$10,000 for the non-profit SOS.

The Albanian postage stamp commission selected three of the “*Greetings from Albania*” postcard entries as future stamp images. Awards were presented to the winning child artists during the celebration commemorating the 94th anniversary of the first issuance of Albanian postage stamps. The event was attended by many government authorities, including the Prime Minister and four Ministers, as well as many Albanian stamp enthusiasts.

4. Assistance to International Tourism Borse (ITB)

EDEM assisted tourism companies and the NTO before, during and after the largest international travel trade fair in the world, International Tourism Borse (ITB), which took place in Berlin from March 7-11, 2007. Highlights included:

- Albanian presence doubled from 2006 to 2007 - from eight to 16 exhibitors (nine were EDEM clients)
- Space of the stand was larger than previous years – from 85 to 115 square meters
- For the first time, an Albanian Press Conference was organized – and the room was full, with an estimated 30+ journalists! (EDEM provided the journalist invitation list)
- EDEM assisted MTCYS in designing the power point presentation for the Press Conference
- For the first time, invitations featuring images from the ‘*Greetings from Albania*’ postcard campaign were distributed throughout the fair – promoting visits to the Albanian stand
- For the first time, Albania had live performances at the stand to attract more visitors than ever – two ballerinas dressed in folk costumes and clarinetist Fatos Qerimi (EDEM recruited the musician)
- An EDEM-produced promotional video depicting special Albanian sites and destinations was continuously running on a screen at the stand

- For the first time EDEM made possible that NTO was invited, by Fernsehen Aus Berlin (FAB)³ TV, to the studio operating at ITB. FAB TV is a tool ITB uses to promote and market the news that different countries offer in tourism. The then General Director of NTO Eris Hoxha was interviewed (for 7 minutes), which included performances of the Albanian artists (10 minutes). The interview/performance was broadcast in Germany on March 11, 2007 at 7 pm, and was retransmitted every 45 minutes for approximately 24 hours.
- EDEM used a video camera to take shots of Albanian stand and other stands at ITB and provided the footage to the Albanian National TV for interviews arranged for NTO. The program communicated messages and raising awareness on the latest developments in Albanian tourism, as well as emphasizing the key issues that tourism industry needs to put efforts into.

5. Luxury Tour Operators Enter Albanian Market

EDEM introduced a top luxury tour operator, Abercrombie & Kent, to Albania Holidays during the familiarization (FAM) tour which was organized in January 2007. On-going mentoring of the relationship resulted in a contract between these two companies and the first incoming group is scheduled to visit Albania in October. EDEM also introduced Albania Holidays to a Montenegro tour operator which resulted in incoming daily groups during the summer season totaling approximately 500 visitors. EDEM introduced Outdoor Albania to Kutrubes, a foreign tour operator who is considering adding adventure travel tours to their offerings.

6. Training Programs

Course Topics - The project developed and delivered five new training programs for the private tourism sector. One hundred and fifty-one participants were trained in the EDEM tourism courses, which covered the following themes:

- Hotel Customer Service – Front Desk and Beyond (for managers)
- Third Party Insurance Liability for Tour Operators
- Travel Writing for Albanian journalists
- Geotourism Product Development (based on a National Geographic program)
- Overall Travel Product Development
- Travel Website Development and Search Engine Optimization
- Hotel Classification System - development and improved hotel quality targets
- Certification Programs for the Tourism Industry
- Public Relations and Media as a Tool for Marketing (based on a comprehensive Tourism Communications developed for EDEM's use)

On-Line Hotel Reservations - Following the Web Reservations International training conducted in January and February for hotel online bookings in Saranda and Durres, EDEM registered 12 more hotels for the service with eight hotels going online with active booking pages. Web

³ FAB TV is a Berlin-based television station, which broadcasts to the greater-Berlin metropolitan area (viewer audience is estimated at 7+ million).

Reservations International provides online confirmed reservations to over 50,000 accommodation providers, directly and through more than 2,500 global affiliate partners.

Tour Guide Training - One of the Albanian tour guide trainers, who was previously trained and certified by the Cyprus World Federation Tourist Guides Association training program (through the EDEM project), was introduced to the World Bank project and subsequently hired to train 22 students as tour guides. The training course lasted two weeks, and included three parts:

- General information on Albanian History, Archeology and Culture Heritage
- How to become a guide, communication techniques, guiding techniques, group dynamics and psychology
- Practice walking tour, museum and bus tour, and evaluation on all acquired techniques

7. Regional Business-to-Business (B2B) Tour

Support to private sector companies and the National Tourism Organization (NTO) for the B2B meetings in the region is one of the priorities of the EDEM project's marketing and promotion activities in the tourism sector. Meetings were organized in three neighboring countries by EDEM partners:

- Montenegro – the Business Alliance of Montenegro
- Kosovo – the Kosovo Business Alliance
- Macedonia – the Macedonia Chamber of Commerce in Skopje

Thirty-three participants, representing 19 Albanian businesses took part in this trip. During meetings Albanian businesses presented their products to Montenegro, Kosovo and Macedonian companies. A summary of the results includes:

- All participants established new regional contacts during
- Five of the Albanian tour operators formed agreements with five Albanian hotels for on-going cooperation
- A Kosovo travel agency came to Albania for a familiarization tour, resulting in the eight new contracts with Albanian hotels, three contracts with Albanian travel agencies and two contracts with picturesque restaurants
- The events in each country received extensive media coverage (Television, radio and print)

8. Journalist Familiarization (FAM) Tours – Changing Albania's Image

EDEM organized a FAM tour in cooperation with the Albanian NTO from May 26-31, 2007. For the first time this media tour included an Albanian journalists among the group of seven foreign journalists.

- Kathryn Liston, David Browne and Robin McKelvie, from the UK
- Volker Mehnert, from Germany
- Francois Vecchi-Muller, from France
- Robert DeVries, from Netherlands
- Fjoral Zguro, from Albania

This tour had immediate results, including:

- Three E-Turbo News publications by David Browne:
<http://www.travelindustryreview.com/news/5548>
<http://www.travelindustryreview.com/news/5588>
<http://www.travelindustryreview.com/news/5613>
- These three articles are picked up and broadcast by the following online media:
<http://www.einnews.com/albania/newsfeed-albania-media?offset=75>
http://olsibaze.blog.ca/2007/06/22/albania_is_the_new_jewel_of_the_mediterr~2497705
<http://www.albusa.com/modules.php?name=News&file=article&sid=743>
- Robin McKelvie published his two articles on Albania in the Scotland Sunday Post on June 17, 2007, and in TNT magazine
- Volker Mehnert published his first article on Albania in Frankfurter Allgemeine Zeitung on June 28, 2007 and the second one on September 20, 2007
- An article was published by Francois Vecchi-Muller in “Cafebabel”, the top European internet magazine, with over 5 millions readers week, and translation into 7 languages (<http://www.cafebabel.com/en/article.asp?T=T&Id=12101>)
- An article by Robert De Vries from the Netherlands was published (<http://www.eindhovensdagblad.nl/reizen/>)
- Article published to Turbo News by Scott Wayne (<http://www.etn.travel/editions/11JULY2007ETN.html>)

Also in 2007, Lonely Planet published positive coverage of Tony Wheeler’s 2006 tour of Albania - both on his very popular online blog and in his recent book, *Badlands*. The book has been well received and he reported that Albania has received positive feedback from his coverage in the book.

9. AgroTourism Days

EDEM organized two AgroTourism Days - in Vlora and Durres - in cooperation with the Municipalities of Vlora and Durres, and also with the Chamber of Commerce in Vlora. These B2B mini-fairs had immediate direct results between hotels and restaurants in both cities and the exhibiting agricultural companies.

10. World Tourism Day Festivities

The EDEM tourism team organized a very festive World Tourism Day event in collaboration with 10 regions (municipalities involving tourism businesses), MTCYS and NTO. The celebration included a mini-fair to promote the Albanian destinations to domestic (primarily Tirana) market. Coordination was facilitated between key tourism industry actors in 10 main regions of Albania, MTCYS, NTO and tourism businesses. The mini-fair provides a model for future tourism fairs in Albania.

II. 4TH QUARTER ACTIVITIES

Industry Level Activities

1. Sales, Marketing and Promotion Activities

a) Preparation for and assistance at the World Tourism Day (WTD)

EDEM supported private companies, 10 regions, MTCYS, NTO in organizing the mini-fair of tourism to promote Albanian destinations and offer new tourism products to tourism industry counterparts and the public in Tirana. Speeches were given by the Minister of MTCYS and USAID (John Brannaman). The event received extensive media coverage, including:

- Albanian coverage:
 - Newspapers:
 - Gazeta "Shekulli"
 - Gazeta "Koha Jone"
 - Gazeta "Sot"
 - Gazeta "Tema"
 - Gazeta "RD"
 - Television stations:
 - TVSH - National TV & Satellite
 - KLAN - National TV
 - NTV - local
 - TOP CHANNEL - regional TV & satellite through Digitalb
 - A1 - local TV
 - SHIJAK TV - regional TV
 - VIZION PLUS - regional TV
- International coverage:
 - 21 journalists from Bulgaria visited the Tourism Destinations Mini-fair; they were participants in a delegation with the Bulgarian Minister of Transportation. EDEM provided the journalist with an array of Albanian promotional materials and an official press release
 - 13 journalists were from newspapers
 - 7 electronic media (5 TV, 2 radio)
 - 1 news agency

Significant results were reported immediately following the mini-fair, including:

- The Tirana Municipality reported more than 60 visitors to their booths - half were foreigners and half Albanians. They distributed more than 50 Tirana maps and 30 informational brochures about tourism developments in Tirana. There was one contact established between a souvenirs producer and a wholesaler of souvenirs.
- The Durres Municipality had more than 170 visitors at their booth. They distributed more than 100 promotional leaflets of Durres, 80 information cataloges of Durres Municipality, 10 statistic catalog of Durres Municipality, 80 Archeological guides with different authors. There was high interest from tour operators based in Tirana about the latest development of tourism in this region and also from the foreign community living in

Tirana and other municipalities. Vila Belvedere had several representatives from banks and foreigners show interest in their hotel.

- Saranda Municipality had more than 150 visitors at their booth from which 60 were foreigners and the rest Albanians. They have distributed approximately 200 different promotion leaflets on Saranda to all visitors and contacted 10 tour operators who were interested in recent tourism development in Saranda.
- Gjirokastra Municipality had more than 200 visitors at their booth. They distributed more than 200 business cards, 600 leaflets from Gjirokastra as a World Heritage Site, 2 packages offered by Old Bazaar Travel Agency with 70 leaflets for each.
- Kruja Municipality had more than 100 visitors at their booth. They distributed approximately 100 promotional leaflets about Kruja and have sold 30 CD-s and cassette players from the artistic group “Kruja’s Elders”, as well as fez and other handicrafts to 20 foreigners who visited the mini-fair.
- Shkodra Municipality had more than 120 visitors at their booth - 40 were foreign visitors and more than 80 visitors were Albanians. They distributed 95 ‘Shkodra in Your Pocket’ guides.
- Korca Municipality had more than 200 visitors to their booth - 3 groups of foreign visitors from Slovenia, Bulgaria and Italy, embassies in Tirana and Albanians. The visitors were specifically interested in weekend excursions to Korca and surrounding areas such as Dardhe and Voskopoje. They distributed over 200 guides of the Korca region. Some businesses were interested in the hotels and travel agencies operating in Korca.
- Hotel Tourism Puka had approximately 200 visitors at the booth and they distributed 200 business cards and 200 sets with promotional materials, information and price lists for the hotel. They established contacts with Shkodra Travel, the Diving Association, Albania Experience and National Association of Mountain Studies.
- Hotel Grand Europa located in Shkodra distributed 70 promotional materials including leaflets, promotional CD-s, and price lists. They also established contacts with Shkodra Travel.
- SOS Village participated in the mini-fair and sold 42 postcards “Greetings from Albania” and was able to establish 2 contacts with wholesalers for the cards.
- Outdoor Albania participated in the mini-fair and distributed 60 promotional brochures and leaflets for their company. They were able to add 20 new contacts for their business (individuals).
- Gulliver OK distributed 50 promotional brochures and leaflets and has interest from 50 potential clients. They will follow up with sending the information and prices to those making requests.

b) Hotels online registration

During the quarter EDEM enabled two additional hotels to accept and immediately confirm room bookings through the 3000 direct and affiliated websites of the Web Reservations International (WRI) system. Web Reservations International provides online confirmed reservations to over 50,000 accommodation providers, directly and through more than 2500 global affiliate partners. Their major online brands are hostelworld.com, worldres.com, hostels.com, trav.com and the newly launched boo.com. WRI affiliate partners include Ryanair.com, Kayak.com, Letsgo.com and Lonelyplanet.com. Lonely Planet and Rough Guides

are on the system, thus providing Albanian hotels free global promotion. During the summer time for this year two hotels received 1,100 euro in bookings.

c) Promotion: Improved Tourism Information

The EDEM-supported the Turizmi Shqiptar yahoo user group to continue to add members and grow as an educational and networking resource for the Albanian tourism industry. The number of members in this group has now reached 273. EDEM created this user group to enable stakeholders to share information and opinions about tourism industry.

d) 'Greetings from Albania' Postcard Campaign

The fourth "Greetings from Albania" campaign was launched throughout the country on September 27 (World Tourism Day). EDEM, in cooperation with Ministry of Tourism and Ministry of Education, will distribute flyers to schools and other youth organizations all around the country. The postcards from the first, second, and third campaign have proved to be a great promotional tool for the Albanian tourism industry.

e) Improving Image of Albania through Media

Several new articles, aimed at improving Albania's image, were published this quarter, including:

- An article by Volker Mehnert for FRANKFURTER ALLGEMEINE ZEITUNG, Germany (Sept. 20)
- An article published by Francois Vecchi-Muller from France in "Cafebabel", the premier European internet (<http://www.cafebabel.com/en/article.asp?T=T&Id=12101>)
- An article by Robert De Vries from Netherlands (<http://www.eindhovensdagblad.nl/reizen/>)
- Article published in Turbo News by Scott Wayne (<http://www.etn.travel/editions/11JULY2007ETN.html>)
- An article on the foreign journalists' visit, published in Tirana Times, Shqip
- Wanderlust article by Jeremy Head published in a "Shqip" newspaper
- Article from Vecchi-Muller published in a "Shqip" newspaper

2. Training and Education Activities

Four training activities were conducted this quarter for private businesses. A summary of the courses follows:

- EDEM worked with the National Albanian Tourist Guides Association (NATGA) to prepare the full course for guides to be certified through the MTCYS
- EDEM conducted a training course in Hotels Classification during this quarter with participation of the private and public sector. The training was focused on best practices of hotels classification internationally, which will help Albanian companies and the Ministry to establish an appropriate system for classification of hotels. There were 11 companies and 8 participants from the public sector.
- EDEM conducted training in Tourism Certification during this quarter with participation of private and public sector. The training was focused on opportunities for the private companies such as tour operators to be certified internationally, which will help Albanian

companies, and also Albanian in general to be better positioned in the market. There were 6 companies and 10 participants from the public sector.

- EDEM organized two trainings in Berat for Castle Park Hotel and Tomorri Hotel employees in front desk customer service and hotel classifications systems. The training was well received from the participants and the managers of both hotels express their continued need for such trainings in the future. There were 8 participants in these trainings.

3. Synergistic Activities

- EDEM, in cooperation with the MTCYS and NTO, organized activities to celebrate World Tourism Day, with the theme “Tourism Opens Doors for Women”. In the ceremony to commemorate this day over two hundred persons participated from private businesses, national and local government, donor organizations, local NGOs.
- EDEM met numerous times with the new General Director of NTO and the Director of Tourism & Culture Heritage Department at the MTCYS to provide mentoring for Albania’s participation in the World Travel Market (WTM) trade fair in London in November, 2007.
- EDEM met with the Ambassador of Denmark and discussed the possibilities of cooperation with EDEM project especially in B2B Meetings between Danish tour operators and Albanian tour operators.

Tourism Firm Level Activities

Company	Technical Assistance	Results
Tomorri Hotel	Technical Assistance in hotel classification system.	Company informed about the new classification system that will start after the new tourism law is approved – will help the company to up to date with the latest developments in hotel system.
Hotel New York	Technical assistance given by EDEM with trainings in customer service and internet technology.	The manager of the hotel transferred the knowledge of customer service to the entire staff. The hotel has applied new wireless internet technology in their lobby. The hotel has made credit card reservations available.
Tourist Complex XIXA	Technical assistance given by EDEM through the B2B meetings in the region	The hotel has finalized 6 contracts during this quarter from the regional B2B meetings. One% of the visitors staying at the hotel have come through Lonely Planet guide book and internet bookings. Two % of the increased sales for this quarter have come from the contracts established during the B2B Meetings in the region.
Albania Holidays	Technical assistance in introducing with potential companies in Montenegro.	500 daily visitors this season came as a result of the introductions made by EDEM.

Company	Technical Assistance	Results
Hotel Tourism Puka	Introduced hotel to potential Albanian tour operators. Mentored on developing a tourist product to offer visitors more than one night in Puka. Assist in design and publication of promotional materials for mini fair. Registration on Web Reservation International.	The newly remodeled Hotel Tourism Puka participated at the mini-fair organized by EDEM and established 4 new contacts.
Bleart Tourist Complex	Technical assistance through the regional B2B meetings.	The number of foreign visitors for this quarter has been 300 -120 came as a result of the regional B2B meetings.
Cobo Winery	Mentored on customer service practices. Provided a winery tour model and marketing tools. Assisted in promoting the event "Harvest of the Grape", a traditional event that was revived by Cobo over the last two years.	Brand positioning of the company helped in generating more sales for the company. The company had 3 times more visitors during this season compared to a year before.
Gulliver OK	Technical assistance through the regional B2B meetings and the mini-fair organized on WTD.	50 clients have requested information about Korca from the company during the WTD Mini-fair.
Shkodra Travel	Technical assistance given by EDEM through the mini-fair on WTD. Technical assistance given by EDEM in reducing border red-tape issues.	Two contacts established during the mini-fair. Generating more sales from the daily trips by groups of tourists coming in Shkodra.
Hotel Mondial	Technical assistance given by EDEM through the mini-fair organized on WTD.	Energy and water cost-savings measures for the hotel and guests recommended. American Hotel & Lodging Association by-laws provided as a model for restructuring the hotel association.
Albtours-D	Technical assistance provided for website and search engine optimization.	Improved position of website on search engines.
Outdoor Albania	Technical assistance on capacity building and international marketing.	Introduced them to an internationally renowned ecotourism and adventure travel model: Nepal (Temple Tiger). Provided guidance on tour business planning to increase profit margins.
Veneta Travel Agency (from Kosovo)	Technical assistance given by EDEM through the regional B2B meetings.	Over 900 visitors from Kosovo came to Albania. 25 contracts signed between this Kosovar travel agency and Albanian tourism businesses.

III. Issues / Lessons Learned

Upheaval at NTO – Mentoring the NTO is an important component of EDEM’s efforts to improve the image of Albania. The successful functioning of NTO therefore has great impact on how effective the project’s work can be. When the Minister of MTCYS was changed in March, 2007, the new Minister replaced the entire staff of the NTO. The EDEM tourism team subsequently did everything possible to immediately establish a good relationship with the new NTO staff in order to maintain as much positive momentum as possible – this was done by initially briefing the new NTO team on past EDEM-NTO collaboration, and informing them on work/priorities (on-going and in-process activities, what had been successful, what had failed, etc.).

The previous MTCYS administration had a somewhat dysfunctional relationship with NTO. However, communication and collaboration between the MTCYS and NTO is now better and more effective than it was during the previous administration.

Planning a National Event – In cooperation with the MTCYS, NTO and 10 prominent tourism regions, EDEM organized the ‘Albanian Destinations’ Tourism Minifair in celebration of World Tourism Day. Several lessons were learned during the long preparations for this event, including:

1. The government still lacks capacity (or will) for timely planning (for example, the Minister did not confirm his participation until 3 days before the event, making it very difficult to finalize the agenda, press release, etc.)
2. Frequent changes in the Ministry and NTO make it very difficult for them to really understand the importance of the various events; this has negative impact on the success of the events (making it difficult for EDEM to maintain desired standards and professionalism)
3. Coordination with UNDP was also not finalized until the last minute – this made it difficult to effectively promote the event and achieve the maximum advance awareness of the event beforehand
4. Participation from some of the Municipalities was confirmed only at the last minute. For many, this was their first experience to participate in a national level trade fair. Therefore, in some cases they were not properly prepared to optimally represent the tourism interests/products in their geographic area.
5. Despite the challenges listed above, the event was quite successful, received very positive domestic and international press coverage, and resulted in immediate impact (as reported above). Based on this, EDEM is confident that the national fair can be replicated – in a bigger way – with better coordination and effective participation from the various stakeholders (MTCYS, NTO, Municipalities and private sector exhibitors)

Hotel classifications needs to be in the new Tourism law – A very serious gap in coordination between the public and the private sector became apparent during the EDEM presentation on hotels classification systems. The MTCYS has been drafting the bylaws of the new tourism law and during this process the government has not taken into consideration any suggestions from the

private sector - in fact they have not informed the private sector at all about this process. EDEM was the only organization which brought the benefits of the classification system for hotels to the attention of the Ministry.

Industry still needs associations – One of the main issues observed during this quarter and also in general for the year, is the pervasive lack of coordination between all actors involved in the tourism industry. Without effective coordination, it is not possible for the industry to effectively address mutual constraints, lobby the government, optimize donor support, etc.

Success Story: EDEM Brings Albanian and Montenegro Tour Operators Together

Albanian Holidays and a Montenegrin tour operator on the coast have teamed up to offer tours in each country. In the spring 2007, both companies agreed to offer day trips and more extensive tours to their clients. EDEM introduced the companies in 2006 just before the World Travel Market where they met and agreed to find ways to work together in expanding their travel businesses. In the spring, Albanian Holidays received more than 10 groups of day visitors from Montenegro. Since then, Albanian Holidays has also been sending tourists via the local partner for longer tours around Montenegro as part of wider Balkans tours.

Albania Holidays' owner Klinto Gerxani commented, *"We are very happy with our new friends in Montenegro. It is very much a mutually beneficial relationship. We are helping each other's businesses to grow - both in numbers and friendship. We look forward to expanding our business with them. We appreciate EDEM's assistance in introducing us to a Montenegro partner."*

B. PERISHABLE FOOD PRODUCTS, INCLUDING HERBS AND SPICES

I. YEAR FOUR HIGHLIGHTS

During year four, EDEM continued to provide assistance to existing clients, while also recruiting new clients in the fresh fruit and vegetable industry – as well as supporting companies in the related value chain. EDEM continued its cooperation with - and provided assistance through - local and regional farmers' associations and farmers' cooperatives and national industry associations.

In addition, EDEM continued its active assistance to existing herb and spice industry clients and also recruited new clients in that sub-sector. The herb/spice work was focused on the preservation of natural herb and spice resources, and value adding activities such as organic certification, and technology upgrades. EDEM supported the Essence Producers and Cultivators Association (EPCA), including helping them to organize the EPCA Third National Conference.

EDEM also maintained active cooperation with partners such as governmental institutions and other international donor/development projects, sharing information on the industry in order to help create a better business climate for the entire industry, and to improve competitive performance.

Highlights of results achieved in this sector with the direct assistance of the EDEM project during the first three quarters of the year are summarized below:

1. Increased promotion of Albania's export potential

EDEM actively promoted the export potential of Albania's herb & spice and fresh fruit & vegetable industry, both regionally and internationally. The project facilitated professional presentation and participation of these industries in international events. EDEM also provided support to its client following trade events, which resulted in the establishment of new trade links and new export transactions. Export promotion activities included:

a) Trade Fairs

EDEM provided intensive technical assistance to clients of these industries participate to and exhibit at very important international trade fairs such as:

- October 2006 - Fancy Food trade fair in Baltimore, Maryland, USA (herbs and spices)
- November 2006 - IFEAT annual conference in South Africa (herbs and spices). First time participation; as a result, new export markets were entered (Hungary), with a value of \$80,000.
- February 2007 – BIOFACH, in Nuremberg/Germany (herbs and spices). For the first time, Albania exhibited at the world's largest trade fair for organic products. As a result, preliminary agreements signed totaling approximately \$845,000.
- September 2007 – IFEAT annual conference in Budapest, Hungary (herbs and spices). For the first time Albania was a presenting country with the topic of “Albanian Herb and Spice Industry Ready to Meet International Demand” to an audience of 150 people,

including the world's giants in the essential oils and aroma chemical industry. Albania's presentation was highly appreciated for its informative content. Immediate interest was expressed signing preliminary contracts worth \$600,000.

b) Trade Missions

EDEM invited, arranged and facilitated several inward and outward trade missions aiming at establishing direct trade links between international importers of fresh fruits and vegetables and herbs and spices. Trade mission activities are summarized as follows:

- *Inward trade missions* - Eight inward trade missions were conducted at the invitation of EDEM focused on fresh fruits and vegetables and fresh kitchen herbs. Import companies that visited Albania included
 - “Kaledonya Dis Ticaret Ltd.”, (Turkey)
 - “Universide International” (UK)
 - “Saphir N.V.”, “Comitas International Consulting”, and “Banacom Import Export” (Holland)
 - “Mandarinko” (Croatia)
 - “Papić” (Serbia)
 - “Jan Paul Handelsgesellschaft” (Germany).

As a result of these trade missions, a total of 2.234 tons of watermelons were exported to EU markets worth \$432,000 and trial shipments of cauliflower and watermelons were conducted. An agreement to explore the possibility for export of onions was made with IEG-Al, Korca.⁴

- *Outward trade missions* - Three outward trade missions were arranged and facilitated by EDEM, as follows:
 - October 2006 - Trade mission to USA (herbs and spices)
 - November 2006 – Trade mission to Moldova (herbs and spices)
 - September 2007 – Trade mission to The Netherlands (fresh fruits and vegetables)

The trade missions enabled industry businesses to enhance knowledge on sustainable harvesting practices, quality control and assurance, new production techniques, facility design, value adding activities, and market requirements. Subsequent to one of the trade missions, Xherdo initiated the construction of a brand new processing facility estimated to reach \$1,500,000.

2. Increased export and domestic sales transactions

Over the year, EDEM assisted its clients to increase their competitive capacity and increase export values. As a result, new export transactions were achieved as follows:

- Herb and Spice Industry – \$377,000
- Fresh Fruits and Vegetables – \$784,000

⁴ The contract was not fulfilled and the transaction was not completed due to difficulty of the Albanian exporter to source a sufficient quantity of products with the required quality - due to inadequate curing and storage of the onions. As a result, the contract was cancelled.

Progress has also been made in the increase of domestic sales totaling approximately \$170,000 (both industries included).

3. Increased investments in technology and certifications

Integral to increasing the overall competitiveness capacity were the investments the EDEM clients made throughout out the year, including:

- Organic certification – as a result, at present 35 organically certified products are supplied; also the number of companies obtaining organic certification has increased.
- Technology Upgrade - an estimate of overall investments in the sub-sector include:
 - Herb and Spice industry - \$742,500
 - Fresh fruits and vegetables – \$3,700,000

4. Increased cooperation with donor/development counterpart projects

EDEM enhanced cooperation and undertook joint activities with several governmental institutions and donor/development project to better serve the SME business community. Cooperation was maintained with the Ministry of Economy, Trade and Energy; Albinvest; the Ministry of Agriculture, Food and Consumers' Protection, Directory of Policies of Forests and Pastures; SASA/Fible; GTZ; Ministry of the Environment, Directorate General of Forests and Pastures; SNV (the Dutch donor organization); UNDP / UNDP Art Gold project; the British Chamber of Commerce; RASP; BAS and FAO.

As a result of this on-going collaboration and cooperation, three legal and financial practices related to the herb and spice industry were improved.

EDEM provided guidance to a group of SIFE students working on a project in Lazarat, Gjirokaster aimed at efficient use of agriculture land and poverty reduction. The students ultimately won third place in the international SIFE competition (the top two places went to the U.S. and Canada – much larger countries).

5. Enhanced knowledge on standards and techniques

EDEM organized and facilitated trainings of herb & spice and fresh fruit & vegetable networks throughout Albania. Training topics included organic handling principals, sustainable development of natural resources, coping with increasing regional competition, value adding, establishing direct links between farmers and consolidators/exporters, EUREPGAP, sales techniques, banking and consultancy issues.

Over 700 people were trained in these seminars including producers, collectors, consolidators, exporters, students, village teachers and doctors - and also local staff of EDEM's counter part projects like UNDP, SNV, and RASP; the Civil Society Development Program; local Forestry Federation; Forestry Departments; municipalities, prefectures and communes; medical services; Peace Corps volunteers; and ART Gold/Auleda-Vlore.

6. Training and supporting Business Service Providers (BSPs)

In its first three years EDEM provided assistance to build a core group of business service providers (BSPs) that are presently serving the Albanian SME community, and thus ensuring sustainability of the services currently provided by EDEM. EDEM has completed its efforts in terms of training; however, a key to success of the BSPs is the marketing of their services - both to EDEM client companies as well as to the Albanian business community in general. Access to banking services by EDEM clients and the SME business community also continues to be an issue in Albania. Although the number of banks has increased and more and better banking services have become available, the role of the banks as service providers to the business community remains unclear, and the services that are provided by the banking industry are not well known or understood.

In the period from October 3 through 31, 2006 EDEM in cooperation with Raiffeisen Bank conducted a series of seminars in major business centers in Albania. The objective was to provide a platform to market the services of the EDEM-trained BSPs, and also to present the services offered by the banking industry. Seminars were organized in Shkoder, Berat, Elbasan, Fier, Korca, Durres, Vlora, Gjirokastra, Kruja and Tirana. Two hundred and fifty businesses participated in the seminars, and participants presenting their services included representatives from private businesses, BSPs and donor programs.

In cooperation with the Project for Adult Education in Albania (PARSH) program, EDEM developed a training course in *Professional Selling Skills*. From February 21 through March 1, 2007 EDEM conducted the training course using this training module with seventeen participants. The training course was conducted by an EDEM staff member and a trainer from the group of BSPs previously trained by EDEM - and who had also been trained by PARSH to conduct this specific training module.

The training participants came from sales departments of different sectors, including meat processing companies, consolidators of fruits and vegetables, tourism and other service industries. This was the first formal training for sales professionals that has been offered in Albania. The immediate result of the training can be summarized as follows:

- The seventeen participants, all from privately owned businesses, have reported that they have been applying the sales techniques in their daily work – and have transferred their skills to their colleagues.
- One of the trainers giving the course was recruited from the group of BSPs that attended the ‘training of trainers’ seminars given EDEM in the previous years of the project. Thus, the EDEM project began using ‘graduates’ from the BSP group to deliver this training course.
- Following the seminar, one participant provided training for 15 colleagues in her own company on sales issues.
- The trainer received requests from several companies to conduct similar training courses, and four new contracts have been signed.

7. Association development and strengthening

EDEM provided extensive support to the Essence Producers and Cultivators Association (EPCA), aimed at promoting the association and increasing its capacity and membership through:

- EPCA’s third National Conference, which took place in May 2007. The conference addressed issues facing the industry. Alternatives for overcoming challenges were discussed, thus creating a better business climate for the industry businesses and establishing a healthy dialogue with governmental institutions. EPCA conducts excellent lobbying activities, which can serve as a model for other nascent trade associations. Subsequent to EPCA’s Third National conference:
 - Mr. Genc Ruli, Minister of Economy, addressed a note to the Minister of Environment, Mr. Lufter Xhuveli, asking for the revision of current harvesting tariffs, based on proposals made by EPCA. This issue was also raised in a meeting with the Prime Minister in the framework of the “Regulatory Reforms” undertaken by the Albanian government.
 - The Ministry of Trade and Energy has included the EPCA’s proposal to remove the burdensome “Certificate of Origin” in the draft law to be presented to the Albanian parliament.
 - Three (legal and financial) practices are changed by the Ministry of Environment and Ministry of Finance, Tax Directory, as proposed by EPCA.
- EPCA’s participation at the IFEAT 2007 - Hungary. Subsequent to the participation of EPCA at the International Federation of Essential Oils and Aroma Trades (IFEAT) annual conference in South Africa (2006), EDEM helped EPCA make a presentation at the IFEAT, which took place this year in Budapest (immediate results presented elsewhere in the section).

8. Special Studies

At the request of the USAID Mission, EDEM, through the Regional Development Agency/ Tirana, continued its assistance to the Albanian Meat and Dairy Association (ADAMA) in its transition from a donor-funded project to an independent industry association. A report on the findings, conclusions and recommendations of the feasibility analysis project was submitted to the Board of Directors of ADAMA on March 1, 2007, and a presentation was made.

EDEM also retained the services of IDRA to perform a survey of the post-harvest and storage facilities for fresh and frozen fruits and vegetables in Albania, and a survey of domestic retail outlets.

II. 4TH QUARTER ACTIVITIES

Fourth Quarter Highlights

During the last quarter of this fiscal year EDEM continued to provide assistance to existing and newly recruited fresh fruit and vegetable, and herb and spice businesses with a focus on the introduction of international market standards and certifications, preservation of the natural herb and spice resources, value adding activities, organic certification, technology upgrades, access to

international markets. A summary of results achieved with the direct assistance of the EDEM project during this quarter included:

- EDEM arranged and hosted an inward trade mission of buyers from The Netherlands who met with consolidators in Divjaka and Saranda area. Follow up activities are planned for the next quarter.
- A B2B and study tour in The Netherlands was arranged and facilitated by EDEM enabling five Albanian consolidators and a representative from AlbInvest to gain on-site experience from direct importers.
- One full truckload (20 tons) of EUREPGAP certified watermelons packed in pallet bins was exported to Saphir, Holland.
- For the first time, Albania was a country speaker promoting the Albanian herb and spice industry at a very reputable and important international event organized by the International Federation of Essences and Aroma Trade (IFEAT) in Budapest, Hungary. Over 600 participants from all over the world were present at the conference. There was great interest for Albania as a direct supply source especially from major manufacturers of fragrances and aroma chemicals and other end products. Subsequent to IFEAT, 5 new export markets have opened, and 8 export contractual agreements, worth \$600,000 were signed.
- A seminar on "Albania's Herbs and Spices – International Trends and Market Development" was conducted at the industry level addressing issues on events affecting imported food products, value adding activities to be undertaken by the Albania processors and exporters, Albania's best opportunities and accessing the US market for herb and spice products. 15 major export businesses were trained.
- Training courses on sustainable development of natural herb and spice resources were conducted in several communes of the Vlora district. More than 40 people including collectors, processors, forestry engineers, teachers and medical doctors of the communes, local staff of Auleda/Vore attended the training courses. During the trainings, EPCA leadership was also present - inviting all participants to become members of the association.
- EDEM, in cooperation with ALCEBO, conducted five one-day training seminars on EUREPGAP certification in five agricultural centers; 94 participants attended the training sessions.
- EDEM continued its active cooperation with government institutions and the donor/development community such as the Ministry of Economy, Trade and Energy, Ministry of the Environment, Directory of Forests Policies and Pastures, SNV, UNDP, UNDP Art Gold, and Auleda/Vlore, and SIFE students. EDEM also met with the internationally recognized certifying body, ICEA- Italy, which has increased its presence in Albania due to its cooperation with EDEM. Active cooperation was achieved with AlbInvest and The Royal Netherlands Embassy on the promotion of export of Albanian products to the Netherlands.

Industry Level Activities

a) Inward Trade Missions

EDEM invited and facilitated the inward trade missions to Albania for representatives of two Dutch companies, Comitas International Consulting and Banacom Import Export, in July 2007.

The purpose of this visit was for these companies to learn more about the growing, harvesting and organization of storage and transport of watermelons and other fruit and vegetable products of interest for the Dutch and other EU markets. During their visit the buyers met farmers, consolidators, transportation companies and producers of packaging materials in Durres, Divjaka and Saranda; they also met representatives of institutions such as AlbInvest and ALCEBO.

Issues discussed and negotiated included:

- Quality standards of the products and packaging requirements (i.e. varieties, sizes and packaging in pallet bins or in loose bulk)
- Transport requirements and handling of the products during transit
- Price and payment conditions including bank guarantee, cash in advance and bank transfers
- Future cooperation for the next season including products, seeds, varieties and expected volumes for next season

Comitas International Consulting and Banacom Company invited a group of Albanian exporters to visit the Netherlands on a combined study tour and business to business (B2B) trade mission in order to gain more exposure to the market requirements and also see first hand the application of technologies and methods applied by the Dutch fruit and vegetable industry. EDEM arranged and coordinated this activity, which took place from September 31 - October 5, 2007.

The representatives of the Dutch companies confirmed that the quality of watermelons during this season was excellent and in compliance with European standards. They emphasized, however, that for greater access to the Western European markets in the future, growers will have to be aware of the need to obtain quality certifications.

b) Export of watermelons

Subsequent to the positive experiences with the exports of watermelons during the past quarter and the very positive reaction of the buyers to the excellent quality of the Albanian products, one truckload of watermelons, sorted according to size and quality specifications set by Saphir and packed in pallet bins, was shipped to The Netherlands in July 2007. The entire load was EUREPGAP certified, and upon arrival, inspection from Saphir confirmed excellent quality of the watermelons. It was concluded that the quality of the watermelons from Saranda regions was among the best in Europe. Saphir was willing to handle additional shipments following this initial success. It was, however, not possible to meet this demand, due to the low availability of good quality product that late in the season.

c) Additional orders for watermelons from Lac and Saranda to be exported to Poland, Romania and Slovakia could not be executed, due to lack of transportation.

As a result of the problems experienced both with the availability of transportation (and in one case the lack of professionalism on the part of the transportation company⁵), EDEM intensified

⁵ Part of the shipment of watermelons to a buyer in Germany was destroyed due to lack of proper refrigeration during transit.

its efforts to find reliable and reputable transportation companies to serve the first shipment to Saphir, Ridderkerk, The Netherlands.

d) EUREPGAP Training

An extremely important internationally recognized set of standards (particularly for European markets) is the European model for Good Agricultural Practices, commonly known as EUREPGAP. Several major retail grocery and supermarket chains in Europe will only accept products that are EUREPGAP certified.

While initial Albanian exports will not have to be formally EUREPGAP certified, the products will nevertheless have to meet certain quality standards; in particular exporters must be able to trace exported products to their origin. In the mid- to long-term time frame, Albanian products will need to be certified according to EUREPGAP to reach the major buyers who control increasing shares of the fresh fruit and vegetable market in Europe.

Most participants in the Albanian agricultural industry lack information and knowledge of European standards and thus face difficulties in complying with them. To familiarize Albanian farmers with these requirements, EDEM agreed with ALCEBO (Albanian certification organization), to deliver training in the implementation of EUREPGAP standards. Five one-day training sessions were delivered:

- Saranda August 28, 2007 14 participants
- Korca August 30, 2007 13 participants
- Shkodra September 2007 24 participants
- Lushnje September 6, 2007 25 participants
- Divjaka September 7, 2007 18 participants

Ninety-four people participated, including producers and consolidators. Positive interest was generated among the participants, and EDEM (in cooperation with ALCEBO) will follow up assisting interested participants in pursuit of EUREPGAP certification.

While the key objective was to introduce EUREPGAP standards to consolidators and their partner farmers, a secondary objective of these trainings was promotion of ALCEBO and its services, recently accredited and authorized to perform audits and issue EUREPGAP certification. This will build capacity of a local service provider.

e) Albania – country speaker, for the first time, at the IFEAT annual conference in Hungary

Subsequent to the participation of EPCA at the IFEAT annual conference in South Africa in 2006, EDEM facilitated the promotion of EPCA and the Albanian herb and spice industry at the annual conference of IFEAT, which took place in Budapest – Hungary from September 24 to 28, 2007. EDEM assisted EPCA in the preparation of a joint paper titled “Albanian Herb and Spice Industry - Ready to Meet International Demand”. The presentation drew the attention of the IFEAT participants, most of whom were major international buyers and manufacturers, many of whom expressed interest in sourcing their raw materials directly from Albania. The interest was especially great from the buyers based in US, France and Germany.

During the IFEAT conference, 8 new contracts were signed, worth approximately \$600,000. Most importantly, 5 markets were entered for the first time including US, Spain, France and Belgium. Interest was expressed on direct investments in the Albanian herb and spices industry through cultivation activities.

f) Update the Albanian herbs and spice industry on recent international industry developments

EDEM prepared and delivered a training seminar to the major industry leaders addressing issues related to recent events affecting the imported food products industry in the US with implications to the Albania's herb and spice exports to the US market, value adding activities to be undertaken by the Albanian processors and exporters, Albania's best opportunities, accessing the US market for herb and spice products and guidelines on making significant changes and improvements by the Albanian businesses. Fifteen major exporters and processors participated. The seminar provided insights on increasing competitiveness of the Albanian herb and spice industry regionally and internationally given the intensified competition in this industry globally.

g) Capacity building through training seminars to the herb and spice industry in the Vlora region

Following various meetings between EDEM, the UNDP ART GOLD, and Auleda/Vlore - and at their request - EDEM designed and delivered two training courses in the Vlora region's commune of Vranisht and Brataj. Major topics addressed at both seminars included:

- Harvest and post-harvest handling
- Range of products grown in the area and collection capacity
- Interest of the local community on cultivation activities
- EPCA's activities and achievements
- Potential cooperation of local consolidators with EDEM-assisted pool of exporters – cutting intermediaries in the chain
- Major issues faced by this year's weather conditions and fire accidents.

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

- Entry of amateur dealers is ruining the prices and the connections between the harvesters and serious processors/exporters
- Nonsensical division of areas for collection by the forestry authorities at the community level
- Update of the local forestry officials with the current legal and regulatory framework
- Lack of credit lines with soft interest rates
- Update of the local forestry officials with the current legal and regulatory framework
- Lack of information on recent developments of the Albanian herb and spices industry
- Lack of information on International markets trends.

Over 40 people participated in the trainings including harvesters, accumulators, forest engineers, representatives of the education and health services and staff of the Auleda/Vlore organization. The EDEM trainings contributed to ensure:

- Donor coordination at project level

- Capacity building - primarily of the industry (local consolidators, processors and harvesters)
- Capacity building of the international organizations and local staff of Auleda/Vlore, Forestry Departments, local education and health services.

h) Organic certification

EDEM continued its efforts to promote and provide direct technical assistance in the area of organic production to Albanian herb and spice export businesses. In this context EDEM maintained intensive contacts with the Italy based ICEA organic certifying body, discussing opportunities for organic certification of a wide range of products based on the needs of the clients the EDEM project supports.

EDEM facilitated meetings of the ICEA representative with interested herb and spice companies including Gurra, Filipi, and others. Organic inspection will start within next quarter.

i) Assessment of industry performance affected by harsh weather conditions.

EDEM contacted various herb and spice businesses making an assessment of the impact of this year's long lasting droughts and fires. Several herb and spice companies, with a collection and processing geography all over the country, were approached as follows:

- Relikaj - Malesi e Madhe
- Medflor - Peshkopi
- Amla - Tropoje
- Agroherbal - Mamurras
- Dorena - Poliçan
- Bashkimi - Pogradec
- Riza - Korce
- Murataj- Vlore

A summary of conclusions from the discussions with the herb and spice industry business is presented below:

- 2007 is considered to be the year with the lowest production during the last decade
- Harvested volumes for certain items were 30% up to 70% lower than a normal year
- Crops that suffered the most due to severe droughts and fires were oregano, savory, sage, thyme and juniper
- Plants this year are less developed (i.e. smaller leaves, delayed biological maturity and low yields), which will lead to lower yields of production also in the next year.

An illustration of the impact of the weather conditions and fires on the performance of the industry this year is represented by the statistics provided by an herb and spice processor operating in Northern Albania:

- In 2006 a total of 15 tons of red clover collected and processed, while in 2007 the volume was reduced threefold to 5 tons
- In 2006 a total of 30 tons of sage was collected and processed, while in 2007 the volume was reduced to merely 12 tons.

To a large extent the industry businesses have, however, been able to compensate for these losses through planned introduction of new products to their portfolio of products offered, and by introducing these products to their existing and new buyers.

Firm Level Activities

In addition to soliciting new clients, EDEM continued to provide technical assistance to existing clients. This assistance has been given both through on-site visits with the clients and during visits of clients to the EDEM offices.

Company	Technical Assistance	Results
Xherdo (h/s)	<ul style="list-style-type: none"> • TA on facility design • Production diversification • New trade links establishment • TA in preparation for IFEAT conference, Hungary • TA during IFEAT on new trade links establishment 	<ul style="list-style-type: none"> • \$100,000 invested • Cleaning and processing for export of dried oregano • New market entered; export of dried oregano worth of \$80,000 • Participation to IFEAT – Hungary • 8 contracts signed with international buyers worth of \$600,000 • 5 new markets entered for the first time – USA, Spain, France and Belgium • Interest expressed for investments in Albania
Agroherbal (h/s)	<ul style="list-style-type: none"> • TA in quality improvement • TA in meeting buyer specific requirements 	<ul style="list-style-type: none"> • 10% increase in export sales worth \$20,000 compared to the same quarter of last year • Swiss buyers approve quality, shipment to be finalized early October
Amla (h/s)	<ul style="list-style-type: none"> • TA in business expansion • TA on technology upgrade 	<ul style="list-style-type: none"> • USD 96,000 invested for purchasing 23 new pieces of equipment • Increased value adding to the products supplied (washing, sorting, cleaning and drying)
Tealb (h/s)	<ul style="list-style-type: none"> • TA in business expansion • TA in sales of greenhouse seedlings 	<ul style="list-style-type: none"> • 10% increase in volume of raw material collected • \$15,000 increase in domestic sales
Dala (h/s)	<ul style="list-style-type: none"> • Guidance on harvesting timing, techniques, rules of cultivation • TA in contacting domestic buyers 	<ul style="list-style-type: none"> • 6 new workers employed (4 women; 2 men) • 2 new contacts established with major domestic exporters
Galen (h/s)	<ul style="list-style-type: none"> • TA in new trade links establishment • TA in storing and packaging 	<ul style="list-style-type: none"> • 2 new trade links established with Albanian major exporters of dried herbs and spices • Higher quality products • Improved warehousing and packaging of bales
Filipi (h/s)	<ul style="list-style-type: none"> • Facilitate communication and meetings with ICEA certifying body 	<ul style="list-style-type: none"> • Inspection service to start next quarter
Dorena (h/s)	<ul style="list-style-type: none"> • TA in quality issues • TA in production and storing 	<ul style="list-style-type: none"> • Higher quality essential oils produced • Increase of production volume • Higher quality of essential oils maintained

Company	Technical Assistance	Results
Vila Company	<ul style="list-style-type: none"> • TA in sources of supply for input materials • TA in logistic issues 	<ul style="list-style-type: none"> • Continued cooperation with Serbian and Macedonia company • New transport company identified to perform the transport of compost from Serbia to Korca
Edipack	<ul style="list-style-type: none"> • TA on finding new markets and preparing the offer 	<ul style="list-style-type: none"> • New markets identified, Holland and Sweden
AgroKoni (ffv)	<ul style="list-style-type: none"> • TA on preparing promotional materials for the study tour in The Netherlands • TA in contacts establishment 	<ul style="list-style-type: none"> • Participation in the study tour in The Netherlands • New trade links discussed for potential supply from northern Albania
Aris	<ul style="list-style-type: none"> • TA on obtaining loan for business expansion • TA on preparing promotional materials for the study tour in The Netherlands 	<ul style="list-style-type: none"> • Better insight and understanding of requirements of banks for loan financing & start negotiating with the banks • Participation in the study tour in The Netherlands
Jahja (ffv)	<ul style="list-style-type: none"> • B2B (producer-buyer) links, continuing contacting the consolidators for table grape wholesale marketing • TA on packaging • TA on getting loans for business expansion • TA for consolidating other fresh F/V in the area • Identification of new markets 	<ul style="list-style-type: none"> • Successful sales of most of tables grapes with a good price worth of 4,000,000 Leke, and industrial (wine processing) grape worth of 5,600,000 Leke • 2000 wooden boxes were bought for the table grape trading from a Fushekruje based company • Proper documentation to qualify for the bank loans developed • Local/international trade links established, mainly for watermelon, table grape, etc. • New outlets opened for seasonal retail sales of table grapes on seashores
Lika (ffv)	<ul style="list-style-type: none"> • B2B meeting with the RCI representative • Meeting with ALCEBO representative • TA in effective installment of wooden packaging equipment 	<ul style="list-style-type: none"> • Getting access to Balkan regional consolidators for developing opportunities of the Albanian agricultural early products • Familiarization with fresh F/V market demands • Wooden packing equipment installed for own needs and client services
Manushi (ffv)	<ul style="list-style-type: none"> • TA identification of markets for leek (domestic and foreign) 	<ul style="list-style-type: none"> • A draft on coming seasons domestic sales prepared • A pre-contract based on proper seed varieties and packing with foreign buyers was drafted.
Bruka Seedling (ffv)	<ul style="list-style-type: none"> • TA on research for other products of the season (cauliflower, carrots and cabbage) • EUREPGAP training and follow up meeting with ALCEBO representatives • TA on preparing promotional materials for the study tour in The Netherlands • TA on obtaining loan for business expansion 	<ul style="list-style-type: none"> • Contacts with potential buyers of this kind of products • Becoming familiar with fresh F/V market demands • EUREPGAP training and getting familiarized with fresh F/V market demands in European markets • Participation in the study tour in The Netherlands • Better insight and understanding of requirements of banks for loan financing & start negotiating with the banks.

Company	Technical Assistance	Results
Iceberg	<ul style="list-style-type: none"> TA on management of the company (Board of Directors) 	<ul style="list-style-type: none"> New management structure of the company
“Bashkimi” and “Darsi” Association	<ul style="list-style-type: none"> EUREPGAP training and follow up meeting with ALCEBO representatives 	<ul style="list-style-type: none"> EUREPGAP training and becoming familiar with fresh F/V market demands in European markets

III. Collaboration with Other Projects, Donors and Governmental Agencies

During the past quarter the EDEM team continued discussions and meetings with governmental agencies and international development institutions facilitating common efforts and activities that pertain to the development of the SME sector, the fresh fruit and vegetable industry, and the herb and spice industry.

a) AlbInvest – The Albanian Government Investment and Export Promotion Agency

EDEM continued cooperation with AlbInvest during this quarter. AlbInvest organized the visit of the Agency for Promotion of Import from Developing and Transition Economies of the Dutch Ministry of Foreign Affairs (CBI) and the International Trade Center (ITC) through the joint CBI/ITC missions in Albania. The main purpose of the mission was to assess the country’s current needs and potential for export development, and identify suitable technical assistance solutions to address those needs. EDEM cooperated with AlbInvest to plan the meetings and schedule for the mission. The CBI/ITC mission met with the EDEM project in order to discuss the trade development priorities of Albania and areas for potential cooperation between organizations.

EDEM has cooperated closely with AlbInvest in the organization of the study tour and B2B trip to The Netherlands. A representative of AlbInvest participated in the visit to The Netherlands.

b) Cooperation with the Royal Netherlands Embassy in Tirana

The Netherlands is one of the key centers for the trade and distribution of fresh fruits and vegetables in Europe. EDEM has actively identified and recruited buyers from The Netherlands, as a most interesting export market for Albanian fruit and vegetable products. In this respect, EDEM contacted the Royal Netherlands Embassy, and the trade representative at the embassy provided EDEM with contact information for two Dutch companies, which expressed interest in purchasing Albanian fruits and vegetables. EDEM contacted representatives of both companies and invited them to visit Albania, which resulted in the inward trade mission described above.

EDEM was invited to and participated in an event arranged by the Royal Netherlands Embassy at the Tirana International Hotel on September 18, 2007. The purpose of this event was to promote the cooperation between Albanian and Dutch companies. More than 100 Albanian companies attended the event.

c) Cooperation with other USAID funded projects.

A representative from the USAID Regional Competitiveness Initiative (Monica Stroe) visited Albania at the end of July and the beginning of August 2007. The purpose of the visit was to find common ground for Balkan regional cooperation in terms of identifying more opportunities to increase agricultural product sales within the region. One of the strategies is to collect information for developing a regional database to match producers and buyers within the region. EDEM introduced and accompanied the RCI representative to meetings with the Ministry of Agriculture, Food, and Consumer Protection (MoAFCP), several donor funded projects engaged in agriculture, consolidators/wholesalers/exporters of fresh agricultural products and major buyers of agricultural products such as the EUROMAX supermarket and the Adriatik Hotel.

EDEM has also worked with the new Albanian Agriculture Competitiveness (AAC) project and provided extensive support, information and introduction to major actors in the agricultural industry to ensure the project's introduction to the major issues facing the industry and also to create synergies with the activities of EDEM in terms of the marketing of agricultural products both in export and domestic markets.

d) Cooperation with The Ministry of Environment, Forests and Waters Administration and Directorate of Forest Policies and Pastures (DFPP)

EDEM contacted the Directorate of Forest Policies and Pastures (DFPP) and many forest engineers of the forestry departments in various districts in Albania to make an assessment of the impact of this year's long lasting droughts and fires on the biodiversity and abundance of plant species.

In the meetings with representatives of relevant institutions, EDEM was provided with some estimated statistical data which are summarized below:

- In the Bulqize area about 600 ha of forests and pastures have been damaged, out of which 220 ha are permanently destroyed. Sage has been most negatively affected with about 50 ha permanently destroyed. Other herbs and spices have suffered minor damage;
- In the Koplik area, there were about 220 ha of forests and pastures damaged, of which sage was damaged the most.

At this point of time, however, there are no official statistical data published indicating the real damage of the Albanian forests, pastures and herbs and spices.

e) Cooperation with other donor-funded development funded projects

EDEM maintained active cooperation with international and Albanian governmental institutions aimed at creating a better business climate for the industry. EDEM contacted and met with representatives of SNV, ART GOLD and AULEDA-Vlore, Forestry Departments and Engineers of various areas, World Bank, Botanical Garden of Albania, and FAO providing in depth information on the industry profile, its dynamics and future perspectives. EDEM also provided trainings at the harvesting level of the industry chain, which were the target community for assistance by various organizations working to increase income generation in the rural areas.

IV. ISSUES / LESSONS LEARNED

The inward trade missions and the follow-up activities - including the trial shipment of cauliflower to Holland; the order for onions to the UK (which could not be delivered as a result of product quality issues); and the shipments of watermelons to major markets in the region and Europe all confirm that there is interest from buyers in key export markets for Albanian products and that Albania is viewed as a potential supply source for various items. The experiences and lessons learned from these inward trade missions and the trial shipments confirms and underscores that major issues and problems in the Albanian post harvest and supply chain need to be resolved before Albania can become a serious and reliable supplier for fresh fruits and vegetables. These include:

- Quality assurance and consistency of products in accordance with European standards (e.g. EUREP GAP) - training in international standards and compliance is required
- Packaging must be in accordance with industry standards and buyers' requirements
- The lack of proper post harvest techniques and adequate storage facilities, including pre-cooling facilities, is a major obstacle
- Curing of onions and proper storage facilities are important to ensure exportable products
- A professional logistics and transportation system must be employed
- Pricing must be consistent with requirements of buyers – wholesale prices in Albania are at times higher than in competing foreign 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
- Few Albanian consolidators are ready and willing to assume the risks inherent in engaging in exports - particularly to European markets.

These issues will have to be addressed to ensure success with respect to the next export opportunity, which will be the export of watermelons and melons to Holland and potentially other export markets.

The single largest obstacle encountered with the watermelon exports during the past year was availability of cost effective, professional and reliable transportation services. Based on previous experience of EDEM's exporter clients, Albanian transportation companies are notoriously unreliable and costly, and the exporters were therefore reluctant to use their services. Numerous contacts were made with European and regional trucking companies. Several of the European companies based outside the Balkan region were not able to offer services to and from Albania. Of the many Macedonian, Greek and Montenegrin truckers ready to serve Albanian exporters, their capacity was heavily booked and occupied in performing transportation services for exporters in the region and had limited (or no) capacity to serve the Albanian exporters' requirements. In several cases they were unable to mobilize and position refrigerated trucks (and even standard trucks for exports to Serbia and Croatia) to deliver the products within the time frames required by the buyers. As a result several orders made by buyers in Serbia, Croatia, Poland and Germany had to be cancelled due to lack of transportation.

In the case of one shipment by a refrigerated truck to a buyer in Germany the buyer personally inspected the product upon loading and found the product to be of excellent quality. However, the inspection upon arrival in Germany revealed that part of the cargo of watermelons had deteriorated in quality. A review and inspection of the disc monitoring the refrigeration machinery showed that the refrigerator had been operated with the wrong temperature setting and had been turned off during part of the journey, which resulted in the deterioration of the quality of the cargo.

The key lessons learned in this respect are:

- Transportation and logistics are critical for successful exports. The export companies need to plan and prepare well in advance of the harvest season for the quantity of the products that they will export
- Exporters must identify good transport companies that are willing to offer cost effective transportation services to Albanian exporters and sign contracts with them in order to avoid high prices and ensure availability of trucks – this must be done well in advance of actual shipping dates
- Check buyers' references and experiences of other customers. Ensure that the company and its drivers have experience in the transport of the cargo to be transported with particular emphasis on the temperature settings and in regulating the temperature during transit
- Upon loading the cargo discuss with the driver to ensure that he will decrease the temperature gradually and not immediately, and give clear instructions to keep the refrigerator running during the whole trip
- Instruct the trucking company to present the disc showing the operating record for the refrigerator during the entire journey
- Obtain a commitment from the transportation company on both prices and availability of trucks - and sign a contract for transportation services with the trucking company to ensure that transportation services will be available when needed
- Proper packaging of the products destined for export markets is also an important issue; exporters should make advance plans for and order packaging material in good time before shipments are expected to start.

An interesting observation with respect to watermelons this past season was that more than 60% of the varieties produced in Albania were not the ones demanded in the regional and European markets. In preparation for the next season and also to ensure that the farmers produce varieties that will be in demand in key markets, work to prepare for the next season should start no later than November and December 2007 to contact potential buyer to discuss about the varieties, sizes and quantities required for the coming season. No later than February – March 2008, EDEM will need to work with consolidators/farmers to transfer the information received from the potential buyers regarding the seeds, varieties, volumes, packaging and other requirements.. In the period from May – August 2008, EDEM should be facilitating inward trade missions and start working with consolidators in order to sell the product in existing and new markets.

As transportation has been one of the key challenges for this season, the recommendation is to contact the transport companies before the season starts and try to sign contracts with them.

The consolidators/wholesalers act as the key link between the farmers/producers and domestic retailers and consumer, the export buyers and also for fruit and vegetable processing companies. While EDEM's activities have been focused on developing market opportunities, additional efforts to assist and train the consolidators/wholesalers to create cooperative agreements with farmers and consolidate products on the farm level are needed. The fresh fruit and vegetable consolidators have an important role in informing the producers what the market wants and what the product's quality and standards should be. 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. To this effect the consolidators/wholesalers could take a more active role in providing advice, input materials, services and training to the farmers to ensure that the products produced will be in accordance with the requirements of the markets they serve. In this way it may be possible to build successful partnerships with the ultimate goal in the not too distant future to establish signed, workable and enforceable agreements/contracts.

To be successful in selling their agricultural products, the farmers should change their mentality and not consider themselves as simple laborers of the land, but as "managers" or business entrepreneurs of their own farms. Effective farmers' associations with an active and engaged membership acting also in the role of consolidators/wholesalers could enhance this development. A key role for both the farmers' associations and the consolidators/wholesalers would be to support the producers/farmers with technical specialists, financial means, guaranteed markets for their products and other important marketing functions.

For the herb and spice industry the experiences and lessons learned in this quarter include:

- Participation at industry conferences and major trade fairs are important venues in promoting Albania internationally as a reliable and competitive supply source and generating new sales contract. Immediate results were experienced immediately following the events
- This year forest fires and droughts have underscored the need for cultivation to act as a supplement to wild harvested products
- There is a great demand for practical training to educate participants at the harvesting and processing levels of the industry on the preservation of natural resources - and to expose them to buyers' demands and market standards, thus increasing the competitiveness of the industry
- Training of industry participants to comply with buyers' specifications has proven to be crucial in meeting buyers' quality standards and to establish a healthy cooperation between the buyers and their Albanian suppliers. Such trainings have proven to be pivotal in terms of developing new markets and also meeting buyers' requirements
- Training sessions have proven to be an important tool to build capacity in the industry network and also within other counter part projects and governmental agencies supporting the industry
- Coordination with counterpart organizations is essential in terms of obtaining synergies. The training sessions undertaken by EDEM in cooperation with other donor funded organizations and government agencies have been important in terms of creating a better working environment for the industry businesses

- Organic certification has proven to be an important and a key component of value adding activities of the Albanian herbs and spices industry, and has enabled industry participants with organically certified products to develop and enter new markets
- Local B2B activities (such as the AgroTourism Days) are efficient tools to establish business links and cooperation between domestic producers and buyers

Success Story: Albania Featured at IFEAT Conference

Albania was featured at the annual conference of the International Federation of Essences and Aromas Trade (IFEAT), with an EDEM staff member and a representative of the Albanian Essence Producers and Cultivator Association (EPCA) invited to speak. The presentation was titled, “*Albanian Herb and Spice Industry – Ready to Meet International Demand*”.

Celebrating their 30th anniversary, FEAT is the world’s largest essential oils and aroma chemicals industry trade association. This year the annual conference was held in Budapest/ Hungary from September 23-27, 2007. Six hundred people participated in the conference; 380 were members, including Albanian essential oils producer, Xherdo Company.

The IFEAT conference served as an effective tool to promote the Albanian value added herb and spice industry. Albania’s presence and presentation generated interest from participants - many who are giants in the industry such as Citrus and Allied/ USA, Berje/USA, Lebermuth/USA, Pepsi-Cola/USA, Biolandes/France, Sirius/France, Vossen&CoNVSA/Belgium, Silvestris & Szilas/Hungary, and S&D Aroma/South Africa. Immediate results subsequent to the conference are summarized below:

- **New export markets entered** - Xherdo company, for the first time, signed contracts with buyers based in the US, Spain, France, and Belgium.
- **New contracts signed** - Xherdo company signed contracts with 8 new and existing international essential oils buyers. As a result, the entire 2007 production will be sold.
- **Expected export transaction value** - Xherdo company has provided samples to the prospective buyers. If the quality is acceptable, the total export value is estimated to be 500.000 Euros.
- **A sale of 154,000 Euros has already been finalized** – and the product has been shipped.
- **New contracts to be signed** - Demand for Albanian organic essential oils is great. However, the current supply can not meet the entire demand. Therefore, as agreed with the interested buyers based in the US, Spain, France, Belgium and Italy, Xherdo company will finalize new contracts at the beginning of the 2008 harvesting season.
- **Potential investments** – Interest was expressed for investing in Albania, primarily for technology upgrades and sustainable development activities, which would be achieved through cultivation. A Belgium-based buyer suggested a visit from Albanian essential oils producers to his company in order to share information and expertise on essential oils production technology and cultivation activities currently carried out in countries where the company now operates (Vietnam and Nepal).

Mr.Peter Greenhalgh, member of the IFEAT organizing committee provided this feedback:

“I would like to thank you very much for your excellent paper on Albania which was much appreciated by the delegates, and which helped to make the Conference such a success. Several people commented on the professional nature of your paper and how informative it was – indeed some said they were not aware of the interesting developments taking place in Albania. I am certain you have generated a lot of interest (and hopefully business) from the many delegates who saw your presentation and the discussions that followed.”

C. PROCESSED FOOD, INCLUDING OLIVE OIL

I. YEAR FOUR HIGHLIGHTS

Meat Processing Sector Annual Highlights:

- The Albanian meat packing and processing industry made extensive progress on adopting international food safety and quality standards, improving domestic market presence and branding as well as investing in modern processing plants and technology. The industry continued to demonstrate dramatic evolution this year. EDEM-supported processor Meat Master from Shkodra was the first Albanian meat processing company to receive HACCP (Hazard Analysis Critical Control Points) certification. In addition, four companies (Hako, Erda, EHW and Meat Master) received and maintained ISO 9001 quality management certification, and Tona Co, Bardhi and Arani started the process to implement both HACPP principles and ISO 9001 - their certifications are pending and expected to be completed in 2008.
- In terms of marketing, 10 Albanian companies now have national market presence, as compared to only 2-3 companies in 2004. This growth was achieved through planning and investing in distribution logistics, hiring new employees and developing market information systems – all with EDEM assistance. Several meat processing companies adopted new promotional techniques by launching billboard campaigns to improve branding, by organizing summer trade promotions, and by participating in festivals.
- Following the IFFA (International Frankfurt Food Processing Fair) meat processors adopted many new technologies and invested over \$400,000 in new equipment. Extensive investments were made in Korca by Tona CO to improve and expand their meat packaging and processing plant. Other companies (Bardhi, Arani and Meat Master) improved their facilities and technologies to comply with food safety guidelines.
- EDEM contributed broadly to the overall growth of the meat processing industry. All planned project technical assistance activities for this sector were accomplished as set out in the year Four Work Plan. Goals in terms of sales, employment, new investments, and professional trainings were also achieved or surpassed.
- A total of fifteen meat producing and processing companies benefited from EDEM's technical assistance by either receiving individual technical support or participating in organized training activities. To implement activities over the year, EDEM used staff resources as well as local and international short term consultants.
- EDEM concentrates on building internal capacity within the companies to plan and implement market growth initiatives. For example, Tona CO, Bardhi, Meat Master, and Arani demonstrate capability to organize market surveys and research, and arrange successful cross-promotional activities with other food and beverages companies. A new meat processing technology center run by Multivac was launched in Tirana to provide on-going support and business solutions to meat and dairy companies by offering modern machinery, technical support, professional training programs and organizing other industry level activities.

- In cooperation with ‘Certiquality’, an Italian international certification body, EDEM organized a professional training course for Internal Auditors and relevant local business service providers to conduct regular audits of quality management systems. Employees of EHW, KMY, Tona Co, Meat Master, Hako, Bardhi, Albidea, Rozafa took part in the course. The three days training addressed key aspects of quality management in small food processing enterprises such as traceability, processes, operational procedures, documentation and principles of quality, the role of the Internal Auditor in structuring of audit programs, preliminary planning, preparation and use of check lists, completing the auditing service and assessment of key findings. EDEM also organized a practical inspection exercise and demonstration at the Bardhi Meat Plant in Tirana. The training achieved important objectives relating to USAID SO level indicators. Eleven companies received formal training in good management practices (8 meat processing companies and 3 other food processing companies), 22 company management personnel trained in good managed practices by attending the full training program, 17 successfully received Internal Auditor certification (11 representing meat companies and 4 business service providers).
- EHW and Meat Master renewed their ISO 9001 certification in 2007. Hako and ERDA, located in Tirana, also developed quality management systems and secured ISO 9001 certification. With EDEM support Tona CO, Bardhi, and Arani Expres began the process of implementing both ISO and HACCP principles. System audits in late 2006, and follow-up inspections carried out by Certiquality concluded that Meat Master is the first Albanian meat processing company to receive the HACCP food safety certification. Obtaining the HACCP certification attests to the fact that Meat Master has completed the groundwork for implementing EU market requirement for food safety and quality.
- Following the HACCP certification, EDEM advised Meat Master's management on the procedures required to apply for an EU export license. In late February 2007, with project technical assistance to ensure compliance with EU procedures, Meat Master prepared a formal request to the Ministry of Food and Agriculture to ask for in-country plant and product inspections by the EU competent food authority. The application did not succeed due to EU inspectors’ reservations regarding the capability of Albania's veterinary inspection and food safety control systems.
- EDEM assisted Tona CO, Driza, Bardhi to exhibit for the first time at the Prishtina International Agricultural Fair. The main goal was to test the Albanian products and evaluate opportunities for exports.
- A total of six meat processing companies including Meat Master, Tona CO, ALSA, Bardhi, Arani and Driza exhibited their specialty products at the EDEM organized AgroTourism mini-fairs in Vlora and Durres. Over 40 different products - ranging from ham and salamis, canned meat, chicken and ostrich meat - were presented to regional retailers, hotels, restaurants and fast food outlets, who were the invited guests. More than 30 new contacts were established and companies are following up relationships through local distributors. EDEM provided lists and contact information for 250 potential new clients (markets, restaurants, etc.) to help meat processors plan the follow-up marketing campaigns.

- EDEM provided technical assistance and training in new product development (Fresh/Processed Meat Cuts) to 10 meat processing and producing companies. The training was based on the clear interest from a group of meat processor and producers and trained the management and operational personnel of several meat processing companies. To organize and deliver the training, EDEM hired Dr. Robert Campbell, an expert with extensive experience with major meat processing plants and a top academic researcher in the USA. Meat Master, Tona CO, Rozafa, Mare Adriatic – Babani Farm, Bardhi, Arani, Albidea, Boboshtica chicken farm, and Orgocka pig farm all participated. The courses, which were at delivered on factory premises, included:
 - Management training on making investments required to offer fresh meat products
 - Personnel training and practical demonstrations on fresh meat cutting and value adding activities

126 employees of the assisted companies were trained in new product development, new technology (meat cutting and packaging) and good management practices, over 100 different fresh meat cuts and value added products were described and demonstrated in chicken, beef, pork, lamb and turkey.

- Throughout the year, EDEM provided international expertise to TONA CO in new plant layout design and construction, audited the processing and storage facilities and offered a list of recommendations to meet EU food safety standards. The company has invested over \$2 million in construction and new technology, and it is expected to gain the position of second largest meat processing in Albania. The project also provided technical assistance to Bardhi Meat Processing and Arani on adapting their processing facilities in compliance to HACCP standards.
- Early in FY 2007, EDEM assisted Multivac to develop a concept for introducing a meat processing equipment showroom and business center in Albania. Seven leading companies have secured Multivac packaging technologies and four other companies are in the procurement phase.
- EDEM provided information to the several meat processors who attended the International Frankfurt Fair (IFFA). The fair included a range of exhibitions in slaughterhouse technologies, meat processing, packaging and marketing. Seven Albanian meat processing companies attended the fair and secured a wide range of new meat processing equipment.

Olive Oil Sector Annual Highlights:

- At the beginning of this year, EDEM initiated a needs assessment of the olive oil production sector in Albania to obtain baseline information on the performance of the key companies. The needs assessment concentrated on the Southern Coastal Region (Vlora, Saranda, Delvina) and the Central Region (Tirana, Elbasan) that accounts for more than 90% of Albania's roughly 4,000 metric tons of olive oil produced annually. The objective of the assessment was to identify the needs and constraints that the actors in the olive oil production value chain face - and to evaluate opportunities for technical assistance. The objectives have been to increase efficiencies; reduce production costs;

and increase the quality and marketability (to both domestic and export markets) of Albanian olive oil. More than 20 production facilities located strategically in areas with the largest number of olive trees were visited and interviewed during the assessment.

- EDEM was closely involved and participated in several consulting meetings initiated by the Ministry for Agriculture, Food and Consumer Protection and other donors along the lines of developing concepts for most appropriate public investments in the olive oil industry. Appropriate development concepts based on the identified needs throughout the olive oil value chain were suggested and presented to the Ministry for consideration and potential inclusion in the government's 2007 budget for public investments in targeted agricultural industries.
- In the beginning of 2007 EDEM also initiated and facilitated several meetings of various stakeholders in the development of the Albanian olive oil industry including the Ministry of Agriculture, Food and Consumers Protection (MAFCP), SNV, SASA, GTZ, and FAO. A joint plan for supporting the promotion of the domestic consumption of olive oil during 2007 was developed. The strategy was based on increasing the consumer awareness of the health benefits of olive oil – and specifically the quality of Albanian-produced oil. A draft promotional program, stipulating activities, timing, budget and responsibilities was developed. The stakeholders agreed to organize and conduct a workshop with the Albanian olive oil producers to introduce the promotional program and solicit industry input and commitment for the activities.
- On March 2, 2007, EDEM conducted a workshop in Tirana which brought together 11 representatives from 9 leading olive oil production companies and numerous stakeholders in the Albanian olive oil industry - 30 participants all together. The purpose of the workshop was to assess the interest of the Albanian olive oil producers in conducting a promotional campaign for the domestic market (as described above). The over-arching objective of the program was identified as: ***Increasing consumption of domestically produced olive oil – traded through formal market channels.*** The workshop was divided into two sections.

The first part of the workshop included four presentations which highlighted the reasons that Albanian olive oil producers need for to increase their market share in the formal retail food chain. The presentations were prepared and delivered by representatives from: SNV, The Food Research Institute, FAO and the EuroMax retail chain.

The second part of the workshop was a round table discussion where only the private sector processors were invited to sit at the table. Their guided discussion focused on fine tuning the activities proposed for the promotional program, which needed to be implemented cooperatively. Five activities received clear support and commitment from the olive oil producers; they included:

1. *Olive Oil Mini-Fairs* (B2B events)
2. *Olive Oil Competition*
3. *Olive Oil Sampling* (one-day, in-store promotional event)
4. *A Catalogue of Albanian Olive Oil*
5. *Point of Purchase Promotional Materials*

- EDEM supported the industry in organizing and conducting the Third National Olive Oil Competition. Work on this started in March, 2007. This year's competition was organized in close collaboration between EDEM and the Albanian Edible Oil Association (AOA). The two overarching objectives were: 1) to stimulate domestic producers to increase the quality of the olive oil they produce, and 2) to increase domestic consumers' awareness of and appreciation for the domestically product.

Competition rules were drafted by EDEM based on international experiences and guidelines and were approved and adopted by the Managing Board of the AOA. Legally registered Albanian olive oil producers provided samples during April and May following the procedures prescribed in the competition rules. The samples were drawn by a committee comprised of EDEM project and AOA representatives.

Seventeen Albanian companies entered the competition with 21 olive oils in two categories: 'Extra Virgin' and 'Virgin' olive oil. All entries were submitted for chemical testing during May and June. Analysis of the samples was performed by the Chemical Laboratory of the Institute for Food Research in Tirana.

The passing entries were then submitted for sensory evaluation by a 7 member jury comprised of olive oil producers, academics and food specialists. The Panel Leader was Mrs. Nancy Ash, a certified olive oil Taste Panel Leader. On June 25, the jury met and conducted the sensory evaluation of six Extra Virgin and eight Virgin oil entries and issued its decisions following the procedures outlined in the competition rules. The winners were announced in the Olive Oil Competition Award Ceremony on June 28, 2007, which was organized in conjunction with World Learning (Forecast).

- The one day event, which included a workshop, AOA annual meeting, and the Competition Award Ceremony, was organized in close collaboration with USAID/Forecast and AOA. The day's activities were aimed at: promoting the production of high quality olive oil in Albania; assisting interested olive oil producers to gain access to domestic and export markets; enhancing the AOA's capacity to serve its membership; and increasing domestic awareness of the benefits of and demand for high quality Albanian produced olive oil. The event included:
 - Olive Oil Industry Workshop, attended by 60 participants, 25 were olive oil processors. EDEM staff, local and international STTA consultants provided four presentations at the work shop.
 - Annual Albanian Olive Oil Association meeting conducted with participation of 35 olive oil producing and marketing companies focused on association re-vitalizing issues. The association also elected a new management board and a President (Mrs. Valentina Postoli – IVAP, Tirana) in conformity with the bylaws.
 - Olive Oil Competition Award Ceremony attended by olive oil processors, industry stakeholders, and USAID and Ministry of Agriculture, Food and Consumer Protection (MOAFCP) officials. The six awards for best Albanian olive oils in 2007 were presented by the Deputy Minister of MOAFCP, Mr. Ndoc Fasllia and USAID Mission Director, Mr. Edward Landau. This year's winners in the Extra Virgin Olive Oil category were: *Skilja*, First Prize; *Shkalla*, Second

Prize; *IVAP*, Third Prize. The Winners in the Virgin Olive Oil category were: *Ani*, First Prize; *IVAP*, Second Prize. The prize for 'Best Chemical Analysis' of olive oil was awarded to *Skilja*. All competition participants received a Certificate of Participation.

- Addressing the need to increase knowledge and capacity to conduct sensory evaluation of olive oil in compliance with IOOC guidelines, on June 20-22 EDEM facilitated training in Olive Oil Sensory evaluation. Twelve Albanian professionals, olive oil producers and food safety/quality consultants completed the 3-day Sensory Assessment of Olive Oil Seminar offered by Mrs. Nancy Ash, a certified Olive Oil Taste Panel Leader. The seminar included both theoretical and practical sessions, as well as a limited amount of threshold testing. Through several tasting of olive oils, arrangement test, bitter test, etc., the tasters learned to identify positive and negative attributes in olive oil. Following the training, Mrs. Nancy Ash - who was also invited to lead the process of the Third National Olive Oil Competition - selected the six person competition jury based on individual merits of the trainees.
- In continuation of the 2007 Olive Oil Promotion program conceptualized early in 2007, EDEM facilitated an in-store presentation and sampling of Albanian olive oil producing companies and their products. The product sampling event that included sampling and sales of Albanian olive oil in the Universe Trade Center (QTC - also known as the EuroMax shopping center), was organized on June 2, 2007. The primary objectives were to widely introduce and promote Albanian olive oil to consumers; 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.
- An important outcome of facilitating regular meetings of the Albanian olive oil producers has been the revitalization of their nascent association. To follow-up on preparations for the planned National Olive Oil Competition and the 2007 Olive Oil Promotional Program, members of the board of AOA met several times at EDEM's office to discuss issues related to the association development and the imperative need to revitalize and reorganize it to the benefit of the Albanian olive oil industry. Several activities were conducted in conjunction with association, including the competition sampling process; board members' participation in the sensory taste training; the workshop; award ceremony and the AOA meeting and elections; and KASH Trade Fair participation.
- EDEM introduced 6 Albanian olive oil producers and their respective export offers on the www.bulkoil.com trade portal. Many inquiries from international buyers were received through this route over the year. In addition, communication with two Croatian buyers, Techini and Trenton, for possible exports of Albanian olive oil to Croatia has continued. Both companies secured the 2007 custom free import quota for olive oil from Albania to Croatia. Techini is interested only in extra virgin olive oil quality, while Trenton is interested in both virgin and extra virgin products. Unfortunately, the 2006/07 production season yielded low quantities of extra virgin quality oil and global prices of olive oil were depressed during the 2007 marketing season. These factors discourage Albanian companies from exporting this type of quality oil in bulk.

- Albanian olive oil producing companies focus on the domestic market for olive pressing services to farmers - and also primarily the domestic market for olive oil sales. They lack information on the international trends in trade with olive oil. EDEM established a SMS (text message) service, providing the updated prices of Extra Virgin, Virgin and Lampante olive oil from the Jaen exchange, published on the www.olivanet.com site. Bi-weekly messages are sent to 15 olive oil companies featuring the current average price of oil per kg traded in Jaen, Spain. Initial reactions of the producers to this service are positive. International olive oil prices are a very important factor in determining the interest for export as well as for determining the future trends in the industry.
- During FY 2007, EDEM continuously provided individual technical assistance to several olive oil producers, including:
 - A marketing strategy was developed for ANI, Qeparo aimed at introducing the branded “Ani” olive oil in Tirana markets and realizing sales for Christmas and New Year 2006.
 - EDEM continuously assisted ANI in communicating with Tenchini and Trenton, the Croatian buyers for possible export of virgin olive oil. Attempts for export to Croatia were also made with Nivica 95 and Hajdini- Borsh (olive oil samples were tested in Albania, sent to buyers to be tested, options to reduce transportation costs to Croatia were explored, communication between parties was handled).
 - Following the posting of several Albanian olive oil production companies on the international olive oil trade portals, numerous promising export trade leads and inquiries for purchasing olive oil were presented to some of the olive oil producers for the 2006/07 production season. Samples of olive oil were collected and sent to Macedonian companies interested in importing Albanian olive oil.
 - Companies were assisted to present their products in national and international trade fairs (ie: Shkalla, in Biofach). Four olive oil producers participated in the EDEM-organized Vlora AgroTourism Day mini-fair, 4 participated in the Durres AgroTourism mini-fair, 8 in the QTU Tasting Event, 8 in the KASH Fair, and 1 in the World Tourism Day mini-fair (also organized by EDEM).
 - Skilja in Elbasan was assisted in labeling, communication with the foreign buyer and custom procedures in conducting the successful exports of 11 tons of Extra Virgin Olive Oil to Malaysia, as “Made in Albania” product.
 - The company, ‘3 Miqte’ was assisted in developing concepts for producing a logo, brand and label and to introduce their packaged and labeled product in EuroMax.

Fruit and Vegetable Processing Sector Annual Highlights:

- Needs assessment and baseline data on target indicators was gathered by EDEM in the beginning of the option period for new processed fruits and vegetables clients. EDEM identified ten companies in the sector showing promise for growth and

- expansion on both the domestic and international markets – these were selected as project clients.
- EDEM developed a two year work plan and detailed six month technical assistance intervention plan for the processed fruits and vegetables sector.
 - EDEM developed databases on input suppliers and potential buyers of Albanian processed fruits and vegetables. Information was entered on 40 domestic and foreign trade leads into the EDEM – TAMIS database.
 - EDEM facilitated participation and presentation of 12 Albanian agribusinesses at the International Agricultural Fair in Prishtina March 29 – 31, 2007.
 - Sejega, Shpk, a vegetable processor from Tirana finished construction and began operation of a new production facility in Arbanë (suburb of Tirana). The new 3,000 sqm facility was designed and constructed according the latest EU requirements and offers real opportunity for rapid adoption of internationally recognized food quality and safety operational standards.
 - EDEM facilitated EDEM client companies’ participation in the Albanian Agribusiness Fair, organized by the Albanian Agribusiness Council (KASH) and the Ministry of Agriculture, Food and Consumer Protection. Finding new markets for the Albanian agribusiness is a very important element of the EDEM project. EDEM actively participated in the preparations for the exhibition by closely collaborating with KASH and the following companies that exhibited their products in this fair:
 - SIDNEY – Fruits and Vegetables Processing Company in Berat;
 - AMARILTO - Fruits and Vegetables Processing Company in Lezha;
 - FANI FOOD – Tomato Paste Production Company in Shkodër;
 - ENZY - Fruits and Vegetables Processing Company in Kavaja;
 - DRIZA – Broiler and Ostrich Production Company in Fier.

II. 4TH QUARTER ACTIVITIES

1. Meat Processing Industry

Meat Processing Industry Level Technical Assistance and Training

Multivac Albania launched its new technology center and showroom in Tirana to provide continuous service to the Albanian meat processing industry. With EDEM support a ‘German Technology Open Week’ was organized in September 2007. The purpose of the event was to introduce the new center and services to the Albanian meat industry. *Multivac Albania* developed authorized dealership relationships to offer sales and support for other German machinery producers such Weber Maschinenbau, MR, Handtmann, Tipper Tie Techno pack and Tipper tie Alpina, Koble.

Over 20 different food processing companies from all Albania attended the ‘Open Week’ and benefited from presentations and demonstrations of the new technologies.

The opening of the new center in Tirana is considered to be a major development in the meat processing industry. It will offer the latest technologies, technical expertise, warranty and repair services, and organize company individual or industry level training and promotional activities. Building on opportunities in the meat sector, EDEM is facilitating contacts and support to *Multivac Albania* to promote similar services to the dairy, fish, and processed fruit and vegetable sectors

Meat Processing Firm Level Technical Assistance and Training

Tona Co, Korce

Over the quarter Tona Co again achieved significant sales increases for ham and salamis, packaged and canned meat. The company is experiencing good momentum in the domestic market, making it imperative to finalize their new processing facility to meet the growing demand. The company finalized their investments in the refrigeration departments and is currently renovating and adapting the old facilities.

EDEM sponsored a full audit report for Tona Co. It was compiled by international and local consultants and provides key findings, including a comprehensive list of recommendations on improving efficiency and complying with the international standards, as well as an action oriented work plan to implement ISO and HACCP standards. Action on implementation is expected to start in October and finalize during 2008 with the full certification of the company.

Tona Co implemented almost all of EDEM’s recommendations which were provided at the initial phase of the new plant investment. International expertise was offered during this quarter on reorganizing the ‘new fresh meat’ section and ‘sausages, salamis and ham’ production unit. A meat processing flow line layout was developed which assembled the machines and workers to optimize the sequence of the operation and applicable environmental temperatures.

Bardhi, Tirana

EDEM provided Bardhi a list of recommendations including immediate steps to improve their processing facility, systemize inventory and set up refrigerated storage. With project facilitation, Bardhi applied to receive BAS (Business Advisory Services), which will fund up to 50% of consultancy costs for the entire HACCP implementation. EDEM will continue providing technical support during the implementation stage, which is to be completed by the first quarter 2008.

In order to develop and implement its own HACCP food safety system the plant facility needs remodeling which includes some facility re-design, layout improvements and the addition of amenity rooms for personnel. Floors, walls and ceilings need refurbishing, with washable tiles to improve the plant’s sanitary conditions. EDEM assisted by developing a new plant layout for Bardhi detailing the flow of products for fresh meat section, salamis and ham.

Company	Technical Assistance	Results
Tona Co, Korca	<ul style="list-style-type: none"> • Written report on HACCP and ISO audit by International and local STTA in food safety and quality management • New internal plant design • TA in cross promotion along with a beer and meat company in Korca 	<ul style="list-style-type: none"> • Expected HACCP and ISO 9001 certification • New investment of \$1.5 million due for launch in October • Korca sales increased by 5 %
Bardhi – Tirana	<ul style="list-style-type: none"> • TA in HACCP and ISO 9001 implementation • TA in internal plant design of the production flow 	<ul style="list-style-type: none"> • ISO and HACCP Certification expected early next year • Expected \$100,000 new investments in adapting the facility
Arani - Tirana	<ul style="list-style-type: none"> • TA in branding and promotional campaign through billboards 	<ul style="list-style-type: none"> • Improved summer sales by 10%

2. Olive Oil Industry

Olive Oil - Industry Level Technical Assistance and Training

AOA meeting with RCI (Regional Competitiveness Initiative) - EDEM arranged a meeting between AOA and Monica Stroe of the Regional Competitiveness Initiative (RCI). RCI conducted several meetings in Albania to find common ground for regional cooperation to identify opportunities to increase agricultural products' sales within the Balkans. EDEM introduced Ms Stroe to the deputy chairman of AOA, Raimond Carapuli and collected preliminary information for drafting a Regional Database to match producers with buyers within the Balkans.

AOA participation in "Agrobiznes 2007" KASH Trade Fair - EDEM supported the AOA to participate in the 5th Annual International Trade Fair "Agrobiznes 2007", organized by KASH (Albanian Agribusiness Council).

Several meetings were conducted with the Fair organizers and AOA President in advance. The association was assisted in the process of applying for a grant from the USAID/Forecast Project and with design/preparation of promotional materials needed for the Fair (2 big banners and 3 different posters). In addition, EDEM staff helped in setting-up and maintaining the booth during the Fair.

The Fair was open for four consecutive days. Nine olive oil companies exhibited their products in the 35 msq booth. The booth was promoted as the AOA booth (emphasizing the association), and attracted the attention and interest of thousands of visitors. The companies were able to

showcase their high quality olive oil and also conduct sales. Approximately 500 liters of olive oil were sold during the Fair.

The booth was also visited by the President of Albania, the Prime Minister of Albania, the Minister of Agriculture, Food and Consumers Protection and the USAID Mission Director, who all appreciated the hard work and dedication of the companies and promised continuous support to the olive oil industry.

During the Fair the companies participated in the technology workshop organized by Perialisi, a major supplier of the olive oil processing lines worldwide. They found the presentations very interesting and expressed interest in passing the information to farmers they work with.

The participating companies in the Fair included: Dajti-Tirane, ERLA-Delvine, Hajdini-Borsh - Tirane, EVRM-Vlore, IVAP-Tirane, JAL-Tirane, 3 Miqte-Tirane, Shkalla-Tirane, Skilja-Elbasan). The companies conducted a meeting at the end of the Fair. They share the common belief that activities like this serve to strengthen the association and emphasize the need of being together as a group. A similar activity may be repeated in Q4 the fall.

Olive Oil - Firm Level Technical Assistance

Skilja, Elbasan

Over the quarter EDEM assisted Skilja in producing new promotional materials and a publicity campaign. A new leaflet is being developed. The company was part of a documentary about Albanian exports that dedicated 5 minutes to this successful company.

Alboliva, Ndroq

Alboliva is developing a new facility located in Ndroq, which will be set up in the old building of the ex-state factory. The owners plan for two separate olive oil processing lines (for farmers and for their production), a restaurant, a shop that will include other high quality olive oils, and a museum. They will start production in Fall 2007 and plan to obtain HACCP and ISO certifications. EDEM collaborated with them on promotional materials including logo, label, website design, etc.

3. Fruit & Vegetables Processing Industry

Fruit and Vegetable Processors - Industry Level Technical Assistance

EDEM is committed to being catalyst for new ventures, assisting with the expansion and upgrade of existing agro-processing plants, and guiding individual entrepreneurs and industry groups in achieving their full potential.

EDEM continued to target only those businesses with the best opportunity for success; assistance was provided to the most active and financially strong companies. The project currently has six active clients in this sub-sector. Additional processing businesses have been identified as

potential future clients. Smaller in size, but still active in the market – several more companies have been contacted and advised on a periodic basis.

The technical assistance provided by EDEM consisted primarily of improving existing technology and facilitating new investments (by helping with bank negotiations), to improve existing facilities and equipment and/or for new purchases.

The EDEM team maintains continuous contact with both the Food Safety Department of the Ministry of Agriculture, Food and Consumers' Protection and Regional Departments of Agriculture, Food and Consumers' Protection throughout the country (Tirana, Berat, Shkodër and Lezhë), to ensure that the project's clients are always updated on legislative and compliance issues related to their industry.

Fruit and Vegetable Processors - Firm Level Technical Assistance

Sejega, Tirana

During the past quarter, Sejega moved their entire production to the new factory in Arbane on the outskirts of Tirana. In addition, new machinery and processing lines were added to the older existing facility, allowing for an expansion in the company's range of products. In collaboration with the International Finance Corp/Private Enterprise Partnership for Southeast Europe (IFC/PEPS) project, EDEM offered TA for the implementation of ISO and HACCP quality and food safety standards. EDEM has assisted/trained the company's staff on an on-going basis. Sejega's participation in the Durres AgroTourism Day offered an excellent opportunity for the company to network and meet more potential buyers of their products.

Sidney, Berat

Sidney is the second largest Albanian fruit and vegetable processing company. With a long history, the company controls 25-30% share of the domestic market, with a range of about 40 different products. Over the past quarter, EDEM assisted the company in improving its marketing techniques and capabilities and accessing new markets - both in Albania and in the region (Kosova). EDEM has also assisted this client to improve their existing quality standards, with the mid-term objective of meeting the EU standards.

Çuedari, Berat

There were no new developments with this company during the last quarter. Their efforts to obtain a loan were not successful; consequently the company will not be able to purchase the targeted equipment. The apparently will continue working with the same level of technology during the coming season.

Fani Food, Shkoder

Fani Food is a tomato paste producer with a state-of-the-art facility and Italian technology for producing and packaging tomato sauce. This is a unique investment in Albania, and the company faces difficulties to make it viable. EDEM has provided technical assistance on marketing the entire stock of production with guidance on organizing distribution, branding and pricing. EDEM also assisted Fani Food in identifying feasible sources of raw material (tomatoes of industrial processing varieties) in neighboring countries (Kosova and Macedonia) since their

availability in Albania is limited. Unfortunately, the weather conditions were unusual not only for Albania but for the region as well. Consequently, the prices of tomatoes have been unaffordable this year, prohibiting tomato paste production this year.

EDEM assisted the company in finding new buyers, especially luxury hotels and restaurants. Product samples were sent to Sheraton, Rogner, Grand, Mondial, Tirana International and some other hotels and several restaurants.

Amarilto, Lezhe

EDEM continued providing technical assistance to Amarilto to identify new market opportunities, and to source raw material ingredients and machineries. EDEM put the company in contact with several fresh fruit & vegetable producers and consolidators in the Divjaka and Berati areas. Compared with the same season of the last year, Amarilto has increased the number of products from 12 to 15, introducing new products such as cherry compost and jam, and table olives.

Amarilto has concluded that in a near future (1-2 years), it will be necessary to invest in constructing a new building and to purchase some updated processing equipment. The management staff has made several direct requests for technical assistance from the EDEM project, including:

- Technical assistance in preparing a technical design for the new building
- Technical assistance in recommending the most appropriate machinery and equipment for the entire range of products that they are producing and recommendations for potential new products
- Design a product flow diagram for the new facility
- Organize a study tour to provide hands-on training for a limited number of the company's staff - possibly in a facility manufacturing a similar product range

Shpiragu, Berat

This company was established in 1993. Climatic conditions in Berat favor cultivation of high quality fruits and vegetables, suitable for the production of high quality jams, compotes, pickled vegetables, table olives, mixed salads, etc. Shpiragu produces the whole range of these products, including canned table olives.

The company is negotiating to purchase free space next to their existing facility, aiming to reconsolidate/reorganize the existing facility and add new processing equipment. The Shpiragu management staff has addressed three direct requests to EDEM project:

- Technical assistance in preparing a technical design for the new building
- Technical assistance in recommending the most appropriate machinery and equipment for the entire range of products that they are producing and recommendations for potential new products
- Design a product flow diagram for the new facility
- Organize a study tour to provide hands-on training for a limited number of the company's staff - possibly in a facility manufacturing a similar product range

Alfa, Lushnje

Alfa was established in 1994 in the Lushnja region, which is known as the “heart” of the Albanian agricultural and livestock production area. Alfa concentrates mainly on production of pickled vegetables, mixed salads, stuffed peppers and table olives. Alfa products are distributed in the regions of Berat, Lushnje, Tirana, Durres, Fieri, either vacuum packed in plastic trays/bags or in jars of different sizes, and in bulk as well. The company is preparing to purchase a plot where a new facility will be erected. Management requested EDEM assistance in:

- Technical assistance in preparing a technical design for the new building
- Technical assistance in recommending the most appropriate machinery and equipment for the entire range of products that they are producing and recommendations for potential new products
- Design a product flow diagram for the new facility
- Organize a study tour to provide hands-on training for a limited number of the company’s staff - possibly in a facility manufacturing a similar product range

Fezzoli, Pogradec

The Fezzolii family owns of the former cigarette production factory, located in the industrial zone of Pogradec. This factory was installed in a four floor building, which is currently empty and in good condition to be adapted for a fruit and vegetable dehydration facility. The company owns and runs a natural gas trade company and has sufficient capital to invest in the new enterprise, which will be complementary to the natural gas business, since the gas can be used as a source of energy for the dehydration process. Fezzoli plans to complete the full production process - from the raw materials to packaging and labeling.

EDEM has been and will provide assistance in helping Fezzoli to establish the new business through the following actions - to be undertaken in concert with investment in the facility:

- Check the dehydration chambers and give the necessary recommendations and instruction to adapt from tobacco to fruits and vegetables dehydration
- Provide guidance in modifying the drying chambers by building new product trays and trolleys, recommending the dimensions of the trolleys, distance between the trays and all the other necessary technical and technological instructions and recommendations
- Test the existing dehydration chambers and do the necessary adjustments in the temperature regime, air flow, dehydration time according to the product/raw material
- Preparation of the product recipes and technology specifications for a limited (3) number of products
- Development of the recommendations as to the production flow chart for the new products on site in the facility
- Provide recommendation as to modification of production and storage to facilitate efficient production of the new products
- Conduct employee training for the production of the new products
- Conduct test production and produce initial trial batches

Company	Technical Assistance	Results
Sejega, Tirana	<ul style="list-style-type: none"> • TA in adoption of food quality and safety standards (ISO 22000) • TA in domestic marketing 	<ul style="list-style-type: none"> • Sales were increased by 20 %, compared with the same period last year.
Sidney, Berat	<ul style="list-style-type: none"> • On going TA in market identification, distribution, and pricing 	<ul style="list-style-type: none"> • Sales were increased by 10%, compared with the same period last year.
Shpiragu, Berat	<ul style="list-style-type: none"> • On going TA in market identification, distribution, and pricing 	<ul style="list-style-type: none"> • Sales were increased by 5%, compared with the same period last year.
Amarilto, Lezhë	<ul style="list-style-type: none"> • On going TA in market identification, distribution, and pricing 	<ul style="list-style-type: none"> • New markets identified (Laç, Rrëshen, Durrës).
Alfa, Lushnje.	<ul style="list-style-type: none"> • TA in raw ingredients sourcing 	<ul style="list-style-type: none"> • Needs assessment in progress.
Fezolli, Pogradec	<ul style="list-style-type: none"> • TA in establishing the new dehydration business 	<ul style="list-style-type: none"> • SOW prepared for a local consultant STTA in assisting the company to establish the new business.

III. ISSUES / LESSONS LEARNED

Meat Processing

- Despite the top companies' advancement, the Albanian meat sector still has a long way to go to meet all EU standards and enforcement of food safety controls throughout the entire value chain, including meat imports, slaughtering, refrigeration and transportation etc.
- Despite high interest from local consumers and several offers to collaborate by local distributors, all companies need to invest in logistics (transportation and refrigeration) and branding to establish consistent market presence in Kosovo and other regional markets.
- A pervasive constraint to exports of processed meats is the Albanian government's capacity to inspect and audit food safety controls.

Olive Oil Production

- The Albanian Edible Oil Association (AOA) was dormant for over a year with no association meetings taking place, no dues paid to the association, and no activities. Visionary members understood the imperative need to revitalize and reorganize the association to the benefit of the Albanian olive oil industry.
- After the new elections on June 28, 2007 the new President and the association board members have been working hard to make the association effective. Due to the understanding and collaboration that the members have garnered, they decided to exhibit together as an association in the KASH trade fair. Together they applied for a FORECAST grant, came up with a joint booth, conducted sales and presented a professional industry image.

- In the meantime some board members, assisted by EDEM staff, are meeting regularly to define the next steps the association should be taking, making up a calendar of events for the coming year, etc.
- This nascent association is in need of association capacity building, with more skills transferred from the EDEM project to AOA management, and logistic support on organizing association activities to make it sustainable for the future.

Success Story: SEJEGA

The SEJEGA Company has just completed a major investment to build a new state-of-the-art fruit and vegetable processing factory. They have moved their entire production activity to this new location. At the same time, they added new machinery and processing lines to the older existing facility, allowing for an increase in the range of products of this company is now processing.

The new factory is located in the Tirana suburb – Arbanë – and covers a total surface of 3 000 m². Although Sejega is already the best and the largest in the country, the management/administration team is committed to continue investing both in construction and technology, in accordance with EU standards. Sejega is the first Albanian fruit and vegetable processing company to meet EU standards in this important sector of the food industry. Very soon the company will initiate the ISO/HACCAP certification procedures.

According to the management staff, with this new investment, Sejega's production has increased by approximately 40%. The company's goal is a sustainable increase of production and sales of 10-15% per year in the future.

D. ADMINISTRATION

Short Term Technical Assistance

During the quarter, two STTAs traveled to Albania in support of the EDEM project.

Consultant	Assignment Dates	Assignment Summary
Scott Wayne	08/26/2007 – 09/06/2007	<ul style="list-style-type: none"> ▪ Support Albania’s Tourism industry by assisting development efforts addressing high priority marketing and training issues
Peter Furth	07/26/2007 - 08/04/2007	<ul style="list-style-type: none"> ▪ Enhance the ability of the Albanian herb and spice industry to adapt to target market requirements based on insight and understanding of the current competition, opportunities and threats ▪ Provide direct technical assistance to client companies so they can make necessary adaptations to meet specific customer requirements ▪ Present economic justifications and cost/benefit analysis to create incentives for exporters (and their suppliers) to change behavior and start producing more value added products ▪ Give advice on needed technology and mechanization, including guidance on design and equipment lay out (process flow) for processing facilities ▪ Gather intelligence from individual companies on the new crop volume projections, quality and tentative prices; convey to interested buyers contacted prior to and/or after the trip to Albania

Staff Changes

Two key personnel left the project this quarter. The position of SME Development Specialist (held by Dagfinn Moe) was eliminated, as planned, to transfer more responsibility to the local staff. The position of Agribusiness Advisor (held by Jeton Starova) was temporarily vacated as Mr. Starova resigned; recruitment is underway to identify a replacement for this Key Personnel position.

Headquarters backstopping responsibilities were transferred to Bronwyn Irwin (Technical Backstop) and Suzanne Carroll (Project Associate).

Annex One
EDEM Option Years Results. Quarter 16 (Year 4, Quarter 4) ⁽⁶⁾

SO Level Indicators		Previous Quarter Apr-Jun 2007	This Quarter Jul-Sept 2007	Year to date cumulative	Target Option Years	% of Target Achieved
1	S.O. 1 Number of self-sustaining private enterprises benefiting directly from USAID assistance. ⁷	76	4	74	81	91
2	S.O. 2 Number of private enterprises benefiting indirectly from USAID assistance.	2,920	320	3,502	2,980	117
3	S.O. 3 Value (in 000,000 Lek) of sales of Albanian products and services in domestic markets by USAID-assisted enterprises.	4,017.2	1,131.2	5,148.4	5,334	96
4	S.O. 4 Value (in 000,000 Lek) of target Albanian products and services exported by USAID-assisted enterprises.	1,185.7	207.2	1,392	2,144	65
5	I.R. 1 Number of assisted enterprises applying new technology, good management practice and/or marketing strategy.	76 ⁷	4	74	80	92
6	Sub-IR 1.1 Number of assisted enterprises receiving training in new technologies	37	6	43	79	54
7	Sub-IR 1.1 Number of people trained in new technologies	171 ⁸	40	211	225	93
8	Sub-IR 1.2 Number of assisted enterprises receiving training in good management practices	42	19	61	88	69
9	Sub-IR 1.2 Number of people trained in good management practices	469 ⁸	170	639	176	363
10	Sub-IR 1.3 Number of assisted enterprises receiving training in marketing strategy	49	15	64	81	79
11	Sub-IR 1.3 Number of people trained in marketing strategy	281 ⁸	188	469	127	369
12	I.R. 2 Number of loans to assisted enterprises from commercial banks.	5	2	7	25	28
13	I.R. 2 Number of loans to assisted enterprises from non bank sources	27	6	33	49	67
14	I.R. 2 Value of loans to assisted enterprises from commercial banks (in 000,000 Lek).	226 ⁸	25	251	154	162
15	I.R. 2.Value of loans to assisted enterprises from non-bank sources (in 000,000 Lek).	208.4 ⁸	39.6	248	69	359
16	I.R. 3 Number of policies and regulation reforms implemented by the Government of Albania	Not reported on Quarterly Basis			24	
17	Common Indicator: Number of firms with improved management practices as a result of USG assistance	43	18	61		
18	Common Indicator: Number of SMEs that successfully accessed bank loans or private equity as a result of USG assistance (SD)	5	21	26		
19	Common Indicator: Number of firms investing in improved technology as a result of USG assistance (SD)	30	13	43		
20	Common Indicator: Number of events held that provided training improving the trade and investment environment	Not reported on Quarterly Basis		17		
21	Common Indicator: Number of participants in trade and investment environment trainings (SD)			641		
22	Common Indicator: Number of firms receiving USG assistance that obtain certification with international quality control, environmental, and other process voluntary standards or regulations	12	2	14		
23	Common Indicator: Number of products meeting international standards as a result of US assistance	207	6	213		
24	Common Indicator: Number of firms receiving capacity building assistance to export	18	9	27		
25	Common Indicator: Number of events held that provided training on topics related to improving the trade and investment capacity building	Not reported on Quarterly Basis		72		
26	Common Indicator: Number of participants in trade and investment capacity building trainings (SD)	Not reported on Quarterly Basis		1,577		

⁶ 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.

⁷ In the Quarter 16, 4 new clients were added and 6 client companies were moved from “Active” to “Non-Active” status.

⁸ Revised and corrected figures from the previous Quarter 15 (April-June) report.