



Competitive Enterprise Development (CED) Project in Albania

WORK PLAN

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ACRONYMS AND ABBREVIATIONS

ACIT	Albanian Center for International Trade
APS	Annual Program Statement
BEO	Bureau Environmental Officer
BSP	Business Service Provider
CDC	Citizens' Development Corps
dTS	Development & Training Services
EDEM	Enterprise Development and Export Market Services project
GTZ	<i>Deutsche Gesellschaft für Technische Zusammenarbeit</i> (German Technical Assistance Agency)
ICT	Information and Communications Technology
IT	Information Technology
KRA	Key Results Area
MCC	Millennium Challenge Corporation
NGO	Nongovernmental Organization
PIR	Project Intermediate Results
PPP	Public-Private Partnership
RDA	Regional Development Agencies
SBCA	Small Business Credit and Assistance Project
SNV	<i>Stichting Nederlandse Vrijwilligers</i> (Netherlands Development Organization)
STTA	Short-Term Technical Assistance
TBD	To be determined
UNDP	United Nations Development Program
USAID	United States Agency for International Development

A. OVERVIEW

A1. Introduction

In March 2009, USAID/Albania awarded Chemonics International the Albania Competitive Enterprise Development (CED) contract. During the months of March and April 2009, the Chemonics long-term team, as well as several short-term start-up specialists, mobilized to Tirana to initiate project operations. This included interviews with more than 60 potential client firms in ten municipalities over the course of an eight week period, analysis of client feedback, and brainstorming sessions with USAID and project partners. This Year 1 Work Plan is a direct result of the research conducted previously during development of the CED proposal as well as those discussions, interviews, and analysis, and presents a set of activities that will enable our client firms to overcome binding constraints and expand their businesses. This work plan is - necessarily - a work in progress, and our proposed timeline and activities will be further refined once in-depth analyses of and specific planning with each of the client firms gets underway. The project will continually update and review this work plan as more detailed activities are undertaken.

We have divided this work plan into several main sections. The first describes our vision for the project and the principles that will guide our work. The next provides a summary of the general approach of CED followed by a detailed plan of activities for Year 1. Major cross-cutting themes are expounded upon in the last section of this annual work plan. The detailed key results and indicators for Year 1 can be found in our associated Performance-Based Monitoring Plan.

This work plan encompasses activities during Year 1 of the CED project, March 18, 2009 – March 17, 2010. The timeline referred to in each detailed activity refers to calendar year quarters, Q2 2009 – Q1 2010. A Year 1 implementation plan and life-of-project work plan for Years 2 through 5 are attached, respectively, in Annexes I and II.

A2. Guiding Principles

The primary goal of the project is to increase sales and jobs through removing constraints and enabling Albanian private enterprises to expand their businesses and improve competitiveness. The premise is that focused firm-level assistance to overcome specific binding constraints will lead to increased competitiveness and employment in the overall economy.

CED project implementation will be firmly rooted in principles that will center on three guiding pillars that will direct our operational and programmatic approach. These are: Market-based interventions with sustainable solutions; Evidence-based results-driven approaches; and Fostering local ownership and participation.

Market-based interventions with sustainable solutions

Beginning with building close relationships that provide support for the needs of each business, CED will foster partnerships between its clients and business-supporting

institutions that result in sustainable economic growth. The main elements of this approach are:

Demand drives everything – CED support to clients will be driven by market demand and a comprehensive understanding of the market dynamics for the specific sector of the client. Existing efforts from donors and other partners in Albania address some major constraints to competitiveness identified through supply-side analysis. The CED project will not intervene on the supply side until we are clear that the market exists – domestically, regionally, and globally. Instead, the project will maximize the return on its investment by focusing on eliminating the constraints that keep Albanian enterprises from meeting existing and future market demand.

Specific support for identified competitiveness problems – Every project staff member will be customer-service oriented – bringing tailored solutions to specific problems. We will not take a one-size fits all approach, pushing pre-determined solutions or general best practices, but will work hand-in-hand with clients to identify the most appropriate support to help them increase sales and jobs.

Incentives are key – Expanding sales and jobs is not a vaccination campaign. As William Easterly argues eloquently, “the key is incentives.”¹ Yes, we need to program project resources, but we also need to think through how to build upon incentives already in the system to trigger spontaneous actions by project participants and help develop and encourage an entrepreneurial approach to building incentives. We shall consciously build on market incentives. For most enterprises, expanding sales is a precondition for making more money, so focusing on sales expansion, not just for the project as a whole but case-by-case, is a practical way to ensure that the clients we serve have ownership of project activities. Another example is building internal company incentives to recruit new workers if recruitment and retention of the labor force is an issue. Cost sharing, in both cases, will serve expanding sales objectives well.

Evidence-based results-driven approaches

Initial in-country research and sector profiling has revealed several constraints that could enhance the competitiveness of Albanian enterprises. However, to determine which interventions will have the most impact, the CED team will collect and analyze empirical data for each specific enterprise to maximize the return on USAID’s investment.

Furthermore, this approach will be driven by the following elements:

Results must be clear, measurable, and attributable – We will focus all of our efforts on achieving project results – sales and jobs. Other inputs and outputs will be tracked and reported, but ultimately considered means to that end and subordinate to increased sales and jobs. Our management approach reflects these priorities. Technical support, whether related to trade or enterprise productivity, will be organized by business advisors who are cross-trained to support all activities that increase sales and jobs.

Investment of resources has to be disciplined – By setting aggressive and meaningful targets for generating sales and jobs is the cornerstone of our approach. Before any assistance is

¹ See William Easterly, The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics (Cambridge, MA: The MIT Press, 2001).

agreed to, all project activities (assistance, training, grants, etc.) will be required to forecast a minimum return on investment (ROI) of 5:1 prior to implementation. Any activity that forecasts less than a 5:1 ROI will be carefully reviewed and, not meeting that requirement, will be considered an exception to the rule for just cause. We are confident that this approach to selection of activities will result in at least a 10:1 cumulative ROI over the life of the project.

Fostering local ownership and participation

CED has identified key partners and potential clients in each of the 10 initial municipalities. We will work closely with the Regional Development Agencies (RDAs), local technical/vocational training providers and business owners to build ownership of CED activities. Furthermore, the following elements will enable CED to enhance the sustainability of these partnerships:

Building trust is key to sustainable results and substantial impact – If we want people to change their attitudes, practices, knowledge, and skills we must build their trust and confidence in us. To that end, we have geographically organized our client management team (business advisors) so they can maintain a consistent presence in each region and build trust with clients in those regions. CED’s business advisors will cover clients in each of two regions, north and south, and will call upon the expertise of the trade and investment and workforce development advisors for targeted assistance when necessary, and vice versa.

The test of capacity building is ‘doing.’ Although training can play a role, the ultimate test of capacity building activities is whether the individuals or enterprises in question can actually do what they presumably have developed the capacity for. In the end, the best way to learn to do something is not just to prepare to do it, but actually to do it. Intriguingly, such a learning-by-doing strategy has the decided programmatic advantage of addressing two primary development goals – both developing capacity and achieving results – with one unified program approach. Our approach to training is: 1) demand driven and verified as needed 2) achieving the desired results (increased sales and jobs); 3) implemented with coaching; and 4) building capacity within the firm by using train the trainer strategies. This approach both builds capacity as well as enhances skill development.

A3. Project Goal

The goal of the CED project is to enable Albanian private enterprises in selected regions to expand their businesses and improve competitiveness. Given the number of other USAID and international donor activities that will also influence these results, we will measure the outcomes of the project through two key indicators: increased sales and jobs for selected enterprises. For these two indicators, we will generate an overall 10:1 return on investment for USAID – accounting for at least \$98 million in sales over the life of the project.

A4. Results Framework

We have developed project key results areas (KRAs) to align our activities with USAID’s higher levels results. Our final results framework is shown below, and illustrates how results attained in each key results area will contribute to achieving the program element results attained and tie into the program area goal, “Growth and Competitiveness of Non-Agricultural Enterprises Strengthened.” We also recognize the importance of the cross-cutting themes of gender, the environment and fostering public-private partnerships and will ensure that they are integrated into all CED interventions.



A5. General Approach

A5a. Selection of Municipalities

The premise of our work plan is that focused firm-level assistance to overcome specific binding constraints will lead to increased sales and jobs. To that end, and consistent with our guiding principles, we employ a buyer-led approach that is driven by progressive firms and codified in Client Growth Plans (see sample template in Annex III) to identify specific problems, detailed solutions, and the causality between the two so that results can be measured and attributed. The essence of this buyer-led approach is taking market demand as the starting point for all program activity and working backwards to solve the productivity problems and other constraints that stand in the way of satisfying that demand.

During the proposal process, the CED team applied the criteria in the adjacent box to identify initial municipalities to support through CED activities. Informed by a deep understanding of Albania and using data collected from more than a dozen of country-wide trips, these criteria reflected the priorities outlined in the RFP and what the CED team had learned from partners and the implementation of previous projects. The following ten municipalities were selected:

Municipality Selection Criteria

1. Geographic distribution
2. Presence of a trusted partner
3. Presence of likely growth industry
4. Presence of enterprises eligible for project assistance
5. Presence of local government counterpart dedicated to promoting SMEs.

- LGPA municipalities: Shkoder, Kukes, Fier, Korce, Pogradec;
- Non-LGPA municipalities: Vlore, Tirana, Elbasan, Durres, Gjirokaster.

A5b. Selection of Industry

An analysis of potential industries conducted during the proposal development phase of CED examined several elements, including: the industry employment levels and potential for generating incremental employment, potential for employment and self-employment for women and other marginalized populations, the historical growth in the industry and the potential for additional growth in the future, the prospect of increased productivity as a result of project interventions and opportunities for increased domestic and global market linkages. During the development of this work plan, the CED team conducted industry-specific rapid profiling appraisals for the following 5 industries/sectors:

- Textiles and apparel: target industry sector
- Footwear: target industry sector
- Tourism: target industry sector
- Recycling: target industry sector
- ICT: catalytic industry sector

As CED conducts further business needs rapid appraisals and discussions with stakeholders during the roundtables in each municipality, clients from other industries will be supported. When potential clients beyond these initial industries are identified, the project will obtain advice from the Mission Environmental Officer (MEO) or Bureau Environmental Officer (BEO) as necessary, before proceeding with the development of the Client Growth Plans.

A5c. Selection of Enterprises

The project will start implementation work in the above ten municipalities during the first year, and will expand to others as opportunities to work with new firms and other partners emerge and expand. The initial business need surveys conducted with 69 firms have allowed our team to identify 39 possible high-

Ideal Albanian Client Enterprise Profile

- Interested in receiving assistance from CED
- Willing to reform their business practices
- Working in one of CED's priority industries
- Located in one of CED's partner municipalities
- Willing to pass on their lessons learned to other firms
- Run by progressive management
- Potentially capable of expansion
- Respected members of their community
- Willing to invest in developing human resources
- Be able to demonstrate that through CED assistance, a minimum return on investment of 5:1 will be obtained

impact clients. Our search for new firms to support will continue on an on-going basis, through outreach to other USAID/donor projects, private sector associations, local governments, technical/vocational training providers, project clients, and others. To enhance and expedite our search for new clients, we will use a dynamic combination of the following:

- *Incentive-based Referral Program* – CED will establish an incentive-based referral program, whereby BSPs/RDAs or other groups and organizations will conduct initial surveys with potential clients and receive a small fee in return if CED selects the firm for assistance.
- *Regional Round Table Meetings* – Following the initial business needs appraisals with potential clients, CED will hold stakeholder round tables in each of the municipalities inviting local government leaders and active members of the private sector as well as other partners from the public sector and community.
- *Italian – Albanian SMEs Development Program* – CED will cooperate with the Italian – Albanian SMEs Development Program (IASDPCGF), which supports promising enterprises to obtain financing designed to enhance their productivity. Most of the IASDP’s financing is being used for new plant, equipment, and new technology aimed at making the companies more competitive. CED will partner with the IASDP to identify, facilitate and provide technical assistance that these enterprises need to apply the financing they have secured. A major benefit of this cooperation will be the extensive due diligence process that the IASDP clients will have gone through to obtain the financing, ensuring that CED investments are likely to have greater impact.
- *Small Grants Fund* – Through an open, competitive process of identifying small grants recipients a number of potential recipients will be self-identified to CED. Those that are awarded small grants will become clients of the project, whereas a number of those that are not selected may also become active clients.
- *Success stories/word of mouth* – Through our communications platform that will be enacted within the next few weeks, CED will capture and spread success stories which will contribute to attracting same-minded entrepreneurs to CED directly or through any of the partnerships discussed throughout this work plan.

Supporting Entrepreneurial Start-ups

CED’s mandate is to enhance the competitiveness of key industries and enterprises that serve as a catalyst for new and better paying jobs across Albania. In this case, “established” generally refers to those companies that have been in business for at least one year. In the rare occasion that CED identifies a start-up company (or an entrepreneurial start-up requests project support), the CED project team will analyze the company and apply the same selection criteria discussed above and used in all cases, including whether the minimum expected return on the investment can be a minimum of 5:1. If the start-up meets all of these criteria, then the project will prepare a client growth plan and begin delivering services identified in the plan.

Small Grants Fund.

CED will award small grants to Albanian firms and NGOs (e.g. trade associations) that address binding constraints using new technology. Grant recipients must: demonstrate a 5:1 ROI; agree to receive visits from other beneficiaries to share their technology; provide a streamlined IEE and due diligence procedure while implementing grants; incorporate gender concerns; and monitor and report results. Grants will be awarded in response to an open, competitive Annual Program Statement (APS), whereby the project solicits applications annually from a number of potential grantees, and awards are made on a competitive basis.

The project will design the first competitive grants competition and assist firms in completing applications in Year 1. Submission of applications will be rolling, and open for a minimum of six months and maximum one year. However, in response to this first APS, we expect a number of grants to be awarded during the first quarters of 2010. Members of the technical team may also determine that specific clients are best positioned to receive grants and will encourage them to prepare applications. Annex IV contains the CED Grants Fund Concept Paper, around which the Grants Manual will be prepared.

Local Implementation Fund

In addition to the small grants program, we will utilize a Local Implementation Fund (LIF) to maximize our flexibility in the use of local subcontracts and allow us to respond to firms' needs, while effectively utilizing local talent. Other than ACIT, the project has not determined precisely which local subcontractors will be used for specific activities in Year 1, although we have met with a number of potential business service providers (BDS) and Regional Development Agencies (RDA). We plan to publicly advertise CED's needs for support (i.e. technical assistance, training) in appropriate local venues such as local newspapers, and then short-list competitive candidates to ensure the process for selection is transparent and competitive. When a need is identified, we'll issue specific requests to the short-listed BDS providers to procure services. In addition to the short-listed providers, we will develop criteria by which we may select local BDS providers outside of the short-list. For example, we might select a local partner if the assisted client firm has previously worked with them and established trust, particularly if the client firm agrees to cost-share the costs of contracting the local BDS provider. We have also included a section on partner resources under each activity in section C, and will determine on a case-by-case basis which type of assistance to utilize.

Roundtables

As discussed early on with USAID, we decided to give highest priority not just to meeting with the private sector but also to meeting with individual companies as we conducted individual appraisals of business needs. Often, group meetings take on their own dynamics, highlighting the problems of the most vocal participants or gravitating to big-picture issues not readily amenable to effective, actionable solutions. To have a better chance of identifying the problems that most constrain sales, it is typically necessary to meet with companies one on one, listening to and trying to understand the peculiarities of their situations. Now that we have conducted interviews with a large sample of companies, the time is ripe to spread the net wider. In the next two months following the completion of this work plan, we shall organize roundtables we discussed in the proposal, involving not only businesses but local government as well as other partners and stakeholders, such as the Regional Development Agencies and other Business Service Providers. By conducting the roundtables at this point in the process, we will be able to present an agenda for action to the business communities throughout the country while obtaining feedback on the priorities that our partners and stakeholders have. This will further inform our work and allow us to implement the work plan while adjusting to the changing realities on the ground.

A5d. Supporting Industries and Enterprises

Starting with a desk review of reports and studies from technical experts and partners in each sector, the CED team analyzed the primary strengths, weaknesses, opportunities and threats in each industry, keeping in mind their effect on the industry's competitiveness, consulting key stakeholders in the process. Summaries of industry-specific analyses follow, while the

complete profiles including the SWOT analysis for each industry sector are included in Annex V. These profiles and SWOT analysis will be updated as part of future planning activities and as new reports and studies are available. As additional industry sectors, such as packaging, metals and wood processing, etc. are identified through the roundtables in each municipality and the business needs interviews conducted by the CED business advisors, industry profiles and strategies will be developed to ensure that CED supports activities and enterprises with the greatest returns on investment while meeting the development needs of Albania. Furthermore, the CED team, with support from the Chemonics PMU team, will conduct the necessary Environmental Impact Analysis and consult with the Mission Environmental Officer to ensure that all the necessary approvals to work in the industries are obtained.

Textiles/Apparel - The textile and apparel industry employs nearly 11,000 people in Albania and, in 2006, it accounted for more than 28% of Albania's exports, totaling US\$450 million. In 2006 the top export destinations were almost entirely European, and the majority of Albanian apparel exports went to Western European countries (the top three destinations in 2006 were Italy, Greece and Germany at 78%, 16% and 6% respectively). Altogether, they represent 99.7% of total Albanian apparel exports. Many Italian retailers, clothing designers and brokers have taken advantage of the geographic proximity and low labor costs of the Albanian apparel manufacturing industry, as well as the fact that many Albanians are fluent in Italian. The Revealed Comparative Advantage (RCA) of Albania's apparel manufacturing industry in 2007 indicated that Albania has a distinct advantage in apparel exports to EU relative to other countries. Albania appears to be improving its comparative advantage relative to the EU market: over the past three years the RCA has gradually increased, indicating that apparel manufacturing firms are taking greater advantage of their geographic proximity to European markets.

Potential Environmental Impacts of Working in Textile/Apparel Industry

- Water use
- Chemicals
- Improper use and poor maintenance of machinery and equipment
- Poor production practices
- Inefficient energy use
- Wastewater

More than 95% of all workers in the textile industry are women, and a significant majority of all future jobs created in this industry will likely go to women, including technical specialists, which means that a system must be put in place to upgrade skills of workers to move into higher technical positions.

According to the Regional Capability Survey (RCS), 60% of firms considered the reduction in apparel throughput time and lead time as one of three most important success factors for their business, the highest percentage in the region. Implementation of automated technology is also in its infancy; according to RCS, only 27% of firms considered their lack of investment in technology to be one of the three main business challenges. Low investments indicate why Albanian firms are still in CMT (Cut-Make-Trim) modality and have yet to realize the potential benefit of improving their equipment and processes.

Only one-third of apparel manufacturing firms in Albania identify products at the SKU (Stock Keeping Unit) level with UPC (Universal Product Code) symbols, the lowest percentage in the Western Balkan region. Albania is the least expensive country in Europe for labor intensive activities. The policy barriers most often cited as major obstacles to growth and operations are reliability of electricity, VAT reimbursement, and labor regulations.

Recommendations and Strategies

1. Actively promote the apparel sector as a target for foreign and local investment.
 - a. Establish direct relationships between retailers in the EU and Albanian manufacturers (B2B, trade fairs and networks).
 - b. Improve productivity by moving up the value chain system.
 - c. Provide additional value-added services, such as product design, packaging, etc.
2. Support companies to access existing sources of financing, both national and international.
3. Mentor managers to develop human capital, including incentives for integrating recruitment, training and retention. Establish training programs that include regular training needs assessment (TNA), identify qualified trainers, conduct training of trainers (TOT) and build linkages with existing training institutions and programs with a special focus on public private partnerships.
4. Coach apparel managers to leverage opportunities that increase the productivity of Albanian firms through:
 - a. Research and Development;
 - b. Product Design and Development;
 - c. Upgrading production processes;
 - d. ICT and new technology, such as CAD/CAM and EDI.

Footwear – The footwear sector accounts for around 14% of industrial employment, 10% of industrial output and more than 30% of total Albanian exports. Footwear accounts for 90% of total Albanian shoe and leather exports with over US\$ 165 million exports in 2004. In total, there are 96 shoe and leather companies in this sector. Taking also into account the intensive use of handiwork, whereby shoe manufacturers outsource work to households, total employment in the sector is cautiously estimated to be at least 20,000 workers — 90% of whom are women employed in labor-intensive production activities rather than management positions. The other significant areas for exports are raw hides, skin and leather with exports of over US\$ 12 million in 2004². Italian footwear companies, which have had a presence in Albania since the 1990s, continue to expand their operations there. Due to increasing fuel and transportation costs and demand for ever-quicker delivery times, Albania is well positioned to expand its production of footwear, particularly for European companies.

Potential Environmental Impacts of Working in the Footwear Industry

- Water use
- Chemicals
- Improper use and poor maintenance of machinery and equipment
- Poor production practices
- Worker health hazards
- Odor
- Inefficient energy use
- Wastewater

Investors in Albania have concentrated on shoe production (23%) and assembly (32%), production of safety shoes (10%), leather processing (25%), leather accessories (6%), and other (4%)³. The main shoe and leather export product is shoe upper, which accounts for 80% of total shoe and leather exports. In 2004, Albania had a 4% world market share of exports in

² Albania Shoe and Leather Sector, New Investment Opportunities, UNDP Trade Liberalization and Promotion Program, June 2005.

³ ACIT survey of 48 companies, November 2004.

this product area and was the sixth largest exporter worldwide⁴. In 2006, according to CBI data shown in the table below, this market share had fallen to 3.2%.

EU Imports of Footwear 2006⁵

EU imports per product group	2006 € million	Developing Countries € million	Albania Market Share
Footwear with leather uppers	15,646	5,409	
Footwear with plastic or rubber uppers	4,208	2,538	
Footwear with textile uppers	3,754	2,036	
Other footwear	2,643	1,042	3.2%

In 2004, 99% of Albanian exports went to Italy, which often re-exports these goods to other countries. The Albanian shoe and leather industry can therefore be said to be an extension of the Italian sector. Because Albania is almost totally dependent on Italy as an export and import market, footwear and leather firms in Albania are vulnerable to the swings of the Italy's economy.

Recommendations and Strategies

1. Find new buyers for footwear companies to reduce their dependence on one single buyer by:
 - a. Establishing direct relationships between retailers in the EU and Albanian manufacturers (B2B, trade fairs and networks).
 - b. Improving productivity by moving up the value chain system. For example, explore the development of the supply chain to source domestic leather.
 - c. Assisting footwear companies that have developed their final branded product with new market linkages.
 - d. Sharing marketing information on latest market trends with footwear companies.
2. Support companies to access existing sources of financing, both national and international.
3. Mentor managers to develop human capital, including incentives for integrating recruitment, training and retention. Establish training programs (using existing supervisors for training when possible) that include regular training needs assessments (TNA), identify qualified trainers, conduct training of trainers (TOT) and build linkages with existing training institutions and programs with a special focus on public private partnerships. Train new personnel in sourcing raw materials abroad, increasing share of existing markets and accessing new markets.
4. Coach footwear managers to leverage opportunities that increase the productivity of Albanian firms through:
 - a. Research and Development;
 - b. Product Design and Development;
 - c. Upgrading production processes;
 - d. ICT and new technology, such as CAD/CAM and EDI.

⁴ Albania Shoe and Leather Sector, New Investment Opportunities, UNDP Trade Liberalization and Promotion Program, June 2005.

⁵ This table is compiled with information from the Footwear Market in the EU, April 2008, CBI Market Survey

Tourism - The Government of Albania and several donor projects are currently working to improve the structural and infrastructure impediments to the development of tourism in Albania. Tourism in Albania has consistently increased over the past five years from a 16.9% annual growth rate in 2004 to a 40% annual growth in 2008.⁶ Tourism accounts for approximately 11% of Albania's GDP – ranking first of all industries, followed by construction which accounts for 10.7% GDP and employs over 138,000 people or 6% of the able working population.

Potential Environmental Impacts of Working in the Tourism Industry

- Water quality deterioration
- Soil erosion
- Deforestation
- Inefficient energy use
- Wastewater

The tourism industry is multifaceted with many backward and forward linkages. The approach taken by the project will build upon the EDEM tourism successes of marketing and awareness building; online booking systems; and certified training for tour operators and hospitality staff and is a bottom up approach that focuses on helping firms, (tour operators, agents, hotels, and resorts) increase sales and jobs. The project will work with hotels, resorts and tour agencies and other backwardly linked SMEs to exploit growing niche markets within the industry, such as a recent influx of Macedonian tourists, expected to exceed 10,000 visitors this summer as a result of strained relations with Greece. Moreover, with women holding a significant number of leadership positions and comprising the majority of the industry's workers, advancement is a tangible possibility for the industry's leading women. One of the largest challenges facing the industry is both expansion of sales to fill the new beds that are coming on line and to recruit and retain a well trained professional hospitality workforce that meets international visitor demands and standards.

Recommendations and Strategies

1. Recruit, train trainers, coach, and develop HR (human resource policies and practices) and create incentives to help firms retain staff.
 1. Effectively use training provided through EDEM to build a cadre of certified trainers,
 2. Provide coaching for top management from CDC volunteers,
 3. Internships with curriculum and competency based assessments with existing training organizations and consistent with quality standards (such as USAID Bulgaria materials *Quality Mark* adapted to Albania by SNV & ATA),
 4. Continue and build on the previous internationally certified training provided through EDEM that supports expanded sales and jobs with individual firms.
2. Access to foreign markets, i.e., supporting the tourism trade fair, co-sponsored by FIAA and EDIL-CO, in coordination with the Albanian Tourism Association, the Government of Albania and several other donor agencies. This event is discussed in more detail later in this work plan.
3. Coordination among and between travel agents/tour operators with facility and service providers - through B2B and match-making based on needs identified.
 1. Match supply (products and services offered) to the demand (what targeted tourists want and expect)
 2. Introduce ICT systems and tools to promote linkages between Albanian tour operators and hotels and potential booking agents.

⁶ Sources: Ministry of Tourism, Culture, Youth and Sports, Bank of Albania, National Institute of Statistics.

4. Build on the successes of the EDEM on-line booking activities and expand the capacity of Albanian tourist operators to access and adopt ICT systems and tools.
5. Developing public private partnerships to help engage institutions with businesses, and interfacing with local community organizations (reference CAAHT organizations in selected cities) and RDAs (or similar local organizations consistent and complementary to LGPA activities.)
6. Work closely with potential clients in the tourism industry (tour agencies and hotels) to identify constraints to increasing sales for other tourism opportunities, such as winter and cultural tourism.
7. *Greetings from Albania* initiative. CED will re-launch the *Greetings from Albania* initiative in Year 1 of the project, in cooperation with the Albanian Tourism Association (ATA) and the Ministry of Tourism, Culture, Youth and Sports. Building upon the previous *Greetings from Albania* project initiated by EDEM, this initiative will focus on successfully handing over the program to a local partner by Year 4 of the project. *Greetings from Albania* will be re-launched during the October 2009 Tourism and Real Estate B2B. Focusing on its demand-driven approach, CED proposes to implement *Greetings from Albania* by integrating the following market-based components/elements:
 1. Establish linkages between *Greetings from Albania* and "Made in Albania", which promotes Albanian handicrafts and cultural products;
 2. Commercially distribute postcards developed through *Greetings from Albania* in all Hotels and Travel Agency Clients of the project and other members of ATA;
 3. Make *Greetings from Albania* postcards available in bookshops and museums in all project municipalities.

Recycling – At first look, recycling might not seem a high-growth industry. However, 37 companies are currently involved in recycling — and employ an estimated 15,000 people — which demonstrates the considerable interest in expanding this already growing industry.

Many of these jobs involve the collection and distribution of waste. Albania has long had difficulty processing its solid waste, and vast amounts of recyclable plastic, paper, and cardboard are thrown away each year. Expanding the recycling industry in Albania would both improve the environment and provide a platform for delivering support to minority communities.

Potential Environmental Impacts of Working in the Recycling Industry
<ul style="list-style-type: none"> • Water quality deterioration • Inefficient energy use • Wastewater • Chemicals • Worker health hazards • Odor

According to an assessment made by IFC-PEPSE in 2006, the composition of the Municipality Solid Waste in Albania is the following: Metallic Scrap 7% of the total solid waste; Paper & Carton 17%; Plastic 10.5 %; Glass 4.5%; the rest being other solid materials. For each of these waste materials, separate value chains have been developed including individual collectors, collecting companies, recycling processors, exporting companies, etc.

Table 1: Estimates of Annual Solid Waste Production in the Country

	Population of Albania	Urban Population	Solid Waste Production	Metallic Scrap	Paper & Carton	Plastic	Glass
TOTAL	3,069,275	1,293,838	388,152	27,171	66,781	40,756	17,467

(ton/year)							
Sector Share (%)	100%	42%	100%	7%	17%	10.5%	4.5%

Recommendations and Strategies

Given the current status of the recycling sector in Albania, the project will focus on client-specific solutions during the first year of implementation. These will include:

1. Support processing companies to increase market share of their final products (plastic packaging, cardboard packaging etc.) through:
 - a. A national fair of existing providers and potential clients;
 - b. Training and mentoring of sales agents;
 - c. Referrals of prospective and existing project clients;
2. Increase new investment in recycling lines and new technologies by helping existing firms access financing.
3. Expand existing collection strategies for recyclable materials for specific clients:
 - a. Embassies of the United States, Germany, EC and UN delegations;
 - b. Work with LGPA project and targeted CED municipal/district authorities to increase co-operation between municipalities and recycling companies through public private partnerships;
 - c. Hotels and tourism services providers;
 - d. Other CED clients.

Information and Communication Technology (ICT) – At less than 5%, Internet penetration is much lower in Albania than anywhere else in Europe, and there is growing interest on the part of the Government of Albania (GoA), donors, and the private sector to expand internet coverage dramatically throughout the country. There is growth potential for using ICT as a catalyst for SME increased market penetration, productivity enhancement, and workforce development, especially across the sectors that CED will initially focus on (outlined above) in addition to supporting firms in the ICT industries.

ICT is 1.2% of the Western Balkans regional GDP and is expected to grow by 9% between 2007 -2011 – a similar rate to that in Asia-pacific region or China. The cost of labor in this industry is up to five times lower in the Western Balkan economies than in Hungary or Poland. In addition, proximity to EU and other regional markets makes the Western Balkans a prime location for companies interested in outsourcing some of their operations. For back office services and call centers, language capabilities are strong across the region, especially English, German, and Italian.

Recommendations and Strategies

1. Conduct business needs rapid appraisal with ICT service providers to explore opportunities to support them to meet existing and future market demand. Business Advisors will work with high-potential ICT service providers to develop Client Growth Plans to address identified constraints to jobs and sales.
2. Using the Global Development Alliance (GDA) approach, create an ICT sector incubator in cooperation with the New York University of Tirana, to bring in Microsoft and Cisco System along with select Albanian ICT firms.
3. Pilot the effective use of ICT in one textile firm, in the first year, following by an expansion of this program in later years if successful.

4. Support participation in regional IT and related events and conferences in order to create linkages with other IT companies and potential clients. In particular, invite relevant ICT firms in the sector-based B2B events sponsored by CED.
5. On an as needed basis, facilitate access to and use of existing e-course offerings of ICT systems and tools, for example, financial and marketing/sales management and sector-specific software.

B. DETAILED WORK PLAN

The remainder of this document lays out how the CED project will *operate* over the next year. Although we will report results by the project's three components, we will not implement CED as three separate sub-projects. Rather, we propose to implement the project as an integrated whole, with all activities contributing directly and with mutual reinforcement to the overarching objective of bringing about increases in private sector sales and jobs. In the final analysis, the three components are means to that end, and it is the end, not the means, that must drive what we do. The remainder of this section illustrates how CED will tackle constraints to competitiveness (sales and jobs) for every enterprise, constraints that cut across industries and municipalities, explanations of our approach in each of the three components, and finally the partnerships that will help us attain the depth and breadth of solutions needed to meet our goals.

B1. Binding Problems Specific to Individual Businesses

In Albania, as in most countries around the world, the key constraints that prevent businesses from expanding exhibit much more heterogeneity than uniformity. For that reason, it is essential to avoid the temptation to apply one-size-fits-all solutions. Such solutions may look attractive at first blush, but often fail to get at the root of the binding problems specific businesses encounter. It is important to economize on resources when we can, but it is also important to evaluate each client on its own merits and adjust our solutions to the specifics of the business in question.

Of the 69 firms interviewed by project personnel, 39 appear to represent appropriate candidates for project support. Those 39 companies will be our point of departure for operations. In all likelihood, some of those businesses will pan out as successful clients, but others will not. That is natural, and what we should expect. As time goes on, we expect the number of clients benefiting from the project to expand dramatically through the channels identified in section A5c. At any point in time, we anticipate that the two business advisors will each have at least 10 active clients in the municipalities for which they are account managers and will be supported by the trade and investment and workforce development advisors as appropriate. Over time, specific clients will rotate in and out as their problems get solved and sales and jobs expand.

The list of our first cut of 39 potential clients appears in Annex VIII. Examples of the kinds of support services we expect to provide those clients appear directly below. As discussed above, our operational starting point will be the binding constraints that prevent Albanian businesses from expanding sales and creating jobs. We will adjust our solutions to the problems we encounter, not come with pre-determined solutions looking for problems. Solutions to the major sales-constraining problems we have encountered thus far fall neatly in

the three components specified in our contract. We will continue to approach clients on a case-by-case basis and respond to the nature of the problems emanating from their businesses to help them achieve their targets.

How, operationally, do we determine what are the binding constraints of client businesses? During the first eight weeks of the project, we conducted an initial business needs rapid appraisal by interviewing 69 individual firms in the ten priority municipalities in which we will be working. There were two objectives to these interviews. First, our contract called for us to survey firms to confirm whether the industry sectors we specified in our proposal still make sense. Secondly, and arguably more importantly, the interviews allowed us, in a one-on-one setting, to zoom in on businesses' key problems in today's economic environment – an environment significantly different from the one in which USAID prepared the RFP and Chemonics prepared its proposal pre-financial crisis.

Overall, the rapid appraisal confirmed the advisability of concentrating on firms in the priority industry sectors suggested in our proposal. The surveys also surfaced a few nuances that merit comment. First, the combination of our interviews with ICT and other firms, discussions with David Ferguson (USAID's ICT backbone consultant) and references from USAID's EGAT Bureau⁷ suggests the wisdom of looking at ICT, not only as a "target" sector, but also as a "catalytic" sector supporting priority target sectors. Operationally, therefore, we propose to support ICT, primarily as a tool to address the binding constraints that prevent client firms in other sectors from growing as well as support to ICT firms. We anticipate that as we pilot the use of ICT in the first four industries above we will identify gaps in the Albanian ICT industry to meet these needs and will work with leading ICT service providers to meet existing and future demand. In all likelihood, several ICT service providers will become CED Clients and work closely with our Business Advisors to identify main constraints to increased jobs and sales and meeting the demand for new technology and productivity-enhancing tools and address them with selected ICT providers.

Second, a number of interviews supported the wisdom of taking a flexible, as opposed to a doctrinaire, position on which industry sectors to support. For example, the industry-level analysis in our proposal suggested that focusing on wood products/furniture would result in relatively low impact on sales and growth throughout the industry. During the interviews, we identified several firms within that industry sector which appear to have the potential for sales growth with a relatively modest expenditure on CED's part. The industry as a whole does not appear to offer significant growth potential nearly as much as do the others which we have been targeting; however, some of the enterprises operating in the industry could meet the criteria for successfully working with CED. That finding – that cost-effective successes often come from surprising industry sectors – is consistent with results from other USAID economic growth projects around the world⁸ and with experience in the investment world more generally.⁹ We therefore propose to keep our options open to support promising firm-level targets of opportunity wherever they may arise. As we pursue opportunities to

⁷ See, for example, Judith E. Payne, "Using ICT to Enhance Program Impact: A Note on 'What Works' for USAID Missions." USAID/EGAT/I&E, March 2009; and JE Austin Associates, "When Should the ICT Sector be a Target for Private Sector Competitiveness Work?" Technical Brief No. 3, Business Growth Initiative, USAID/EGAT/EG, February 2008.

⁸ See, for example, Chemonics International Inc., "The Peru Poverty reduction and Alleviation (PRA) Program," Final Report, USAID/Peru, September 2008.

⁹ In its 30th anniversary issue in 2002, *Money* examined which stocks had done well and which had done poorly since 1972. The best-performing stock was Southwest Airlines, a dramatic exception in an otherwise anemic industry. Had analysts restricted their sights to industries, Southwest Airlines would never have even hit their radar screen. See Jon Birger, "The 30 Best Stocks," *Money*, Fall, 2002.

work with clients in additional industries, we will seek the advice of the Mission Environmental Officer to ensure that all environmental issues are addressed and the appropriate approval from USAID is obtained. For example, if working with the wood processing industry, the CED team will check that the wood used is harvested in a sustainable way from certified sources.

The second objective of the individual business interviews was to identify the key sales-constraining problems of potential clients to focus the support we will provide to industry sectors and individual businesses during the project's first year. The interviews also initiated the process of developing relationships of trust with potential clients, a necessary first step for translating good intentions into verifiable increases in sales and jobs. Based on institutional knowledge from previous projects, the CED team surveyed initially businesses that represent some of the leading and most progressive firms in each industry. During Year 1, CED will build on the momentum of cooperating with these high-potential clients to recruit further enterprises and use the success stories to catalyze further change in the target industries.

To guide the interviews, we developed a "Template for Interviews with Potential CED Clients," which appears in Annex VII. Normally it takes a number of interviews to elicit the full range of information desired. In initial interviews, however, it generally is possible to probe sufficiently to find the major problems companies face – distinguishing causes from symptoms – as well as a qualitative feel for the degree to which the resolution of those problems will translate into increases in sales and jobs. Annex VIII presents the potential lists of clients from the qualitative interviews conducted in the ten target municipalities.

From just one interview, it is normally impossible to conclude definitively that the company in question merits project support. Typically it is necessary to conduct follow-up interviews to do the due diligence required to say with confidence that support for a given company will likely satisfy the 5:1 rule, that is, that the support will be a cost-effective use of project resources. The various activities proposed below are therefore subject to the caveat that, at the moment of truth, they will pass the 5:1 test. An example of how the 5:1 rule will be tested can be found in Annex X. In certain situations, when dealing with gender and workforce issues and some enterprises, the immediate results might not reflect a 5:1 ROI. Nonetheless, it is expected that over the life of the project, all investments will lead on average a much higher ROI than the 5:1 at the moment of planning and approval. In specific cases when an activity might be conducted despite a predicted ROI lower than 5:1, the activity will be reviewed and agreed upon by the management and technical team.

The results of these initial Business Needs Rapid Appraisals and the follow-up interviews that will be conducted by the CED team will inform the development of Client Growth Plans. Once we do our due diligence and decide to work with a client, we will ratify our agreement with the client in a "Client Growth Plan." The project will co-sign Client Growth Plans with each firm which will detail the specific support provided by the project to address the firm's binding constraints to growth, and establish the firm's responsibilities, including willingness to share financial information, be a strong partner in its own growth, consider gender-related issues, disaggregate employment data, and mitigate any possible environmental risks. In essence, the Client Growth Plan is a "contract" between the client and CED that spells out what each of the two parties will do to attack the key problems that stand in the way of the client increasing its sales and ultimately increasing jobs. In effect, the very structure of the Client Growth Plan builds in cost-sharing. It also projects the sales and employment increases expected as a result of the execution of the Client Growth Plan. Additionally, it

spells out the obligation of the client to provide baseline data on sales and employment in the line of business in question during the previous year, and to report sales and employment on a monthly basis thereafter.

Before the chief of party signs a Client Growth Plan, the monitoring and evaluation officer will review the draft for the realism of the cost-effectiveness calculation underlying the plan and for the development logic of the plan itself, that is, whether it is reasonable to expect that applying solution X will lead to result Y. In other words, right from the beginning of the relationship with a client, we will explicitly build in concern for results, cost-effectiveness, and causal attribution. A check list of questions for reviewing Client Growth Plans appears in Annex IX.

To give focus to its work over the coming year, the CED work planning team collectively reviewed the results of the 69 interviews conducted by project personnel during CED's first six weeks. From that review, several different kinds of sales-constraining problems surfaced. A first group consisted of problems amenable to solutions affecting many businesses at once. A second consisted of problems specific to individual businesses. The team analyzed both groups of problems in light of USAID's expectations in the RFP and the illustrative activities suggested by Chemonics in its proposal. From that analysis, it then defined work priorities, which we summarize in the two sections that follow. The initial business need surveys conducted in the qualitative interviews, resulted in the identification of main constraints to increasing jobs and sales presented in the table below¹⁰.

¹⁰ Many of the firms listed in the table appear in more than one category simply because these firms need support in more than one of the project components.

Name of Potential Client	Sector/Product	Municipality ¹¹	Initial Binding Constraint Identified by Component			
			Trade and Investment Capacity Strengthened		Enterprise Productivity Increased	Workforce Development Improved
			Finding Buyers	Access to Finance		
Caro, Shpk	Textile	GJ			X	
FASK	Textiles	DR	X	X		
Konfeksione Mogi	Textiles	FR				X
CUKALI	Textiles	KO	X			X
NPV International	Textiles	KO	X		X	X
Florjan -V	Textiles	SH	X		X	
Melgushi	Textiles	SH	X	X		
SAM	Textiles	TR	X			X
Firma Moda Teli	Textiles	SH	X			
Farma	Footwear	GJ				X
MAS-TORR	Footwear	KO				X
Adelchi	Footwear	SH	X	X		X
Al Benis	Footwear	VL	X			
Happy Family	Tourism	FR	X			X
Number One	Tourism	GJ	X		X	X
Erjalba	Tourism	GJ	X			X
Kompleksi Freskia	Tourism	GJ	X			
Grand Hotel	Tourism	KO				X
Millennium Hotel	Tourism	PO	X			
Enkelana	Tourism	PO	X			
Albania Holidays	Tourism	TR	X		X	
ATHS	Tourism	TR	X		X	
Hotel Vlora International	Tourism	VL	X			
LLOGARA Resort	Tourism	VL	X			X
Hotel New York	Tourism	VL	X			
Top Tour	Tourism	TR				
Edipack	Recycling	DR	X	X		
Serinçay	Recycling	EL	X	X		
Everest I.E.	Recycling	TR	X			X
2A	Wood Processing	EL	X	X		
RM Kocek	Wood Processing	FR	X		X	
Karafili	Wood Processing	PO				
Dafinor	Wood Processing	SH	X	X		
Europa Construction	Construction	EL	X	X		
Rustemi	Food Processing	FR			X	
Valdrin	Handicrafts	KU	X			
Bulica	Marble Extraction	KU			X	
Eurokartoni	Other	FR	X			
Venice Art	Other	SH				X

The following tables provide indicative activities and the timeline that will allow the CED team to solve the constraints to increased sales and jobs for specific clients.

¹¹ The two-letter acronyms refer to each of the ten municipalities as follows: DR – Durres, EL – Elbasan, FR – Fier, GJ – Gjirokaster, KO – Korce, KU – Kukes, PO – Pogradec, SH – Shkoder, TR – Tirana, VL – Vlora.

Indicative Solution for Individual Enterprises

Client Name: SAM shpk		Sector: Textiles		Business Advisor: Andi Stefanllari			
Background: SAM shpk has requested assistance in accessing the domestic market for the first time, and in developing a marketing strategy for the international markets.			Year 1 Timeline				
Activity	Project Intermediate Result	Responsible Staff	Q2 2009	Q3 2009	Q4 2009	Q1 2010	
Develop Client Growth Plan with SAM owner/manager	Trade and Investment Capacity Strengthened	Andi Stefanllari	X	X			
Identify a potential sales agent and facilitate a deal between SAM and the sales agent.			X	X	X	X	
Support with the development of a remuneration scheme			X	X			
Identify a foreign expert specialized in sportswear through CDC program who can advise on a pricing strategy for the EU markets.			X	X	X	X	
Link to domestic market outlets and wholesalers of sportswear.			X	X	X	X	
Develop and implement plan to measure impact of technical assistance in sales and management capacity.		Elona Toska		X	X	X	

Client Name: MAS-TORR		Sector: Footwear		Business Advisor: Andi Stefanllari & Gwen El Sawi			
Background: Owner has buyers for products but needs to hire 20 additional women staff members to open another line of production.				Year 1 Timeline			
#	Activity	Project Intermediate Result	Responsible Staff	Q2 2009	Q3 2009	Q4 2009	Q1 2010
1	Develop Client Growth Plan with MASS-TORR manager	Enterprise Productivity Increased	Andi Stefanllari & Gwen El Sawi	x			
2	Develop and Implement incentives system for existing staff to recruit new staff	Workforce Development Improved	Gwen El Sawi	x	x		
3	Broker participation in Korce Job Fair (with LGPA, CDC, Ministry of Labor, and Korce RDA)	Workforce Development Improved		x	x		
4	Match recruitment needs of MAS-TORR with training and recruitment of local organizations, education & training institutions	Workforce Development Improved			x	x	
5	Rapid appraisal of staff recruitment and training potential through vocational education system & regional employment offices	Workforce Development Improved			x	x	
7	Develop & implement Human Resource Incentives plan to retain staff with MAR-TORR owner/manager	Workforce Development Improved			x	x	
8	Provide follow-on coaching and monitor progress in recruitment, training, and retention strategies	Enterprise Productivity Increased					x
9	Quantify return on investment as part of monitoring and evaluation of recruitment scheme.	Enterprise Productivity Increased	Elona Toska				x

Client Name: Grand Hotel (Korce)		Sector: Tourism		Business Advisor: Andi Stefanllari & Gwen El Sawi			
Background: Grand Hotel has requested assistance to improve recruitment, training, and retention of employees and to improve professional "world class" hospitality service for international clients.				Year 1 Timeline			
#	Activity	Project Intermediate Result	Responsible Staff	Q2 2009	Q3 2009	Q4 2009	Q1 2010
1	Develop Client Growth Plan with the Hotel General Manager/Owner	Workforce Development Improved	Andi Stefanllari & Gwen El Sawi	x			
2	Broker participation in & follow-up of the Korce Job Fair (with LGPA, CDC, Ministry of Labor, and Korce RDA)	Workforce Development Improved	Gwen El Sawi	x	x		
3	Develop, implement & evaluate effectiveness of staff recruitment strategy for "more mature women" employees	Workforce Development Improved	Gwen El Sawi & Elona Toska	x	x	x	
4	Conduct Rapid Assessment of training needs and retention strategies and incentives of the Hotel personnel policies	Workforce Development Improved	Gwen El Sawi	x	x		
5	Develop & Implement retention & incentives plan with Hotel Manager	Workforce Development Improved			x	x	x
6	Develop Training curriculum and engage TOT (Training of Trainers) to provide training to supervisors	Workforce Development Improved	Gwen El Sawi		x		
7	Recruit and contract with appropriate trainers for training	Workforce Development Improved	Gwen El Sawi				
8	Conduct first training session & follow on coaching (August – September, 2009)	Workforce Development Improved	Gwen El Sawi		x		
9	Develop and implement plan to track results of training to test if more professional training results in higher customer satisfaction and increased sales and/or repeat business	Workforce Development Improved	Elona Toska	x	x	x	x
10	Evaluate and quantify return on the investment of training and retention strategies.	Enterprise Productivity Increased	Elona Toska			x	x
11	Assess progress and develop next steps.	Workforce Development Improved	Gwen El Sawi				x

Client Name: EVEREST IE shpk		Sector: Recycling		Business Advisor: Andi Stefanllari			
Background: EVEREST IE shpk has requested assistance in training its sales personnel in selling techniques as part of its strategy to increase domestic market share.				Year 1 Timeline			
Activity	Project Intermediate Result	Responsible Staff	Q2 2009	Q3 2009	Q4 2009	Q1 2010	
Develop Client Growth Plan with EVEREST IE manager	Trade and Investment Capacity Strengthened	Andi Stefanllari	X	X			
Financing the training with follow on coaching on sales techniques to salespersons that will operate in Elbasan, Korca, Fier and Shkodra.	Trade and Investment Capacity Strengthened	Andi Stefanllari	X	X			
Finding new clients for Everest IE among enterprises that CED will assist in Albania during the life of the project.	Trade and Investment Capacity Strengthened	Andi Stefanllari	X	X	X	X	
Invite the company to exhibit in B2B events & trade fairs	Trade and Investment Capacity Strengthened	Andi Stefanllari	X	X	X	X	
Develop and implement plan to measure impact of technical assistance in sales and management capacity.	Trade and Investment Capacity Strengthened	Elona Toska		X	X	X	

Client Name:		FLORJAN-V shpk Sector: Textiles		Business Advisor: Andi Stefanllari			
Background: FLORJAN-V shpk has requested assistance in expanding market share in the domestic market and in entering regional markets such as Kosovo, Macedonia etc.				Year 1 Timeline			
Activity	Project Intermediate Result	Responsible Staff	Q2 2009	Q3 2009	Q4 2009	Q1 2010	
Develop Client Growth Plan with FLORJAN-V owner/manager	Trade and Investment Capacity Strengthened	Andi Stefanllari	X	X			
Identify new buyers in the domestic market such as the hotels segment and other institutional market segments.	Trade and Investment Capacity Strengthened	Andi Stefanllari	X	X	X	X	
Identify new buyers in the regional markets such as Kosovo, Macedonia etc.	Trade and Investment Capacity Strengthened	Andi Stefanllari	X	X	X	X	
Support with new technology sourcing and substitution to upgrade product quality after new markets are found.	Enterprise Productivity Increased	Andi Stefanllari	X	X	X	X	
Support with ISO certification if it helps to meet market demand.	Enterprise Productivity Increased	Andi Stefanllari	X	X	X	X	
Develop and implement plan to measure impact of technical assistance in sales and management capacity.	Trade and Investment Capacity Strengthened	Elona Toska		X	X	X	

B2. Priority Binding Problems Amenable to Multi-Client Solutions

To the extent that the project can economize on resources by attacking the binding problems of many clients at once, the more cost-effective we will be -- and, all other things equal, the more sales and jobs we will be able to deliver with the resources available. Binding problems amenable to multi-client solutions will therefore receive highest priority over the coming year.

As the above tables show, six different problem/solutions of this kind emerged from our analysis. We summarize them in the table below. We then discuss them and outline the specific actions we will take in each case and identify possible activities that will be undertaken to deliver solutions to our clients. Resources permitting, as similar problems arise in the future, we will give them similar analysis and priority treatment.

Priority Binding Problems Amenable to Multi-Client Solutions: Summary		
Component 1: Trade and Investment Capacity Strengthened	Component 2: Enterprise Productivity Increased	Component 3: Workforce Development Improved
<p>1. Lack of buyers → Showcase Albania reverse fairs/B2Bs</p> <p>Lack of buyers is a binding constraint to increasing sales in all priority sectors. In addition to working one on one with individual clients, the planned Showcase Albania reverse fairs/B2Bs are a cost-effective first step to address this constraint for many firms at once.</p> <p>2. Delay in VAT reimbursement → analysis & reform of reimbursement system</p> <p>The frequently prolonged delay in VAT reimbursement is by far the most significant policy constraint to emerge from our rapid appraisal interviews, especially for exporters in textiles and apparel, footwear, and recycling. Analysis of the costs and benefits of accelerating reimbursement in conformity with the law is clearly in order.</p>	<p>1. Cash flow → adjust/develop financial instruments</p> <p>Cash flow affects a firm's ability not only to satisfy orders, but to make productivity enhancements. For example, liquidity constraints keep many textile and apparel and footwear companies from adopting the technologies required to move out of façon production. A reexamination of financial instruments in the market is clearly in order to ease this constraint.</p> <p>2. Productivity constraints → small grants competition</p> <p>Although we have already identified clients in need of productivity improvements, there are undoubtedly many more we can reach through a country-wide small grants competition open to firms, both existing and start-ups, in priority sectors and targets of opportunity.</p>	<p>1. Shortage of general managers → recruitment, training, retention</p> <p>The area of workforce development with the clearest linkage to increasing sales is general management. Many family-owned companies do not see the need to bring on professionally trained or experienced general managers, but for those that do, we plan to focus not only on recruitment and training, but on retention, so that management improvements become institutionalized and concomitant sales increases become sustainable. Likely target sectors include tourism, textiles and apparel, and footwear.</p> <p>2. Labor force shortage in Korçë & Gjirokastra → recruitment, training, retention</p> <p>Korçë and Gjirokastra are municipalities with severe labor demand-supply imbalances, especially in footwear and tourism. We plan to focus on those municipalities, piloting an integrated recruitment-training-retention approach we can apply elsewhere later.</p>

Detailed Activity Plan for Implementing Multi-client Solutions during Year 1

Indicative Multi-Client Solution		B2B Event (Tourism and Real Estate Fair) in partnership with FIAA	Component	Trade and Investment Capacity Strengthened				
Background: CED will broker relationships between buyers and businesses in domestic and international markets by implementing two reverse fairs/B2B events per year in targeted industries.				Year 1 Timeline				
#	Activity	Responsible Staff	Main Partners	Q2 2009	Q3 2009	Q4 2009	Q1 2010	
1	Identify companies (Albanian and foreign) interested in participating and capable of benefiting from Fair/Business-to-Business (B2B) event	T&I Advisor	FIAA, Elida-CO '94, ATA, RDA, BSP, ACIT, Consultants, CDC		x			
2	Identify the venue for the event				x			
3	Arrange the media coverage				x			
4	Prepare an agenda/program for the event				x			
5	Create marketing material and website for the B2B				x			
6	Prepare and deliver invitations for companies and VIPs						x	
7	During the event facilitate discussions/negotiations as required						x	
8	Facilitate follow up visits between buyers and business/firms						x	
9	Collect information regarding deals planned or consummated and input into the M&E database						x	
10	Write success stories and share them with USAID as well as the Albanian public							

Multi-Client Solution		Facilitate VAT reimbursement for client firms	Component	Trade and Investment Capacity Strengthened			
Background: Client firms cannot expand their sales due to a shortage of cash flow caused by slow VAT reimbursements. Improving VAT policy would enable firms to have adequate cash to expand their businesses and provide the GOA with increased tax revenues. The project will work with ACIT to remove these policy constraints.				Year 1 Timeline			
#	Activity	Responsible Staff	Main Partners	Q2 2009	Q3 2009	Q4 2009	Q1 2010
1	Review of VAT policy and implementation to identify challenges to timely reimbursement	T&I advisor, STTA	ACIT		X	X	
2	Address main issues to successful reimbursement identified through the report					X	
3	Develop and distribute success stories once VAT reimbursement policy is improved	M&E Specialist				X	X

Indicative Multi-Client Solution		Access to finance increased	Component	Enterprise Productivity Increased			
Background: Client firms need investment planning and access to finance. Firms face unreliable or delays in payment from current clients and therefore a shortage in cash flow. Once the project identifies new buyers and enhances the ability of client firms to market to those buyers, a shortage of financing could prevent firms from expanding production and meeting increased demand				Year 1 Timeline			
#	Activity	Responsible Staff	Main Partners	Q2 2009	Q3 2009	Q4 2009	Q1 2010
1	Assess commercial loan requirements	Business Advisor	Commercial Banks, CDC, BSPs, RDA, ACIT		X	X	
2	Provide individual and group technical assistance to help firms enhance business plans and complete commercial loan applications				X	X	
3	Evaluate potential for joint ventures to expand facilities or products/activities				X	X	
4	Determine feasibility of developing a client referral program with one or more banks to facilitate sustainable, reliable business relationships.				X	X	
5	Determine feasibility of introducing new financing instruments	M&E Specialist, STTA	USAID DOC office, PMU		X	X	
6	Write success stories and share them with USAID as well as the Albanian public						

Multi-Client Solution		Design a competitive grant competition	Component	Enterprise Productivity Increased			
Background: Design an annual national competitive grant competition to encourage firms in targeted industries to apply for grants that address their binding constraints through the innovative use of technology. Unsolicited grant proposals will also be accepted throughout the year.				Year 1 Timeline			
#	Activity	Responsible Staff	Main Partners	Q2 2009	Q3 2009	Q4 2009	Q1 2010
1	Design Grants Fund Manual	Chemonics Head Office, Business Advisor	LGPA, CDC, BSP, RDA, ACIT, Microsoft		X	X	
2	Train firms in developing grant applications through Getting-to-Grants Workshop				X	X	
3	Review Applications				X	X	
4	Select grantees and distribute grants				X	X	
5	Monitor use and impact of issued grants	Business Advisors, M&E specialist			X	X	
6	Develop and distribute success stories once finance has been accessed by the client	M&E specialist, STTA	USAID DOC Officer, PMU				X

Multi-Client Solution		Help firms in Korçë and Gjirokastra recruit and retain skilled workforce	Component	Workforce Development Improved			
Background: Firms lack workers with skills in management and sales/marketing techniques, and have difficulty keeping good employees. The project will work with them to develop appropriate job descriptions and develop gender-inclusive recruitment and retention strategies.				Year 1 Timeline			
#	Activity	Responsible Staff	Main Partners	Q2 2009	Q3 2009	Q4 2009	Q1 2010
1	Assess labor force in geographic areas and industries through targeted labor force benchmark assessments to develop regional and industry labor force profiles (disaggregating information by gender)	Gwen	Consultants, local labor offices, employment agencies, VET centers, BSP, RDA, CDC, ACIT, dTS		X	X	
2	Develop gender-inclusive recruitment strategies	Gwen			X	X	
3	Connect firms to headhunters/employment agencies and encourage participation in local career.	Gwen			X	X	
4	Develop workforce retention strategies	Gwen			X	X	
5	Monitor use and impact of issued grants	Business Advisors, M&E specialist				X	X
6	Develop and distribute success stories once finance has been accessed by the client	M&E specialist, STTA	USAID DOC Officer, PMU				X

B3. Detailed Activities by Project Intermediate Result

PIR 1: Trade and Investment Capacity Strengthened¹²

The CED project team will build Albanians' trade and investment capacity through industry-specific assistance designed to harness the power of market incentives and promote market-led growth. We will strengthen the trade knowledge and skills of the enterprises with which we work and improve their use of ICT, while helping them to achieve compliance with international standards and certifications to foster industry-wide competitiveness. We will work with enterprises to diversify their method of accessing the market by assisting them find alternative buyers outside of the constraints of non-value added intermediaries. This can involve finding intermediaries that actually add value to helping producers go directly to the final retail buyers.

1. Lack of buyers → Showcase Albania, reverse fairs/B2Bs

A plurality of the firms we interviewed indicated they could produce more, but do not have orders to do so. In short, they need buyers. Interestingly, this widespread problem dovetails closely with the Showcase Albania concept we developed in our proposal, especially our discussion of the benefits of reverse trade fairs and assiduously prepared business-to-business forums. During the work planning process, we revisited the how-to of the Showcase concept and believe that some industry/sector-specific events should be held, such as for tourism, while other multi-industry Showcases should also be held as well. Specifically, we propose to facilitate two reverse fairs/B2Bs every year and one Showcase Albania, in accordance with the following tentative schedule¹³.

Fall 2009	Tourism
Spring 2010	Textiles/Apparel and Footwear
Summer 2010	Multi-Sector Showcase Albania ¹⁴
Fall 2010	Recycling Domestic Market Showcase Exhibition
Spring 2011	ICT
Summer 2011	Multi-Sector Showcase Albania
Fall 2011	Tourism
Spring 2012	Textiles/Apparel and Footwear
Summer 2012	Multi-Sector Showcase Albania
Fall 2012	Recycling Domestic Market Showcase Exhibition
Spring 2013	ICT
Summer 2013	Multi-Sector Showcase Albania
Fall 2013	Tourism
Spring 2014	Textiles/Apparel and Footwear

The timing of these events may change once the project team researches the best time of the year to hold such events in Albania. There are numerous issues to consider including what other trade fairs and events are being held in Albania during the periods of our planned event

¹² Section A5a – Supporting Industries and Enterprises describes additional indicative activities for each industry analyzed. Many of these activities would fall under more than one project component and to prevent redundancy are included in the discussion of the Project Components by reference.

¹³ The list of reverse trade fairs/B2Bs is indicative and can be changed as priorities evolve and the growth of some industries changes at a faster rate than others.

¹⁴ The approach to the Multi-Sector Showcase Albania was fully described in Chemonics' proposal dated February 18, 2009.

which might conflict, what other international events might be taking place regionally or in Europe that would prevent targeted counterparts and associates from taking place in the Showcase Albania or the B2Bs, among others. Therefore, we propose the above dates, with the caveat that they may change from one season to another, more appropriate season. Moreover, we believe that once we have a system in place to organize and carry out reverse trade fairs and B2Bs, the time and resources required to deliver such events will lessen with time.

We will co-sponsor the tourism event this fall with the Foreign Investors Association of Albania (FIAA) and Elida Co' 94. Our two partners have already reserved space at the Palace of Congresses for October 7-9, and have started contacting potential participants both within Albania and abroad. The event will be a combined exhibition, conference, and B2B forum. FIAA. Elida Co' 94 will take the lead on the exhibition and conference, and CED will take the lead on the B2B. We will also explore the possibility of facilitating a smaller B2B forum outside of Tirana immediately after the conference.

Entering into an alliance with FIAA has decided advantages, including not only economies of scale in inviting participants and making logistical arrangements, but also the likelihood of sustainability after CED ends. We plan to explore similar alliances for the other industry sectors.

Although we expect to initially emphasize facilitating buyer-seller relationships, we will also target the lack of enterprise productivity during the first year of the project. One way to do this will be to assiduously prepare companies for exhibiting in major international trade fairs with the expectation that they will come away with orders. Annex XI includes the Trade Fair Preparation Program which details the proven methodology for preparing enterprises for successfully exhibiting in international trade fairs.

2. Delay in VAT reimbursement → analysis & reform of reimbursement system

The one significant policy issue that surfaced among the exporters we interviewed was the significant delays they experience in receiving their reimbursement of VAT. By law, exporters are entitled to receive the reimbursement within three months; in practice, they wait a year or more. The upshot is a cash-flow bind, which affects how many orders they can fill. This problem is just the kind of policy analysis and reform issue that our subcontractor ACIT is ideally suited to tackle. During year one, ACIT will assess the economic costs and benefits of accelerating de facto VAT reimbursement. If, as we expect, the benefits do outweigh the costs, ACIT will present its analytical findings to the government and lobby actively for government practice to square with legal requirements.

PIR 2: Enterprise Productivity Increased

Understanding the needs of partner enterprises and tailoring market-driven, cost-effective assistance that yields immediate benefits is key to the successful implementation of CED. We will build capacity both through scaled assistance to groups of enterprises with comparable needs while tailoring assistance to lead firms to meet their unique challenges. This will entail helping enterprises adopt innovative and modern technologies, enhance their organizational and managerial capacity, and develop market-demanded products leading to increased enterprise productivity, a reduction in production costs and expansion to new markets for Albanian firms.

1. *Cash flow → adjust/develop financial instruments*

A plurality of interviewees cited cash flow as a serious impediment either to search for or fill new orders, on the one hand, or to undertake productivity enhancements to become more competitive in the market, on the other. We plan to investigate the degree to which existing financial instruments in the market are amenable to addressing businesses' cash-flow problems and, if necessary, explore the feasibility of introducing conducive instruments such as purchase order financing.

2. *Productivity constraints → small grants competition*

Although our individual business interviews surfaced a relatively small number of businesses for which productivity or technology constraints constitute a major impediment to expanding sales, there are undoubtedly a number of firms throughout the country for which the small grants foreseen in the contract can satisfy our 5:1 cost-effectiveness criterion and make a difference in bringing about increases in sales and jobs. In the latter half of year one, therefore, we will run our first annual small grants competition, thereby broadening the range of clients receiving project assistance.

PIR 3: Workforce Development Improved

Workforce Development activities are designed to help firms remove human capital constraints to increasing sales and jobs. Thus the activities proposed for the improvement of the workforce for CED clients are based on findings from the business needs rapid appraisals. They are sector specific and emerge through the assessment of the needs of firms relative to human capital investment and management to increase sales and jobs. That said, interviews and analysis conducted are indicative of some trends within the context of the role of the labor force at local, industry, national, regional and global marketplace levels. As additional rapid appraisals and discussions are conducted with clients and stakeholders in each industry, the CED team will design solutions that apply to more than one client within the same industry or across industries. For example, to address shortages of management skills, a training of managers from many clients would ensure that the investment has a greater return than focusing on a separate training for each client.

Workforce Development generally refers to the policies, practices and systems focused on developing workforces that have the knowledge, skills, and attitudes to meet the human capital requirements of both the public and private sectors along with institutional support for sustainability. This sustainability is a critical element to continuously assess and produce a skilled workforce that fosters and sustains economic development in an "on demand" environment. The scope of workforce development activities within this project are targeted to meet the specific needs of firms in identified industries rather than meeting the overall workforce development needs of Albania. In meeting the demands of the firms, we will, however, use the best practices and engage with employment related services provided by the government and with education and training institutions to foster more interaction between all of the workforce development stakeholders. This approach will focus activities on the demand side of what firms really need to grow and develop while building the capacity of the firms and related training education and organization and public sector organizations (such as employment offices in the regions/cities). The underlying principle is that effective engagement between firms and education and training institutions will result in better demand driven skills development and enhance recruitment and employment opportunities as firms expand.

Human capital recruitment, training, retention, and management are recurring areas needing support from discussions with firms. Thus, the initiatives proposed include:

- Formulate strategies to address recruitment issues (recruitment incentives for employees, job fair participation, connecting to employment, education and training institutions, and community organizations),
- Conduct training needs assessments and develop training strategies that will meet the needs of the firms to expand and grow. The results of the training needs assessments, will build upon train the trainer approaches for sustainability, possible international certification training as appropriate, public private partnerships and internships with education and training institutions. Assessments of training needs will be linked to assessments of training suppliers, Albanian institutions and organizations as well as international donors, to meet the demands of the firms appropriately applying the 5:1 return on investment analysis;
- Develop strategies to retain workers that address the specific constraints to retention based on sector, geographical location, gender or age-group. This will include, but not be limited to: incentive schemes, salary structures, career path development, awards and recognition;and
- Establish a mentoring scheme for supervisors, middle and upper management in the selected clients. CED will cooperate with Citizens' Development Corps (CDC) to identify and match experienced managers and experts who will mentor managers in each client firm, based on their specific needs. An internship program will also meet the existing gap between industry needs and the qualifications of the workforce graduating from technical, vocational and tertiary educational institutions.

More specifically the following activities are proposed in response to specific constraints identified by several clients during the business needs appraisal:

1. Shortage of general managers → recruitment, training, retention

Several companies surveyed indicated they need help in recruiting or training general managers. Our strategy is to assist them in the recruitment process while helping the firm incorporate human performance-based management systems to help them retain general managers and employees. Enhancing the performance of the general managers will include a focus on increased sales and job creation, with appropriate human resource management systems focusing on increasing productivity, increasing sales, and ultimately improving the quality and quantity of jobs.

In the process of identifying and recruiting managers, we are also engaging with Business and management training departments at colleges and universities as well as “headhunting” and executive recruitment agencies and organizations and will prepare a rapid appraisal report of findings as part of our firm level assistance. For example, we have met with the Chamber of Commerce, the European University of Tirana Business School Department, and have several appointments pending with additional organizations and universities to discuss executive and management training and recruitment.

2. Labor force shortage in Korçë & Gjirokastra → recruitment, training, retention

Recruitment and retention of employees has been identified as a major constraint in footwear, textiles, and tourism in Korçë and Gjirokastra. Our strategy is to:

- a. identify the needs of the individual companies for employees and skills needed

- b. conduct a rapid assessment of the labor force, skills, and competencies in the areas where firms are recruiting with the Department of Labor and local organizations (women and youth);
- c. conduct a rapid appraisal of education and training organizations (including the training provided through other donor activities) to determine if they have the capacity to conduct the training needed by firms;
- d. match firm training needs to training organizations;
- e. develop public private partnerships to address training needs of firms as well as curriculum relevancy of training suppliers;
- f. identify entry-level employees from the local community while developing a plan and strategy for individual firms to affiliate more closely with community and training organizations through formalized public private partnerships; and
- g. develop (at the firm level) an ongoing recruitment and retention plan for their companies along with linkages to local organizations.

It is not within the scope of this project to revise the curriculum of education and training institutions at the country or municipality level. The focus of our investment in workforce development will be to foster closer linkages between the firms we are working with and the local education and training institutions. A natural outcome of strong linkages is that the firms will guide the institution in revising the curriculum to help the institution meet the demands of the labor market. The CED team will support these linkages and provide the necessary technical assistance when the vocational and training institutions cannot meet the needs of the firms with their existing capacity and curricula.

C. CROSS-CUTTING THEMES

Partners and Coordination: CED has identified and met with multiple potential partners and donors where our project activities will interconnect, to maximize project impact, integrate cross-cutting considerations, and ensure coordination. We are already partnering with subcontractor dTS to integrate gender into our activities and will draw upon CDC volunteers to provide technical assistance and training for client firms. Key members of the CED team have worked with previous successful USAID-funded projects, such as the Small Business Credit and Assistance project (SBCA) and the Enterprise Development and Export Market Services project (EDEM), contributing crucial institutional memory from these projects: in-depth knowledge of issues faced by industries in Albania and a variety of clients that need CED support.

We are also already exploring synergies with the following: USAID LGPA, CAAHT, and AAC projects; Microsoft (ICT); Greek Government (tourism); SNV (tourism); and VET centers (workforce development). Other organizations we have met include ALBINVEST, Albania MCC Stage II project, former EDEM project staff, World Bank, United Nations Development Program (UNDP), and Peace Corps. We will continue to explore other partnerships, as appropriate, with the aim of facilitating the establishment of sustainable public-private partnerships that meet the existing constraints to competitiveness. Some of the specific opportunities that have risen during the work plan development process are presented in the table below:

COORDINATION WITH OTHER DONOR	Activities	Time Frame
LGPA	Job Fair in Korçë <ul style="list-style-type: none"> Recycling sector activities in Shkoder Local Economic Growth Committee Monitoring and Evaluation 	15 July 09 TBD TBD TBD
AAC – Albanian Agriculture Competitiveness	<ul style="list-style-type: none"> Discussions underway, specific activities to be determined. 	
CAAHT (Coordinated Action Against Human Trafficking)	<ul style="list-style-type: none"> Vocational Training /Roma and trafficking victims (Korçë, Shkodra, Kukes, Tirana, Elbasan , Fier, Vlore, Gjirokastra) Education (School drop-outs), Trafficking victims, Roma &Egyptian Minority audiences. 	Consistent with assistance to firms on recruitment, training, and retention of new employees.
SWISS VET (Vocational Education Reform)	<ul style="list-style-type: none"> National VET Reform focus on Standards, Curricula, Certification. Training Centers & activities: Kukes, Gjirokastra (Woodcarving), Durres (mechanical engineering) Public Private Partnership Focus Integration with Regional Development 	Consistent with assistance to firms on recruitment, training, and retention of new employees.
SNV (Netherlands Development Organization)	<ul style="list-style-type: none"> Rural Tourism Development (Tirana/Shkoder, Kukes, Korçë & Fier) Local Capacity Building 	Complementary policies and community development consistent with firm assistance needs.
American Chamber of Commerce	<ul style="list-style-type: none"> Job Fairs Sourcing of new personnel 	On-going
RDA Network	<ul style="list-style-type: none"> Possible BSP subcontractors – finding new prospect clients from different sectors; Deliver training and one-to-one consulting in business planning, loan application procedures etc. Sourcing and training of new personnel at local level. Organizing events at the local level. 	On-going
Albanian Tourism Association	<ul style="list-style-type: none"> B2B event – “showcase” tourism event Finding new clients Greetings from Albania 	<ul style="list-style-type: none"> 7-9 Oct 09 On-going Re-launch Oct 09
Outdoor Albania	<ul style="list-style-type: none"> Training of Albanian tour guides using the International Certification Standards 	On-going
CBI	<ul style="list-style-type: none"> Coaching program for exporting to EU for tourism and garment companies. Market information Training on exporting to EU 	On-going
CAAP – Common Actions Against Poverty	<ul style="list-style-type: none"> Recycling sector, support for Roma collectors Possible cooperation on Work Force Development - Training, Tourism and Textiles 	On-going
Sectoral Business Associations (Garment, Designers, Footwear, etc)	<ul style="list-style-type: none"> B2B event Market information Workforce development 	On-going
FIAA (Foreign Investors Association of Albania)	<ul style="list-style-type: none"> Collaboration in “showcase” tourism event. 	7-9 Oct 09
UNDP (Heritage Project)	<ul style="list-style-type: none"> Collaboration in “showcase” tourism event. 	7-9 Oct 09
GTZ (Association of Travel Agencies)	<ul style="list-style-type: none"> Collaboration in “showcase” tourism event. 	7-9 Oct 09

Government of Greece – Tourism	<ul style="list-style-type: none"> • Possible collaboration in tourism initiative (see Annex VII) 	TBD
Credit Guarantee Fund (Government of Italy Project)	<ul style="list-style-type: none"> • Support CED clients access financing; • Exchange of information 	On-going
ALBINVEST	<ul style="list-style-type: none"> • Linkages with the Business Innovation Project to support new technologies for SME (EU funded) • Cooperation on attracting new investors; • Information sharing. 	On-going

Gender: CED recognizes and affirms USAID/Albania’s commitment to gender equality. The project understands that gender equality is a necessary component for economic growth, not only for women and their families, but also for Albania’s overall competitiveness and individual firm’s performance. Gender inequalities create inefficiencies, impose costs on productivity, and impede competitiveness. Given women’s critical role as employers and employees in the Albanian economy, the project will explore and address the gender dimensions of the constraints to competitiveness in each specific client, solution, and industry. The project will pursue a two-pronged gender approach: 1) systematically integrate gender into CED operations and 2) implement specific activities, where appropriate, that support women as employers and entrepreneurs. By doing so, the project will ensure that both men and women have equal access to participate in project activities and that women’s role in increasing the sales and jobs of CED clients and the selected industries is maximized. Following the overall operational strategy of CED, the 5:1 ROI will be used to prioritize those gender-specific solutions that will yield attributable and measurable returns on CED’s investment. All of the project’s activities and initiatives will build upon existing work and materials, including but not limited to the Greater Access to Trade Expansion outputs, Opportunity Albania financial training materials and the findings of the “Gender Dimensions of the Albanian Labor Market” study conducted by the GATE project.

CED’s gender approach will be formalized into a gender integration strategy that will be completed by the end of the third quarter of implementation. The strategy will be based on a rapid gender appraisal that is sector and regional specific and that builds on findings of the previous gender assessments. This will be completed by dTS consultant, Kara Nichols Barrett, and provide baseline data gathered through initial client growth plans and labor profiles.

- **Baseline Data:** Relying on input from dTS, CED will ensure that gender-related questions are asked in existing data collection tools to establish a baseline for gender roles and relations. For example, client growth plans will collect data on ownership and management (i.e. man-owned, joint-managed; joint-owned, joint-managed; woman-owned, woman-managed, etc.) This is important for accurately capturing women’s contribution, accounting for beneficiaries, and ensuring targeted assistance. In addition, client growth plans will include sex disaggregated data of overall employment and occupational categories. This information will allow the project to track and monitor employment patterns by sex. The baseline data gathered will inform the development of initial gender integration activities and allow the project to monitor its gender integration process.
- **Rapid Gender Appraisal:** To deepen the project’s understanding of gender issues related to project outcomes, Ms. Nichols Barrett will provide support to the CED team to facilitate discussions on gender-related issues during all of the municipal

roundtable discussions, as well as conduct both in-depth interviews and roundtable discussions with businesswomen in at least four municipalities. Using dTS's gender analysis methodology, the consultant will determine how men's and women's roles and relations, in targeted sectors, are likely to affect the achievement of sustainable results in the specific industries and clients that CED will work with. Through the rapid appraisal, the specific facets of gender of the constraints to increasing jobs and sales for each client and specific industry will be identified and actions to overcome such constraints will be proposed.

The gender integration strategy will include the following components:

- **Gender Equitable Guidelines.** CED recognizes that gender integration requires being explicit and strategic in its project operations. The gender equitable guidelines will inform CED operations and practices. The topics to be included in the guidelines will include but are not limited to the following: ensuring times and venues are conducive for both men and women's participation; developing communications strategies that are responsive to men and women's information channels; reviewing the content and graphics of external documents for negative gender-stereotypes; and promoting gender equality through client growth plans. The guidelines will include check-lists for CED staff.
- **Gender Integration Opportunities (GIOs).** Based on analysis of gender dimensions of the constraints to competitiveness, to be completed during the rapid appraisal, GIOs will be developed. All GIOs will be designed to enhance the achievement of project objectives and outcomes. For example, initial sector analyses indicated that firms often face difficulties retaining employees, while the majority of the employees in the initial CED industries are women. Constant turn-over impedes firm performance. The CED team recognizes that the reasons for the high turn-over of women employees are different from those of male employees. Therefore, the CED team and gender specialist will develop strategies to retain employees that address the specific needs and circumstances of each gender. In addition, studies of Albanian women entrepreneurs often discuss the limitations that social norms impose on women's ability to establish business linkages. To overcome social biases against women entrepreneurs, it may be necessary to undertake activities that showcase and promote business women. One activity may include developing profiles of successful women entrepreneurs and distributing the profiles at Showcase Albania and other business linkage events.
- **Capacity-building Plan.** In order for the CED team to take ownership of gender integration, all staff members need to be trained to identify and address gender issues. Working with dTS, CED will develop an organizational capacity-building plan to enhance the ability of staff members to recognize gender-based constraints that affect competitiveness and to support opportunities for women as employers and entrepreneurs. The capacity-building plan will include a combination of field-based training and online technical assistance.

To ensure that gender is given ample attention, we are working with subcontractor dTS and specifically, consultant Kara Nichols Barrett, to assist in implementing gender considerations into all project activities and into our M&E system. We are also confident that our selection of the textile and footwear industries (where women are a majority of the workforce) and tourism industry (where gender equality is greater than in most other Albanian industries) give CED the best opportunity to make real progress in this area.

Environment: USAID prepared an Initial Environmental Examination (IEE) on May 10, 2008. It recommended Categorical Exclusions for Components 1 and 3 of the CED project because these components “will be concerned with surveys, studies, analyses, workshops, meetings, document and information transfer and will not directly affect the environment.” The IEE recommended a deferral for activities that will be implemented under Component 2 of the CED project until the identification of specific industries/enterprises and the definition of interventions were completed for those selected industries/enterprises. We again confirm that no interventions will be implemented under Component 2 before the Bureau Environmental Officer (BEO) approval of the amendment to the IEE, which will be conducted by USAID following the approval of this Year 1 Work Plan.

After conducting surveys and analysis of more than 60 firms, CED has chosen to work initially in the following sectors – footwear, textiles, recycling, and tourism, as well as other promising sectors as they arise. To mitigate any potential environmental risks posed by CED activities listed below, we will undertake the following:

- Follow and attach the Environmental Review and Assessment (ERA) checklist when developing each Client Growth Plan and grant application to determine environmental concerns that might be caused by project activities.
- Ensure that all project activities and grants comply with the amendment to the IEE.
- Actively monitor and evaluate whether the environmental features designed for the activity are implemented effectively. Report results of monitoring to USAID in each quarterly report.
- Advocate relevant environmental analyses, environment-friendly public-private partnerships, and environmentally safe investments to private sector counterparts.
- If new information becomes available indicating that activities outlined in a Client Growth Plan or grant to be funded by the project might be “major” and the program’s effect “significant,” we will recommend that this determination be reviewed and revised by USAID, and if appropriate, an environmental assessment will be prepared.

D. ANNEXES

Annex I – Year 1 Implementation Plan

Activity	Responsible	Estimated Resources	Year 1			
			Q2 09	Q3 09	Q4 09	Q1 10
Select and Support Industries and Enterprises						
Finalize selection of Municipalities and Industries	CED, USAID					
Develop industry-specific profiles	KF, CED team					
Develop template for initial business needs appraisals	COP, CED team					
Draft and finalize a data collection and analysis system	COP, ET, team					
Conduct initial qualitative interviews with enterprises in all municipalities	JR, Business Advisors, BSP	LIF				
Hold work planning session and author work plan	JR, CED team, Chemonics HO	5 days LOE				
Collect baseline information for high-potential enterprises	Business Advisors, ET, BSP					
Develop initial Client Growth Plans with high-potential enterprises	Business Advisors, BSP , GES	LIF				
Implement and Monitor finalized Client Growth Plans	Business Advisors, ET, CDC Volunteers	40 days LOE				
Finalize roundtable agenda, arrangement and schedule	CED team, Regional Development Agencies, Chamber of Commerce and Industry, BSP	LIF				
Identify and invite participants to roundtables	Business Advisors, BSP					
Conduct roundtables in all ten municipalities	CED team, BSP, and partners					
Showcase Albania Reverse Fairs/ B2B: Trade and Investment Fairs						
Identify enterprises interested in participating and capable of benefiting from Reverse Fairs/ Business-to-Business (B2B) events	Business Advisors, COP, partners					
Recruit a local expert to support CED in organizing the Tourism B2B	Nevila Popa (STTA), CED team	67 days local LOE, LIF - business associations				
Finalize location, agenda/program, participants, and marketing materials for Tourism and Real Estate B2B	Nevila Popa (STTA), BSP, CED team					
Develop coaching and mentoring plan for participating CED Clients	Business Advisors, GES					
During the event facilitate discussions/negotiations as required	Business Advisors, GES					
Facilitate follow up visits between buyers and business/firms	Business Advisors, GES					
Collect information regarding deals planned or finalized	ET					
Identify and recruit STTA to prepare the national recycling showcase fair	STTA, CED team	20 days local LOE				
Finalize location, agenda/program, participants, and marketing materials for the recycling national showcase	STTA, CED team					
Develop coaching and mentoring plan for participating CED Clients	Business Advisors, GES					
During the event facilitate discussions/negotiations as required	Business Advisors, GES					
Facilitate follow up visits between buyers and business/firms	Business Advisors, GES					
Collect information regarding deals planned or finalized	ET					
Identify and recruit STTA to prepare the textiles/ apparel and footwear B2B trade fair	STTA, CED team	LOE: 18 days expatriate; 45 days local				
Finalize location, agenda/program, participants, and marketing materials	STTA, CED team					
Develop coaching and mentoring plan for participating CED Clients	Business Advisors, GES					
During the event facilitate discussions/negotiations as required	Business Advisors, GES					
Facilitate follow up visits between buyers and business/firms	Business Advisors, GES					
Collect information regarding deals planned or finalized	ET					
Conduct follow-up visits and update Client Growth Plans as needed	Business Advisors, ET					
Improve access to finance						
Conduct and finalize report of VAT reimbursement procedures	ACIT, CED team	LIF				
Develop action plan based on results of review	ACIT, CED team					
Implement and monitor action plan to address VAT reimbursement delays	Business advisors, ET					

Activity	Responsible	Estimated Resources	Year 1			
			Q2 09	Q3 09	Q4 09	Q1 10
Support Clients to apply to existing financing schemes	T&I Advisor					
Assist Clients with commercial bank applications	Business Advisors					
Support Clients to become financially literate (on a need-basis)						
Design Small Grants Fund Manual	Chemionics HO, CED team					
Train firms in developing grant applications through Getting-to-Grants Workshop	Business Advisors, LGPA, BSP					
Review applications, select grantees, and collect baseline information	Business Advisors, ET					
Monitor use and impact of issued grants	ET, Business Advisors					
Document and distribute success stories	ET, STTA	5 days LOE				
ICT						
Establish an ICT incubator in cooperation with Microsoft, Cisco, and New York University of Tirana	GES, Business Advisors					
Cooperate with identified ICT firms to pilot the use of ICT in select textile enterprises	Business Advisors, STTA, BSP	10 days LOE, LIF				
Identify ICT-related needs in the tourism industry to improve access to market-demand and information	BSP, Business Advisors					
Workforce Development						
Survey initial workforce issues in industries and enterprises	GES, CED team					
Establish and nurture linkages between workforce development programs/ institutions and clients in Korce and Gjirokastra	GES, Business Advisor					
Design an internship program for specific industries and municipalities	GES, Business Advisor					
Cooperate with Citizens' Development Corps to develop a mentoring program for management in selected enterprises	GES, COP, CDC Volunteers	45 days LOE				
Collect baseline and follow-up data and monitor progress of workforce development activities to ensure 5:1 ROI	ET, GES					
Review workforce development needs across enterprises and industries and design action plans that address each issue	GES, dTS, CED team	18 days LOE				
Cross-Cutting Themes						
Collect gender-disaggregated baseline data	CED team					
Initial gender appraisal in select industries and municipalities conducted	dTS gender TA	10 days LOE				
Gender Integration Strategy to include capacity building and GIOs developed	dTS gender TA, CED team					
Review business plans to determine environmental impact	CED team					
Train project staff on integrating cross-cutting themes in implementation	STTA	5 days LOE				
Program Management						
Establish office and hire all staff	Chemionics HO (KS, KF)	45 days LOE				
Conduct start-up work planning workshop with staff, USAID, etc.	KF and Chemionics team					
Submit work plan and PMP	COP					
Revise PMP based on CTO comments	COP, CED team					
Finalize Small Grants Scheme Strategy and Operational Manual	Chemionics HO, CED team					
Finalize branding and communications plan	CED team					
Progress Reports (quarterly, annually)	CED team, Chemionics HO					
Financial Reports submitted quarterly	Finance expert, COP, Chemionics HO					

Annex II – Life-of-Project Work Plan

Activity	Resources		Counterparts	Year 2				Year 3				Year 4				Year 5				Expected Results or Milestones	Expected Timeline	Baseline Data	
	Description	Estimated Amount		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4				
Process to Support Industries and Enterprises																							
Identify new clients satisfying 5:1 rule	Technical staff	ongoing	SMEs	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Promising clients identified	Ongoing		
Sign Client Growth Plans	Technical staff	ongoing	SMEs	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	CGPs signed	Ongoing	Sales and jobs from previous year	
Implement Client Growth Plans	Technical staff	ongoing	SMEs	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Actions in CGPs taken	Ongoing		
Monitor and Evaluate results from CGPs	Elona Toska	ongoing	SMEs	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Sales and jobs results tallied, analyzed and shared	Ongoing	Results, reports and success stories	
Identify, analyze, and reform policies, norms, regulations, etc. constraining sales and job growth	ACIT	demand driven	depends on policies in question	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	policies analyzed and changed	ongoing	baseline built into analysis	
PIR 1: Trade and Investment Capacity Strengthened																							
KRA 1.1: Trade knowledge and skills improved																							
<i>Host Showcase Albania trade and investment fairs</i>																							
Perpare Textile/apparel reverse trade fair/B2B	T&I advisor and other technical staff	2 Quarters	International guests, USAID, municipalities, local governments, training providers, and business community			x	x								x	x					preparation completed	quarters 3 and 4 in the second and fourth year	SME sales and jobs from previous year
Participate in textile/apparel reversed trade fair/B2B	T&I advisor and other technical staff	3 days	International guests, USAID, municipalities, local governments, training providers, and business community			x									x						event held	quarter 4 in second and forth year	
Follow up on textile/apparel reverse trade fair/B2B	T&I advisor and other technical staff	ongoing				x	x	x	x	x	x	x	x	x	x	x	x	x	x	support provided to SMEs	ongoing	results reports, success stories	

Activity	Resources		Counterparts	Year 2				Year 3				Year 4				Year 5				Expected Results or Milestones	Expected Timeline	Baseline Data	
	Description	Estimated Amount		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4				
Perpare ICT reverse trade fair/B2B	T&I advisor and other technical staff	2 Quarters	International guests, USAID, municipalities, local governments, training providers, and business community					x	x											preparation completed	quarters 1 and 2 in the third year	SME sales and jobs from previous year	
Participate in ICT reverse trade fair/B2B	T&I advisor and other technical staff	3 days	International guests, USAID, municipalities, local governments, training providers, and business community						x											event held	quarter 2 and the third year		
Follow up on ICT reverse trade fair/B2B	T&I advisor and other technical staff	ongoing							x	x	x	x	x	x	x	x	x	x	support provided to SMEs	ongoing	results reports, success stories		
Perpare tourism reverse trade fair/B2B	T&I advisor and other technical staff	2 Quarters	International guests, USAID, municipalities, local governments, training providers, and business community							x	x								x	x	preparation completed	quarters 3 and 4 in the third and fifth year	SME sales and jobs from previous year
Participate in tourism reverse trade fair/B2B	T&I advisor and other technical staff	3 days	International guests, USAID, municipalities, local governments, training providers, and business community								x								x	event held	quarter 4 in the third and fifth year		
Follow up on tourism reverse trade fair/B2B	T&I advisor and other technical staff	ongoing								x	x	x	x	x	x	x	x	x	support provided to SMEs	ongoing	results reports, success stories		
Perpare footwear reverse trade fair/B2B	T&I advisor and other technical staff	2 Quarters	International guests, USAID, municipalities, local governments, training providers, and business community											x	x						preparation completed	quarters 1 and 2 in the fourth year	SME sales and jobs from previous year
Participate in footwear reverse trade fair/B2B	T&I advisor and other technical staff	3 days	International guests, USAID, municipalities, local governments, training providers, and business community												x						event tells	quarter 2 in the fourth year	
Follow up on footwear reverse trade fair/B2B	T&I advisor and other technical staff	ongoing												x	x	x	x	x	support provided to SMEs	ongoing	results reports, success stories		
Perpare recycling reverse trade fair/B2B	T&I advisor and other technical staff	2 Quarters	International guests, USAID, municipalities, local governments, training providers, and business community														x	x			preparation completed	quarters number 1 and 2 in the fifth year	SME sales and jobs from previous year
Participate in recycling reverse trade fair/B2B	T&I advisor and other technical staff	3 days	International guests, USAID, municipalities, local governments, training providers, and business community															x			event held	quarter 2 in the fifth year	
Follow up on recycling reverse trade fair/B2B	T&I advisor and other technical staff	ongoing															x	x	support provided to SMEs	ongoing	results reports, success stories		

Activity	Resources		Counterparts	Year 2				Year 3				Year 4				Year 5				Expected Results or Milestones	Expected Timeline	Baseline Data
	Description	Estimated Amount		Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q			
				1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4			
KRA 2.2: Organizational and managerial capacity enhanced																						
Help SMEs develop business plans and marketing strategies when that is a binding constraint	Technical staff / BSPs / RDAs	Demand driven	Client SMEs	Ongoing: The timing of these activities will be demand driven.																Business plans and marketing strategies developed by client SMEs	Demand Driven	baseline built into CGPs
Help lead firms establish corporate governance practices when that is a binding constraint	Technical staff / BSPs / RDAs	Demand driven	Client SMEs	Ongoing: The timing of these activities will be demand driven.																Corporate governance practices established	Demand Driven	baseline built into CGPs
Promote strong marketing practices when that is a binding constraints	Technical staff / BSPs / RDAs	Demand driven	Client SMEs	Ongoing: The timing of these activities will be demand driven.																Marketing practices established	Demand Driven	baseline built into CGPs
Train SMEs to adopt modern human resources and hiring policies when that is a binding constraint	Technical staff / BSPs / RDAs	Demand driven	Client SMEs	Ongoing: The timing of these activities will be demand driven.																Modern human resources and hiring practices adopted	Demand Driven	baseline built into CGPs
KRA 2.3: Market-driven products and services increased																						
Help Albanian firms develop "own brands" when it helps meet the 5:1 test	Technical staff / BSPs / RDAs	Demand driven	Client SMEs	Ongoing: The timing of these activities will be demand driven.																Own brands established	Demand Driven	baseline built into CGPs
Help Albanian SMEs to take advantage of untapped market opportunities when it helps to meet the 5:1 test	Technical staff / BSPs / RDAs	Demand driven	Client SMEs	Ongoing: The timing of these activities will be demand driven.																Advantage taken of untapped market opportunities	Demand Driven	baseline built into CGPs
PIR 3: Workforce Development Improved																						
KRA 3.1: Effectiveness of Pre-Employment and Employability Programs Improved																						
Promote linkages between job seekers, enterprises and training providers when likelihood is high of satisfying the 5:1 rule	Gwen El Sawi / Elisabeta Mema / STTA	Demand driven	Client training institutions	Ongoing: The timing of these activities will be demand driven.																Key linkages between SME employers and VET providers created	Demand Driven	baseline built into CGPs of affected enterprises
Develop and enhance curriculum for pre-employment/employability programs when likelihood is high of satisfying the 5:1 rule	Gwen El Sawi / Elisabeta Mema / STTA	Demand driven	Client training institutions	Ongoing: The timing of these activities will be demand driven.																Curriculum for pre-employment / employability programs developed	Demand Driven	baseline built into CGPs of affected enterprises
KRA 3.2: Effectiveness of Technical/Vocational Training Programs Improved																						
Training of Trainers (ToT) when likelihood is high of satisfying the 5:1 rule	Gwen El Sawi / Elisabeta Mema / STTA	Demand driven	Client training institutions	Ongoing: The timing of these activities will be demand driven.																Increase in Albanian ToT's	Demand Driven	baseline built into CGPs of affected enterprises
Develop communities of practice when likelihood is high of satisfying the 5:1 rule	Gwen El Sawi / Elisabeta Mema / BSPs / RDAs	Demand driven	Client training institutions	Ongoing: The timing of these activities will be demand driven.																Communities of practice developed	Demand Driven	baseline built into CGPs of affected enterprises
Promote learning and income generation through real-life projects in vocational training when likelihood is high of satisfying the 5:1 rule	Gwen El Sawi / Elisabeta Mema / STTA	Demand driven	Client training institutions	Ongoing: The timing of these activities will be demand driven.																Learning and income generation projects promoted	Demand Driven	baseline built into CGPs of affected enterprises
Engineer reverse OJT: VET instructor-private sector employee "temporary job exchange" program when likelihood is high of satisfying the 5:1 rule	Gwen El Sawi / Elisabeta Mema / STTA	Demand driven	Client training institutions	Ongoing: The timing of these activities will be demand driven.																VET instructor-private sector employee "temporary job exchange" program established	Demand Driven	baseline built into CGPs of affected enterprises
Design vocational programs with special focus on the socially and economically disadvantaged when likelihood is high of satisfying the 5:1 rule	Gwen El Sawi / Elisabeta Mema / STTA	Demand driven	Client training institutions, socially and economically disadvantaged Albanians	Ongoing: The timing of these activities will be demand driven.																Vocational programs with special focus on the socially and economically disadvantaged established	Demand Driven	baseline built into CGPs of affected enterprises

Activity	Resources		Counterparts	Year 2				Year 3				Year 4				Year 5				Expected Results or Milestones	Expected Timeline	Baseline Data
	Description	Estimated Amount		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Integrate Gender and Minority Issues																						
Identify targeted gender and minority-related technical assistance when necessary for successful implementation of CGPs	Technical staff/Kara Nichols Barrett	Demand driven	Client SMEs	Ongoing: The timing of these activities will be demand driven.																Gender and minority Concerns taken explicitly into account	Demand Driven	baseline built into CGPs
Deliver targeted gender and minority related technical assistance	Technical staff/Kara Nichols Barrett	Demand driven	Client SMEs	Ongoing: The timing of these activities will be demand driven.																Gender concerns addressed	Demand Driven	baseline built into CGPs
Program Management																						
PMP reporting and updating	Elona Toska / James Riordan	Monthly		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	PMP reporting conducted and updated	Ongoing	
Reports (quarterly, annual, final)	James Riordan	Ongoing		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Reports submitted	quarterly, annual	
Financial reports (quarterly)	HO Manager	5 days		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Reports submitted	quarterly, annual	
Quantitative and qualitative assessment of CED	STTA / USAID	20 days	USAID															x	x			
Demobilization Plan	Home Office Manager	5 days																	x	Demobilization plan submitted	Year 5, month 10	

Annex III – Client Growth Plan Template

CED Client Growth Plan

USAID’s Competitive Enterprise Development (CED) Project seeks to advance sustained, broad-based economic growth in Albania. It will help non-agricultural enterprises become more competitive and increase their sales. It will also help create gainful employment. The project will achieve those objectives by expanding trade and investment, increasing enterprise productivity, and improving workforce development.

CED provides business development services to client firms to help them increase their sales and expand employment. With tailored, focused, cost-effective support, CED helps firms attack the problems that prevent them from growing. CED and [Name of Client Firm], hereinafter referred to as the Client, agree to the terms and conditions set out hereunder.

Background

General information:

[Concise description of: sector in which Client works; type of business Client engages in; goods it produces or services it provides; year Client began operations; legal status; primary markets Client sells to; distribution channels it uses; primary suppliers it sources from]

Baseline data:

During the preceding 12 months			
Sales (in LEK) of ...	[...]		
Employment (in workdays) of ...	[...] (men)	[...] (women)	[...] (total)

Principal constraints to growth and proposed solutions:

[Principal constraint(s) (no more than three) to increasing sales; proposed solution to remove constraint(s) and increase sales]

Constraint	Proposed Solution
• [...]	[...]
• [...]	[...]
• [...]	[...]

Scope of Client Growth Plan

The principal constraint(s) to increasing sales that this Client Growth Plan attacks is (are) [.....]

CED Commitment

Under this Client Growth Plan CED commits itself to help the Client remove the constraint(s) by:

- [Action 1]

- [Action 2, if necessary]
- [Action 3, if necessary]

Client Commitment

Under this Client Growth Plan, the Client commits itself to:

- [Action 1]
- [Action 2, if necessary]
- [Action 3, if necessary]
- Ascertain and make available to CED each month the increases in sales, production, employment, and investment that have taken place as a result of this Client Growth Plan.
- Heed the recommendations of expert technical assistance provided to the Client under this Client Growth Plan.
- Comply with all legal and regulatory requirements, including environment, health, labor, and safety standards mandated by national authorities.
- Hold CED harmless against any losses or other damages that the Client may incur by implementing recommendations arising from this Client Growth Plan.

Expected Results

The actions taken under this Client Growth Plan are expected to result in:

- Increased sales of [...]
 - Increased employment of [...] (men)
 - [...] (women)
 - [...] (total)

Effective Period

This Client Growth Plan is effective from the date of signature by the two parties until [Date].

Reporting and Confidentiality

The Client will coordinate all activities under this Client Growth Plan with CED’s Business Development Manager, [Name of Business Advisor].

For its part, CED hereby agrees to keep all sales, production, employment, and investment data reported by the Client confidential and restrict its use to CED and USAID personnel. CED will treat all information disclosed in full confidence. CED may request independent verification of data in order to document and ensure their integrity. The Client agrees to cooperate with CED in order to verify reported results.

Miscellaneous

Either party may terminate this Client Growth Plan by giving five (5) working days prior notice in writing to the other party. All CED activities are subject to the ongoing funding commitments of USAID.

Signatures of the Parties

The two parties to this Client Growth Plan sign two copies in English.

<p>[Client Name] [Client Address]</p>

Name:

Title:

Signature: _____

Date Signed: _____

Place Signed: _____

ALBANIA COMPETITIVE ENTERPRISE DEVELOPMENT (CED)

PJETER BOGDANI STR., BLD. 36/1, AP.5-6, 2ND FLOOR

TIRANA, ALBANIA 1000

Name: James T. Riordan

Title: CED Director

Signature: _____

Date Signed: _____

Place Signed: _____

Annex IV – CED Grants Fund Concept Paper

Background

The Competitive Enterprise Development (CED) project in Albania is an approximately \$9.8 million, five-year program financed by USAID and managed by Chemonics International Inc. The program goal is to enable Albanian private enterprises in selected regions to expand their businesses and improve competitiveness by increasing sales and jobs for selected enterprises. CED's approach focuses on three integrated components:

1. Strengthening Trade and Investment Capacity
2. Increasing Enterprise Productivity
3. Improving Workforce Development

The \$500,000 Small Grants Fund targets Albanian private enterprises and select non-governmental organizations (NGOs) in specific sectors and municipalities to increase productivity and enhance competitiveness, innovation, and growth among enterprises in Albania.

Goals of the Small Grants Fund

In the first several weeks of the project, CED's long-term team conducted a business needs appraisal with more than 60 potential client firms in 10 municipalities and analyzed client feedback to determine their binding constraints to growth. Further interviews and analysis will be conducted to generate a precise timeline and determine specific activities CED will undertake to tackle these binding constraints. *Client Growth Plans* (or MOUs) will be signed with each partner firm.

The Small Grants Fund will be one of several tools that CED will utilize to increase enterprise productivity (Component 2) in targeted municipalities and sectors,¹⁵ allowing firms to expand their businesses and respond to domestic and international market demand. Performance-based grants will be provided to selected entrepreneurs who can demonstrate the need for new technologies and machinery that address a specific constraint to productivity and quality, or that facilitates the development of new products. The grants program may also be extended to non-governmental organizations, such as trade associations or groups, if such actions are deemed critical for achieving project objectives.

Types of Grants

CED's \$500,000 Small Grants Fund can include the following grant types:

¹⁵ The project expects to work with four initial sectors - footwear, textiles, recycling, and tourism -- and we will expand to other sectors as specific needs are identified for other enterprises.

- E. **Simplified grants** stipulate that costs are reimbursed only upon presentation of receipts. Advance payments are not allowed. Under simplified grants, each single item procured must be under \$5,000.
- F. **Fixed Obligated Grants (FOG)** are deliverables-based grants whereby costs are reimbursed once associated milestones have been achieved. Under FOG grants, each single item procured must be under \$5,000.
- G.
- H. **Standard grants** allow grantees to receive advances, however, CED does not intend to issue advances but instead reimburse based on receipts. Where CED may issue standard grants is when the project authorizes a grantee to procure equipment that is one item (e.g. machinery) with a value over \$5,000.

Under the CED Small Grants Fund, a minimum of 50 grants will be awarded, with a maximum award size of \$20,000. It is expected that most awards will be in the \$5,000 – \$10,000 range. As outlined above, grants will be used to demonstrate new technologies and provide machinery to address constraints to productivity and quality, or facilitate the development of new products.

Under any of the grant types, CED can conduct in-kind procurements for grantees, enabling CED to make payments directly to vendors on behalf of grantees.

Grantees will be expected to contribute to M&E efforts, and will need to understand and be able to meet specific benchmarks and targets. To ensure that resources are mobilized effectively to achieve measureable results, we will develop a structure that includes a mentoring program, grants manual, and periodic Getting-to-Grants workshops (see below).

Grant Parameters

1. **Grant Objectives.** The CED project will consider grant activities that demonstrate new technologies and utilize machinery that address a specific constraint to productivity and quality, or that facilitate the development of new products. All grants will address binding constraints to competitiveness and growth.

2. **Method for Awarding Grants.** Grant awards will be awarded in response to an open, competitive Annual Program Statement (APS), whereby the project solicits applications annually from a number of potential grantees, and awards are made on a competitive basis. Submission of applications will be rolling, and open for a minimum of six months and maximum one year. A member of the technical team may also determine that one grantee is best positioned to receive a grant and will work with the grantee to prepare an application. See text box for examples of the different ways CED might award grants. In all cases, grant applications and implementation will be subject to the same rigorous review and monitoring.

Examples

1. A Request for Applications is issued to firms in targeted municipalities and sectors to use technology to remove binding constraints to growth
2. After discussions with a firm, the CED competitiveness advisor works with a firm to present a grant to improve packaging machinery that will enhance printing on packages to target a niche market

- *Process for reviewing Grant Activities.* Grant activities will be reviewed in two stages: at the concept paper stage and at the application stage. Concept papers will be written by the potential grantee with the assistance of a member of the technical team,¹⁶ who will serve as “account manager” for that particular grantee, and provide direct guidance on applying for a grant. Concept papers will be short (1-5 pages) and are a means for potential grantees to put ideas to paper that articulate their approach to overcome the specified constraints that they face, and the anticipated impact of the grant. In no way should they be perceived as creating an unnecessary burden to the grant process. They will be reviewed based on recommendations by one of CED’s technical team to a project evaluation committee, consisting of a minimum of three other members of the technical team, including the chief of party. Upon a positive decision of the evaluation committee, the applicant will then be requested to complete an application which will detail the intended use of grant funds, counterparts, estimated budget, impact/results, nature of technology, etc. The account manager will oversee this process in coordination with the grants and compliance manager, in conjunction with the potential grantee. To prevent a potential conflict of interest, the account manager and grants and compliance manager will not serve on the evaluation committee. The grants and compliance manager will solely ensure compliance with grant procedures.
 1. *Getting-to-Grants Training.* CED’s technical team will work closely with potential grantees to ensure their organizational systems are of high quality and their grant programs sustainable. Grantees will need to prepare detailed plans specifying how they will use grant funding to remove constraints to growth, and which indicators will be used to evaluate their progress toward their objectives. Objectives should be clearly aligned with CED’s Performance-based Monitoring Plan. In order to build capacity of these organizations and encourage participation prior to issuing an APS, the program will hold a workshop known as “Getting to Grants” that will provide potential grantees with hands-on experience developing a concept note, grant application, grant budget, including all applicable regulations. This training will also ensure that organizations understand the goal of the grants program and types of activities to be funded. One Getting-to-Grants training will be held annually during the grants competition, and members of the technical team will also work with firms one-on-one to provide assistance when needed throughout the year.
- *Evaluation Criteria for Concept Papers.* Evaluation criteria includes:
 1. Consistency with Albania CED objectives and the project's overall goals
 2. Introduces technologies new to their area
 3. Agreement to receive visits from other entrepreneurs for training purposes
 4. Provide a minimum of 50% cost share.
 5. Measurable impact and accountability: firms must demonstrate a minimum 5:1 return on investment of grant funds
 6. Outline expected results, and monitor and evaluate progress toward their achievement

¹⁶ The technical team consists of the Chief of Party, two Competitiveness Advisors, the Trade and Investment Advisor, and the Workforce Development Advisor.

7. Ability to follow streamlined Initial Environmental Examination and due diligence procedures
 8. Financial management and record-keeping capabilities
 9. Integration of gender considerations
- *Evaluation Criteria for Applications.* Applications will be evaluated for their Technical Approach (Feasibility of Design; Impact/Return on Investment); Management & Programmatic Capacity (Proposed Personnel; Past Performance; and Organizational Structure and Integrity); and Budget (Cost Efficiency; Feasibility; and Cost Share).
 - *Disbursement Schedule.* Disbursements of funds are generally expected to be 20% in Year 1, 25% in Years 2 and 3, 20% in Year 5 and 10% early in Year 5 of the project.
 - *Grants Evaluation Committee:* An evaluation committee will be responsible for reviewing proposed ideas at the concept paper stage and at the application stage. This evaluation committee will consist of a minimum of three field office staff, including two members of the technical team and the chief of party, or three members of the technical team if the chief of party is not available. The technical team member who is serving as “account manager” for that particular grantee (and is therefore providing direct guidance on applying for a grant), will be allowed to observe the selection process but will be precluded from voting on the selection. The grants and compliance manager will ensure compliance with procedures but will not sit on the selection panel. USAID may participate in the committee at its request. The committee will meet at the project offices at a time announced one week in advance. Proposals will be scored against evaluation criteria, and those proposals meeting certain threshold will be funded. All grant awards will be vetted with USAID early in the process and require USAID approval prior to execution. In addition to the annual grants competition, unsolicited proposals will also be accepted on a revolving basis.
 - *Award Size and Duration:* A minimum of 50 grants of up to \$20,000 will be awarded to local private enterprises. It is expected that most awards will be in the \$5,000 – \$10,000 range.
 - *Private Sector Contributions:* For private companies, the grant program will require, at a minimum, a 50:50 ratio as part of the grantee’s cost-sharing contribution. This will ensure ownership and follow-through on the initiative.
 - *Guidelines:* Guidelines and application template for the Small Grants Fund will be established in the CED Grants Manual to be submitted for approval by USAID.
 - *Grant and Compliance Manager:* The Grants and Compliance Manager began working in mid-May 2009 and is responsible for implementing the CED Small Grants Fund from concept to award to close-out, with support from Chemonics’ home office. She will also facilitate reimbursements and the tracking of reporting under various grant activities.

Annex V – Industry Profiles

Textile/Apparel Industry

Background

Textiles and apparel accounted for more than 28% of Albania's exports in 2006 totaling US\$450 million, while the industry employs nearly 11,000 people. Albania exports almost exclusively to EU countries. In 2006 the top destinations were almost entirely European, and the majority of Albanian apparel exports go to Western European countries (the top three destinations in 2006 were Italy, Greece and Germany at 78%, 16% and 6% respectively). Altogether, they represent 99.7% of total Albanian apparel exports. Many Italian retailers, clothing designers and brokers have taken advantage of the geographic proximity and low labor costs of the Albanian apparel manufacturing industry, as well as the fact that many Albanians are fluent in Italian. Italian and Greek firms are increasingly finding Albania a suitable location to establish wholly owned or joint-venture sewing operations. Because it is becoming increasingly costly to run such operations from China and other Asian countries due to higher labor and transportation costs, more of them will be established in Eastern Europe, particularly by European companies.

More than 95% of all workers in the textile industry are women, and a significant majority of all future jobs created in this industry will likely go to women, including technical specialists, which means that a system must be put in place to upgrade skills of workers to move into higher technical positions.

The Revealed Comparative Advantage (RCA) of Albania's apparel manufacturing industry in 2007 indicated that the Albania has a distinct advantage in apparel export to EU relative to other countries. Albania appears to be improving its comparative advantage relative to the EU market: over the past three years the RCA has gradually increased, indicating that apparel manufacturing firms are taking greater advantage of their geographic proximity to European markets.

According to RCS, 60% of firms considered reducing apparel throughput time and lead time was one of three most important success factors for their business, the highest percentage in the region. Implementation of automated technology is also in its infancy; according to RCS, only 27% of firms considered their lack of investment in technology to be one of the three main important business challenges. Low investments indicate why Albanian firms are still in CMT (Cut-Make-Trim) modality and have yet to realize the potential benefit of improving their equipment and processes.

According to RCS, 43% of the Albanian companies have begun to implement EDI (electronic Data Interchange). Most of the firms appear to continue rely on more traditional modes of communication; 29% of the companies that did not use EDI used email as their primary mode of communicating about production orders. The remainder continues to rely on telephone and fax.

Only one-third of apparel manufacturing firms in Albania identify products at the SKU (Stock Keeping Unit) level with UPC (Universal Product Code) symbols, the lowest percentage in the

Western Balkan region. Albania is the least expensive country in Europe for labor intensive activities. The policy barriers are most often cited as major obstacles to the growth and operations are: reliability of electricity, VAT reimbursement, and labor regulations.

Sources

OECD, *Recommendation for a Regional Investment Strategy. Albania - Country Specific Recommendations*, February 2008

SWOT Analysis of the Textile/ Apparel Sector in Albania

Key Strengths

- Availability of low-cost, semi-skilled and skilled labor force.
- Experience in working with Italian, Greek and other EU-based clients.
- Extensive tradition of garment production in each of the main cities of Albania.
- Ability to produce small orders and meet short order-to-delivery times, required by customers in the EU.
- Track record of successful facon production.
- Proximity to the EU.
- Improved transport links: daily ferry and airline services to Italy and improved border crossing to Greece.
- Favorable tax treatment of imports of raw materials and equipment for exporting firms.
- Experienced management and workforce produce a wide variety of garments in ISO-certified factories.
- Good language skills: Italian, Greek & English.
- Capacity to respond to peaks in production through subcontracting other Albanian firms.
- Low real estate costs and availability of enterprise sites.

Opportunities

- Build on existing and proven Albanian links with Italian, Greek and other EU garments producers.
- Encourage new investment by garment firms in EU countries that need short lead times, flexibility, low labor costs and low initial investment.
- Support from government for the expansion of existing producers already in Albania.
- Advantages on cost and turn-around time (from design to delivery).
- Proximity to EU and other Balkan countries.
- Tax concessions on the import of materials and machinery and the exports of finished goods under an outward processing arrangement.
- Albania has a liberal investment environment.

Weaknesses

- Proliferation of obsolete machinery.
- Lack of marketing skills and management.
- Lack of financing to sustain long-term growth.
- Lack of information on market demand and product development regionally and globally.
- Problematic retention of work force.
- Significant levels of labor turnover.
- Limited designer capability.
- Very high level of imported inputs.
- Large number of intermediaries between Albanian manufacturing firms and retailers.
- Unreliable electricity supplies.
- VAT disincentive for approved exporters to use Albanian raw materials.
- Exporters cannot easily sell output in Albania or export to third countries.
- Potential delays to get goods through customs.
- Access to and use of up-to-date and appropriate technology.
- Albanian manufacturers specialize in mostly basic assembly operations and are isolated from market because of the geographic concentration of export relationships.
- Dependency on one or two foreign buyers.
- Disconnect between vocational training and industry needs.

Threats

- VAT reimbursement delays.
- Competition from China is likely to hit many Italian and Greek producers.
- Low-quality image of Albanian production.
- Rising labor and operating costs.
- The growth of China, Turkey and Asian countries as suppliers to the EU.
- Possible additional EU regulations in response to the global economic crisis.
- Weak financial services and limited access to financing for new technology and investment.
- Lack of qualified research and development institutions.

- Increasing demand of multiple product designs and short design-to-delivery times.
 - No export quotas for garments produced in Albania to the EU market.
 - Increasing labor cost in new EU members such as Romania and Bulgaria.
- The “time tax” and “bribe tax” in the customs system.

Footwear Sector Analysis for Work Plan

Background

The footwear sector accounts for around 14% of industrial employment, 10% of industrial output and for over 30% of Albanian total exports. Footwear accounts for 90% of Albanian total shoe and leather exports with over US\$ 165 million exports in 2004. In total, there are 96 shoe and leather companies in this sector. Taking also into account the intensive use handiwork whereby shoe manufacturers outsource work to households, total employment in the sector is cautiously estimated to be at least 20,000 workers — 90% of whom are women employed in labor-intensive production activities rather than management positions. The other significant products areas for exports are raw hides, skin and leather with exports of over US\$ 12 million in 2004¹⁷. Italian footwear companies, which have had a presence in Albania since the 1990s, continue to expand their operations there. Due to increasing fuel and transportation costs and demand for ever-quicker delivery times, Albania is well positioned to expand its production of footwear, particularly for European companies.

Investors in Albania have concentrated on shoe production (23%) and assembly (32%), production of safety shoes (10%), leather processing (25%), leather accessories (6%), and other (4%)¹⁸. The main shoe and leather export product is shoe upper, which accounts for 80% of total shoe and leather exports. In 2004, Albania had a 4% world market share of exports in this product area and was the 6th biggest exporter worldwide¹⁹. In 2006, according to CBI data shown in the table below, this market share had fallen to 3.2%.

EU Imports of Footwear 2006²⁰

EU imports per product group	2006 € million	Developing Countries € million	Albania Market Share
Footwear with leather uppers	15,646	5,409	
Footwear with plastic or rubber uppers	4,208	2,538	
Footwear with textile uppers	3,754	2,036	
Other footwear	2,643	1,042	3.2%

Italy accounts for 99% of Albanian exports in 2004, which re-exports them to other countries. So, the Albanian shoe and leather industry can therefore be said to be an extension of the Italian sector. Albania is almost totally dependent on Italy as an export and import market, reflecting the fact that the Albania shoe and leather is Italian controlled and that Italy serves as the export transit hub for Albanian-made products.

Sources

- Albania CED, *Business Needs Survey*, April-May 2009
- UNDP Trade Liberalization and Promotion Program, *Albania Shoe and Leather Sector, New Investment Opportunities*, June 2005.
- ACIT, *Survey of 48 companies*, November 2004.
- CBI, *The Footwear Market in the EU – Market Survey*, April 2008

¹⁷ Albania Shoe and Leather Sector, *New Investment Opportunities*, UNDP Trade Liberalization and Promotion Program, June 2005.

¹⁸ ACIT survey of 48 companies, November 2004.

¹⁹ Albania Shoe and Leather Sector, *New Investment Opportunities*, UNDP Trade Liberalization and Promotion Program, June 2005.

²⁰ This table is compiled with information from the *Footwear Market in the EU*, April 2008, CBI Market Survey

Neritana Bega, *Analysis of competitiveness on the textile/garment and leather/ from an international perspective*, ACIT, 2003.

SWOT Analysis of the Footwear Sector in Albania

Strengths

- Lead order-to-delivery time to EU countries – one interviewed company manager said they can process an order and deliver to Italy in maximum 10 working days.
- Availability of low-cost semi-skilled and skilled employees.
- Flexibility and JIT production.
- Experienced management and workforce produce a variety of footwear products in ISO certified factories.
- Low real estate costs and availability of enterprise sites.
- Experience and track record with working with EU entrepreneurs.
- Proximity to the EU.
- Good language skills, especially Italian and English.
- Low transportation costs.
- Capacity of existing personnel to train semi-skilled new employees.
- Proximity to the EU.

Opportunities

- Opportunity for new investments from EU countries where production costs are higher.
- Build on existing and proven Albanian links with Italian and other EU footwear producers.
- Advantages on cost and turn-around time(from design to delivery)
- Increase backward linkages through the supply chain such as leather processing.
- A reformed vocational and educational public system could produce qualified workforce.
- Proximity to EU and other Balkan countries.
- Economic stability and improved enabling environment.
- Tax concessions on the import of materials and machinery and the exports of finished goods under an outward processing arrangement.
- Albania has a liberal investment environment.
- No export quotas for footwear produced in Albania to the EU market.
- Opportunity to export to the Balkans markets using the free trade agreements that Albania has with SEE countries.

Weaknesses

- Strong dependence on one or two foreign buyers, mainly Italian, which makes the whole sector vulnerable.
- Very high level of imported inputs.
- Problematic retention of work force.
- Lack of management personnel: Albanian firms do not have personnel capable of sourcing raw materials abroad, and who could search for new markets independently from the buyer²¹. Only one enterprise has been able to develop its own final product and sell it with its own brand name: Alba & N.
- Lack of highly qualified technical personnel. The VET system does not produce qualified personnel that can meet the demands of the footwear sector.
- Unreliable electricity supply.
- Potential delays to get goods through customs.
- Lack of reliability of and higher costs of electricity compared to other SEE countries such as Serbia, Montenegro, Macedonia and Croatia.
- Lack of financing to sustain long-term growth
- Lack of information on market demand and product development regionally and globally.

Threats

- Competition from China, India and North Africa.
- Availability of counterfeit goods in target markets.
- Preference of labor to work in the garment industry over the footwear industry.
- The effects of the global economic crisis: cash flow problems, layoffs and unmet production capacity.
- Possible additional EU regulations in response to the global economic crisis.
- Small scale producers fail to consolidate or adopt latest technology leading to closure.
- Low-quality image of Albanian production.
- Rising labor and operating costs.
- VAT reimbursement delayed 1-2 years.
- Weak financial services and limited access to financing for new technology and investment.
- Lack of qualified research and development institutions.

²¹ CED Business Needs Survey

Tourism Sector Analysis for Work plan

“Tourism can be defined as temporary travel by people to places away from where they normally live and work, for leisure, business and other purposes.” – UNWTO / Tourism Society

Background

The Government of Albania and several donor projects are currently working to improve the structural and infrastructure impediments to the development of tourism in Albania. Despite these challenges, Albania is a country of sheer natural beauty, majestic mountains, and rugged coastlines situated within two hours' flight of most of Europe's major cities. In select areas, CED tourism interventions aim to have an immediate and catalyzing effect on the industry. The project will work with hotels, resorts and tour agencies and other backwardly linked SMEs to exploit growing niche markets within the industry, such as a recent influx of Macedonian tourists, expected to exceed 10,000 visitors this summer as a result of strained relations with Greece. Moreover, with women holding a significant number of leadership positions and comprising the majority of the industry's workers, advancement is a tangible possibility for the industry's leading women. The combination of these factors makes the industry a strong candidate for inclusion.

Tourism in Albania has consistently increased over the past five years from a 16.9% annual growth rate in 2004 to a 40% annual growth in 2008. (Sources: Ministry of Tourism, Culture, Youth and Sports, Bank of Albania, National Institute of Statistics.) Tourism accounts for approximately 11% of Albania's GDP – ranking first of all industries, followed by construction which accounts for 10.7% GDP and employs over 138,000 people or 6% of the able working population. According to the Travel and Tourism Competitiveness Index of the World Economic Forum, Albania ranks 90th in the world compared to Macedonia which ranks 80th, Montenegro 52nd and Croatia 34th.

The general number of beds for accommodation in Albania is approximately 34,000 currently which compares to approximately 17,000 in 2004 – or a 200% increase in less than five years. The number of units with more than 6 rooms was 629 in 2008 (an average of 54 rooms per facility.) The number of travel and tour agencies has grown from 60 in 2004 to 115 in 2008, nearly doubling in less than 5 years. Similarly, visitors have gone from 485,000 in 2005 to 2,578,627 in 2008 or a 532% increase in five years. Meanwhile, the Albanian labor force has remained stable at 15% of unskilled labor in the past 9 years (1996 -2006) and nearly a 5 % increase (22.6 %) of the skilled labor force in 1996 – 2005, (UN COMTRADE Data.) One of the largest challenges facing the industry is both expansion of sales to fill the new beds that are coming on line and to recruit and retain a well trained professional hospitality workforce that meets international visitor demands and standards.

Below is the SWOT analysis of the tourism industry based on review of reports and interviews with: Albanian Tourism Association; Thirteen hotels/restaurants/resorts; 3 tour agencies; three related industries (mask producer; two recycling companies); RDAs or similar organizations in several locations; Discussion with other donors working in the tourism sector include: SNV (National Strategy, rural/community promotion and capacity building in selected communities,

and *Quality Mark* training; Swiss Development & Cooperation [SDC] (Gjirokastra area – woodworking plus focus on Vocational Education Training Reform), UNDP & World Bank – Vocational Education Reform.

Sources

- EDEM, *Final Project Report*, 2009
- *Albania: A Destination for Investments: Conference and Exhibition on Albanian Natural Resources: Tirana, 27 – 30 May 2008*
- Global Sustainable Tourism Alliance (GSTA), *Whole System in a Room (WSR) Report*, January 2009
- GSTA, *Mapping the Tourism Context Report*, December 2008
- *Tourism, Albania's First Industry*: Ministry of Tourism, Culture, Youth and Sports, Bank of Albania, National Institute of Statistics (summary of Income, travel & tour agencies & visitors)
- SNV Balkans, *Tourism Action Plan Process*, January, 2009
- SNV Connection: *Working for a prosperous rural future in the Balkans*. January, 2009.
- SNV in Albania. January 2009
- Albania Tourism Websites (10) were reviewed
- Ministry of Tourism, Culture, Youth, and Sports assessments

SWOT Analysis of Tourism Sector in Albania

Strengths

- Dramatic natural environments (Mediterranean climate, mountains and coastline).
- Historic and Cultural sites that have a high potential for development.
- 3 UNESCO-recognized sites.
- Within 2 hours flight from most European destinations.
- Economic crisis may attract visitors due to proximity to Europe and lower costs than in some surrounding countries.
- Potential is recognized and supported by many donors.
- Competitive prices for health and business tourism.
- Accommodation facilities available for a wide variety of demand.
- Several well-established tour operators offer package tours to foreign group tourists.
- Multi-lingual population.

Opportunities

- Increases in the share of people over 60 years old who are traveling globally.
- Albania is considered as a country to be discovered.
- Good economic growth in recent years.
- NATO member and EU Integration perspective.
- Strengthen marketing and management of tour operators and hotels/resorts/establishments.
- Match foreign tour operators with Albania operators and hotels.
- Increase awareness of tourism opportunities in Albania through the “Greetings from Albania” initiative, websites for businesses, and improved linkages with foreign tour operators.
- Strengthen sales through connecting local tour operators with hotels and related tour operations.
- Connect firms to vocational education and training programs (SNV, Experience Albania, GTZ, Swiss, UNDP/WB).
- Strengthen capacity of individual firms to expand operations, improve quality of service.
- Collaboration with LGPA (community tourism development in selected communities) and other donors: (SNV in Tirana/Shkoder, Kukes, Korce, & Fier; UNDP/UNESCO – Handicrafts in Shkoder)
- Possible cooperation between recycling companies and tourism operators/communities to manage waste.

Weaknesses

- Infrastructure (roads/hotels/internet/solid waste management) is not adequately developed throughout country.
- Lack of world class professionally trained tour guides, operators, and hospitality staff.
- Smaller operations (limits number of clients at one time which can also be a strength for cultural/heritage tourism.)
- Management and marketing is not adequate.
- No online reservation possible for hotels and tour operators in Albania.
- Inadequate engagement and commitment of local government and community to support tourism.
- Negative reputation/perceptions of Albania.
- No implementation of the existing strategies and frameworks for tourism development.
- Lack of cooperation of all stakeholders to promote Albania Tourism product with the right mix of price and quality, consistent with existing strategies and framework.
- Existing Albania Tourism Association not sustainable without donor support.

Threats

- Lack of resources and/or commitment of government (visas, roads, & transportation systems), communities, and donors to improve the infrastructure throughout country in a strategic manner.
- Continued global financial crisis has negatively affected tourism in Albania.
- Inability to attract and retain well trained international class hospitality professionals.
- Strong competition from neighboring Countries with more experience and better infrastructure (sometimes it is expressed in unfair propaganda against Albania).
- Lack of adequate and appropriate waste systems will spoil the environment and basic tourism assets.
- Inadequate solid waste management at the national and local level.

Recycling Sector Analysis for Work Plan

Background

At first look, recycling might not seem a high-growth industry. But the fact that 37 companies are currently involved in recycling, employing an estimated 15,000 people, demonstrates the considerable interest in expanding this already growing industry. Many of these jobs involve the collection and distribution of waste. Albania has long had difficulty processing its solid waste, and vast amounts of recyclable plastic, paper, and cardboard are thrown away each year. Expanding the recycling industry in Albania would both improve the environment and provide a platform for delivering support to minority communities.

According to an assessment made by IFC-PEPSE in 2006, the composition of the Municipality Solid Waste in Albania is the following: Metallic Scrap 7 % of the total solid waste; Paper & Carton 17%; Plastic 10.5 %; Glass 4.5%; the rest being other solid materials. For each of these waste materials, separate value chains have been developed including individual collectors, collecting companies, recycling processors, exporting companies, etc.

Table 1: Estimates of Annual Solid Waste Production in the Country

	Population of Albania	Urban Population	Solid Waste Production	Metallic Scrap	Paper & Carton	Plastic	Glass
TOTAL (ton/year)	3,069,275	1,293,838	388,152	27,171	66,781	40,756	17,467
Sector Share (%)	100%	42%	100%	7%	17%	10.5%	4.5%

Steel scrap is usually collected from the curbside, drop-off sites, or the automobile, industrial and other buyback centers by the individual collectors. The steel is then hauled to the Scrap Collection companies, which supply a part of the steel scrap to Metallurgical Complex of Elbasan-KURUM, the sole company that owns and operates a metallurgical plant in Albania. The iron and steel scrap processed by KURUM in 2005 was approximately 95,000 Ton. Scrap Collection companies supply almost 50% of the scrap collected to the Scrap Exporting Companies which export it toward the international markets. The quantity of scrap exported in 2005 was 38,000 tons.

Scrap Exporters do not deliver steel scrap to KURUM because the price offered by KURUM is 10%-15% lower than the price offered by the international buying companies. KURUM imports steel scrap from Kosovo (where there exist a dedicated network of scrap collectors), Macedonia and Ukraine. The Albanian Scrap Exporters export steel scrap in Italy, Greece, and other European countries. They supply also a very small part of the iron scrap to a limited number of small mills which produce cast iron for small industrial applications.

The *aluminum scrap* sector in Albania includes the full range of activities which are required to bring the aluminum scrap from its abandoned state in nature or municipal landfills through its

value-added transformations to final recycling. In this value chain there are the individual collectors, the scrap yards, the recycling processors and exporting companies.

The value chain for the recovered *non ferrous metals – cooper, zinc, and lead* in Albania has the same identical links as the aluminum scrap value chain, with exception that there are not any processors for cooper and zinc. The first layer of the value chain involves the full range of activities which are required to bring cooper, zinc and lead scrap from its abandoned state in nature or municipal garbage or landfills to the Scrap Yards (generally the same that deal with other metallic scrap). The Scrap Yards deliver recovered cooper, zinc and lead to the Companies-Exporter of non-ferrous metals (the same companies that deal with aluminum scrap).

Waste paper value chain is developing with a network of individual collectors, collection points and recycling processors. There are three recycling companies, which produce paper packaging and products out of recycled paper.

The *plastic recycling* sector in Albania is in the start-up stages. Plastics from MSW are usually collected from garbage bins or drop-off sites from individual collectors. Then, they are sorted manually from other recyclables. The resulting mixed plastics are sorted by plastic type and delivered to a small number of processing facilities. Usually, the plastics' collectors are not the same persons that collect metallic scrap. The value chain includes the individual collectors, collectors at municipality level, and processing companies.

Glass recycling in Albania involves the collection of only certain types of glass bottles and containers, reclaimed by the companies of origin for re-utilization. There are two ways the glass bottles or containers are collected: 1. the bars/restaurants/other small business that consume their content, collect the glass packaging and send it back to the original companies; 2. individual collectors collect glass bottles and containers at garbage bins, at drop-off locations and from the environment. Bottles and containers are sorted according to brand-name of the factory that reclaims them and are delivered to the factories of origin. There the bottles or glass containers are cleaned through cleaning processes or machineries and directed to filling product lines.

Sources

- CED, *Business Needs Survey*, April-May 2009
- IFC-PEPSE, *Assessment of Waste Recycling Sector in Albania*, 2006.

SWOT Analysis of the Recycling Sector in Albania

Strengths

- The steel & iron scrap recycling system is a well developed vertical chain, including at least four layers, each layer being fully operative and functional.
- The steel & iron scrap collecting system is well distributed all over the Albanian territory, with higher concentration around the big cities and especially the cities that have old abandoned industries as Tirana, Elbasan, Korçe, etc
- Albania has iron & steel scrap processing power, with enough potential capacities to process all the scrap available in the country
- Some aluminum scrap processing activity has already started in the country and has found markets for its products in Albania and abroad.
- The cooper and zinc scrap collecting system is well distributed all over the Albanian territory, and being the same with steel scrap and aluminum collecting system, benefits synergies.
- The paper and plastic recycling has been introduced in the Albanian economy. Recycling enterprises have established networks of supply chain with collectors working for them.
- There is an ongoing collection of glass bottles and containers for re-utilization by the original bottling companies.

Opportunities

- Processing companies are exploring new investment possibilities to expand their business.
- There is not strong competition in the region for the aluminum recycled products.
- It is expected that the Albanian Government issues regulations to discard the old cars in order to clean the environment with direct implications to the increase of the quantities of scrap.
- Municipalities are more aware to the waste paper recycling and support such activity.
- There are massive waste reserves of plastic, scrap metal and paper reserves creating potential for recycling to develop.
- There are around 12,000 individual collectors involved in collecting solid waste, of which 10,000 are Roma.

Weaknesses

- The iron & steel scrap in Albania is not sorted according to grades and/or shredded, thus losing some of its value when processed or exported.
- The scrap processing industry in the country doesn't have enough capacity to process all the aluminum scrap collected. Exports take 90% of the aluminum scrap collected.
- The companies involved in processing have difficulties to access bank financing for their business development needs.
- The scrap yards lack financing support for their operative work, with direct implications in the scrap prices and quantities collected.
- The individual collectors lack information on how to improve their work.
- The quantities of cooper, zinc and lead scrap collected are relatively small.
- Lead recycling is in its very beginning. Cooper and zinc scrap recycling industry in the country do not exist. Actually, exports take 100% of the scrap collected.
- No division of waste paper and plastics happens at its household origin. The culture is not yet introduced in Albania.
- The glass recycling has not yet been introduced in the Albanian economy. Only re-utilization of glass containers is taking place.
- There is not any glass production activity in Albania, which can utilize glass cullet as raw material, thus creating incentive for the structuring of a proper glass recycling system.

Threats

- The broad public is not sensitive to recycling solid waste.
- The Albanian Government does not provide tangible support to the recycling sector.
- Scrap processors compete with imported virgin aluminum raw material with zero custom duty.
- High processing costs for steel and aluminum: steel and aluminum processors consume high quantities of electrical energy, which price is very high.
- There are small informal recycling companies that cause unfair competition to the legal recycling companies.

Information and Communication Technology (ICT) – Catalyst Industry

Background: Western Balkans

At less than 5%, Internet penetration is lower in Albania than anywhere else in Europe, and there is growing interest on the part of the Government of Albania (GoA), donors, and the private sector to expand Internet coverage dramatically throughout the country. There is growth potential for using ICT as a catalyst for SME increased market penetration, productivity enhancement, and workforce development, especially across the above sectors that CED will initially focus on.

ICT is 1.2% of the Western Balkans regional GDP and is expected to grow by 9% between 2007 -2011 – a similar rate to that in Asia-pacific region or China. The cost of labor in this service is up to five times lower in the Western Balkan economies than in Hungary or Poland. In addition, proximity to EU and other regional market makes the Western Balkans a prime location for companies interested in outsourcing some of their operations. Both hard and soft capabilities exist in WB. For back office services and call centers, language capabilities are strong across the region, especially English, German, and Italian.

SWOT Analysis of the ICT Sector in Albania

<p>Strengths</p> <ul style="list-style-type: none"> • Language ability, especially Italian; • Cultural understanding and “soft skills” • Low-cost labor; • Proximity to the EU and especially to the Italian region of Puglia; • Availability of highly educated people • There is a national strategy on ICT e-legislation in place • Patent law, copyright law according to EU Directives • Relevant banking laws be amended according to ETF (electronic fund transfer) and • Payment through credit/debit cards, for both domestic and international e-commerce 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Quality and accessibility of infrastructure throughout the country is low. • Government commitments on improving education not supported with adequate resources. • The information infrastructure needs further an appropriate business environment and a business models for building and using it. • The ICT infrastructure still needs to be improved • Little content is available in Albanian language, and in some cases online content is kept on servers outside the country • Lack of sufficient resources to purchase and deploy the advanced technology, which is frequently pressured by competition to be innovated
<p>Opportunities</p> <ul style="list-style-type: none"> • Open market and growing demand from the world of business and others • Albanian content on the Internet is growing, mostly from newspapers, magazines and broadcasters • E-government • Wide base sector demand for ICT • Competitive and productivity challenges of growing businesses for ICT • Government plans to develop network 	<p>Threats</p> <ul style="list-style-type: none"> • Competition from other Western Balkan countries, such as Bulgaria. • Difficult and long term process of creation of a competitive, liberalized telecommunications sector • Education institution and system not yet appropriate to contribute to the development of ICT • Accelerating Economic Growth in the Private Sector still is not sufficient to create a fast growing market for ICT in Albania • Lack of technology parks and business incubator

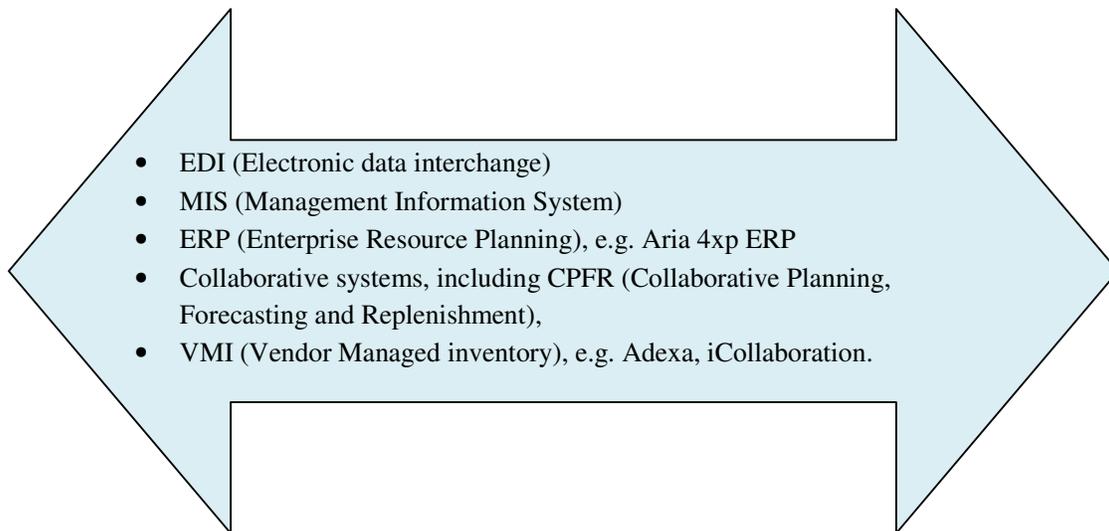
An example of ICT tools applied to sector needs in the Textile and Apparel Industry



- CAD technology, e.g. point-carre, blue fox
- On-line auction
- Web-based order processing

- CAM
- Market –making technology, e.g. PolyNest

- Logistic software (warehouse inventory, transportation)
- Quality control software
- On-line auction



Sources

Government of the Republic of Albania, *National Information and Communication Technology Strategy*, 2005

Annex VI – Tourism Subproject Concept

We understand that USAID and the Government of Greece have been engaging in discussions about the possibility of collaborating on a tourism initiative in Albania, and that the two governments will likely look to CED to take the lead on implementing that initiative. There is much still to define, but preliminary discussions have raised a number of considerations that suggest a possible tourism subproject concept, which we take the liberty of outlining here. The implementation of this Subproject hinges upon successful funding from the Government of Greece.

Assumptions:

1. Tourism is all about places.
2. The money available for a tourism initiative will likely achieve results only if focused in one geographic area.
3. Even if CED works in one area/municipality, it would make sense to structure the tourism initiative to ensure a spread effect to other municipalities.
4. Solid waste management will likely be an essential part of a successful tourism initiative.
5. Zoning will likely be an essential part of a successful tourism initiative.
6. Community ownership and buy-in will be essential.

Elements of a possible tourism initiative:

1. Consistent with our Showcase Albania concept, conduct a nationwide competition among mid-size communities to receive support to become Albania's showcase tourism destination.
2. Name an international jury to select the winning community.
3. Provide small grants to participating communities to help them prepare technical proposals, thereby leveling the playing field for all.
4. Make a community's financial contribution to the initiative a significant evaluation criterion so that we work with a community genuinely committed to becoming a premier destination.
5. Upon selection, work in partnership with the community to refine the technical approach, giving high priority to solid waste management, zoning, hospitality, employability, etc.
6. Involve other development projects, such as LGPA, for example.

The proposed competition would raise the bar for tourism in Albania, not only for the winning community but for others. The very process of preparing proposals would give communities an incentive to focus on and tackle local tourism-related constraints. Afterward, communities that are not selected will want to see what the winning community is doing and, if appropriate, replicate it.

Annex VII – Template for Interviews with Potential CED Clients

Contact information for the company

Name of the Company: _____

Address: _____

Website: _____

Name of interviewee: _____

Interviewee's position: _____

Phone: _____

Fax: _____

Email: _____

General information on the company

In what year did the company begin operations? _____

What is the company's legal status? _____

What sector(s) or industry(ies) does your company work in?

What do you sell?

The company's market

Roughly, what percentage of your customers are

Local? _____

International? _____

If you have customers locally, who are your top buyers?

If you have customers internationally, who are your top buyers?

Does your company sell . . .

Directly? _____
Through agents(s)? _____

Why do buyers purchase what you offer?

What distinguishes what you offer from what your competitors offer?

Are you interested in expanding your sales? _____

If yes, whom would you sell to?

How would you go about reaching those customers?

Have you taken any steps already? _____

If yes, what?

Do you join forces with other companies? _____

If yes, with whom and how?

Information on production and backward linkages

In physical terms, how much did you sell the last 12 months?

How much of that did the company produce itself?

If not everything, where did you get the rest?

From whom did you buy your primary inputs?

Does your business vary seasonally? _____

If yes, what are your best month(s)? _____

Please describe the company's infrastructure, machinery, equipment, and land (fixed assets).

At approximately what percentage of capacity do you use those fixed assets? _____

Are grades, standards, or certifications important in your business? _____

If yes, which ones apply, and what have you done?

_____	_____
_____	_____
_____	_____

Do you receive financing from banks or other financial organizations? _____

If yes, from which bank(s) or other organization(s)? _____

If you had more buyers, could you deliver? _____

If not, why not? _____

Baseline data

What were your sales the last 12 months? ALL _____

During the last 12 months, how many people did you employ . . .

Full-time? _____	Males _____	Females _____	How many were family? _____
Part-time? _____	Males _____	Females _____	How many were family? _____
Seasonally? _____	Males _____	Females _____	How many were family? _____

Do your employees have the skills your company needs?

If not, what skills most need improvement for you to increase sales?

Top problems

If the government could change one thing, what change would most help you increase sales?

What are the top three business problems that prevent you from growing, or business opportunities that will allow you to grow?

A. _____

B. _____

C. _____

Potential solutions to top business problems

What actions are the most cost-effective solutions to those problems, or responses to those opportunities?

A. _____

B. _____

C. _____

If those actions were successful, by how much would sales grow . . .

This year? ALL _____

Next year? ALL _____

The year after that? ALL _____

Name of interviewer: _____

Date: _____

Annex VIII – Initial List of Potential Clients by Municipality

Municipality	Name of Potential Client	Sector/Product
Durres	Edipack	Recycling
Durres	FASK	Textiles
Elbasan	Europa Construction	Construction
Elbasan	2A	Furniture/Wood Processing
Elbasan	Serinçay	Recycling
Fier	Happy Family	Tourism
Fier	Eurokartoni	Other
Fier	Rustemi	Food Processing
Fier	RM Kocek	Furniture/Wood Processing
Gjirokaster	Number One	Tourism
Gjirokaster	Erjalba	Tourism
Gjirokaster	Kompleksi Freskia	Tourism
Gjirokaster	Farma	Footwear
Gjirokaster	Caro, Shpk	Textile
Korca	MAS-TORR	Footwear
Korca	CUKALI	Textiles
Korca	NPV International	Textiles
Korca	Grumbulluesi	Footwear
Korca	Grand Hotel	Tourism
Kukes	Valdrin	Handicrafts
Kukes	Bulica	Marble Extraction
Pogradec	Millenium Hotel	Tourism
Pogradec	Karafili	Furniture/Wood Processing
Pogradec	Enkelana	Tourism
Shkodra	Florjan -V	Textiles
Shkodra	Melgushi	Textiles
Shkodra	Adelchi	Footwear
Shkodra	Venice Art	Other
Shkodra	Firma Moda Teli	Textiles
Shkodra	Dafinor	Furniture/Wood Processing
Tirana	SAM	Textiles
Tirana	Everest I.E.	Recycling
Tirana	Top Tour	Tourism
Tirana	Albania Holidays	Tourism
Tirana	ATHS	Tourism
Tirana	Albanian Tourism Association	Tourism
Vlore	Hotel Vlora International	Tourism
Vlore	LLOGARA Resort	Tourism
Vlore	Hotel New York	Tourism
Vlore	Al Benis	Footwear

Annex IX – Check List of Questions for Reviewing Client Growth Plans

CED Client Growth Plan Review Checklist

These are some questions to keep in mind when reviewing Client Growth Plans:

- (1) Who is the client?
- (2) Who is (are) the client's buyers?
- (3) Is the bottleneck clearly defined?
- (4) How real is the bottleneck? Is that what is really preventing sales?
- (5) Why can't the client remove the bottleneck itself? Why does it need our support? Is it already planning / doing something to remove the bottleneck?
- (6) What support is proposed?
- (7) What is the expected increase in sales?
- (8) What are the sales increases based on (details!)?
- (9) How much employment is expected to result from the increased sales (details!)?
- (10) Is there a clear link among the bottleneck, our support, and expected sales increases?
- (11) How long will it be until sales are expected to increase?
- (12) Over what period are sales expected to increase?
- (13) What other business improvements is the client undertaking?
- (14) Does the client have the ability to break out the sales from the specific product lines that we propose to support?
- (15) Does the client have the means / resources to report sales results accurately every month?
Does it need assistance in designing and implementing a simple system to ensure data accuracy and adhere to reporting expectations (quality and frequency)?
- (16) Is cost-share clearly indicated? Quantified?
- (17) What is the cost to CED?
- (18) Are there any negative environmental consequences foreseen?

Annex X – 5:1 ROI Application Example

To illustrate the application of the 5:1 ROI rule, we take data from one of our interviews, a meeting with a recycling/packaging company that, for purposes here, we will call Company XYZ. The company has a buyer in Greece willing to buy 100 percent more cartons beyond what they are currently producing. XYZ recently invested in a new plant and equipment. It is operating much below full capacity, so production capacity is not a problem. What is a problem – and a very serious one – is cash flow. In contrast to local buyers, the buyer in Greece is unwilling to make an advance on an order, and will not pay for the final product until three months after delivery. XYZ has approached a number of Albanian financial institutions, but none is willing to lend money to the company to address its cash-flow problem. One way CED might be able to assist is to engage local financial institutions to use existing financial instruments in a creative way or even to introduce new instruments – purchase order financing, for example – to address this particular type of problem. Even if the cost to the project of such engagement came to as much as \$150,000, the expected increase in XYZ’s sales over the life of the project would be more than high enough to justify an expenditure of project resources of that magnitude. The same applies even if the actual increase in sales turned out to be no more than a quarter of the increase projected at this stage. And if we take into account that the financial instrument(s) in question would affect companies other than XYZ, the cost-effectiveness of the use of project resources would be even higher. The following table demonstrates the calculation:



APPLICATION OF 5:1 RULE: AN EXAMPLE

1. **Client:** XYZ Company
2. **Problems**

<ul style="list-style-type: none"> A Cash flow B to export to Greece C 	<ul style="list-style-type: none"> A Adjust/develop financial instrument(s) B C
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3. **Solutions**
4. **Expected Results**
 - Increase in sales: \$7,020,000
 - Increase in employment: TBD
5. **Cost to CED of Solution:** \$150,000
6. **Ratio of Increase in Sales to CED Cost:** 46.8:1

Annex XI – The Trade Fair Preparation Program

The difference between a so-so or even a good trade fair experience and a *great* trade fair experience is directly related to the amount of time and effort a company puts into preparing for the event. While there are many activities and factors which go into making exhibition at a trade fair successful, the following items represent major areas of attention, many of which will require direct technical assistance by CED.

What sort of assistance would be made available to participating firms?

To support the efforts of the Albania business community, CED will provide crucial assistance in the preparation for exhibition at selected trade fairs, mostly in targeted markets inside Europe. CED will design and deliver a series of “hands-on” workshops in various municipalities throughout Albania to prepare the companies to meet discriminating potential buyers at the trade fair. These workshops will then be backed by a program of one-on-one technical assistance for the firms that have the greatest need. This assistance will include, inter alia helping a firm develop a product cost and pricing strategy for the export market, providing assistance on developing good, professional labels, marketing materials, catalogues with matching price lists, etc. When possible, these activities will be supported by CED’s staff of advisors as well as the RDAs and BSP identified to support the project activities. When needed, international short-term consultants will be employed to guide selected areas needing particular skills. The workshops will cover the following topics:

- **How to Attend and Participate in a Trade Fair**
- **How to Develop Professional and Effective Marketing Material**
- **How to Cost and Price Goods for the Export Market** (see sample syllabus attached below)
- **How to Design Professional, Distinctive Trade Fair Displays**
- **How to Prepare Samples and Price Lists for Exhibitions**

Most workshops will be held in the mornings, although some may require the better part of one day. Then in the afternoons or the following day, consulting staff will go out to the clients and begin providing hands-on assistance, based on what was discussed at the workshop. The CED team will set up a schedule to deliver the hands-on technical assistance (T/A) over the next several days to all those who attended the workshop. Most of this T/A will be delivered by local CED professional staff or RDAs/BSPs, with assistance from international staff and consultants when required. The key is that the workshops will be followed immediately by the T/A so that their relevance and impact will not be lost due to a time lag.

Throughout this program, the CED team will stay in close contact with the clients to give quality feedback and make sure that they are following the program. These regular visits will include delivering additional direct hands-on T/A from staff (both international and local) and making sure that they are preparing for the trade fair by doing any or all of the following: sending out trade fair invitations to (potential) clients to let them know that they will be at the

trade fair in booth number XX and to invite them to visit; preparing samples; preparing marketing materials and price lists that match catalogues, which in turn match the products they have available for sale, etc.

The Selection Criteria

Although CED would encourage as many firms as possible to attend trade fairs, selection criteria will be established for firms who would participate in CED programs, particularly for those wanting to exhibit at trade fairs that would be supported by CED sponsored training and technical assistance. For instance, the following would represent minimal criteria for such firms:

- ◆ currently be capable of producing and marketing export quality goods;
- ◆ have sufficient production capacity to meet large enough orders within a reasonable time frame;
- ◆ be willing to carry out special preparations for participation in the fair, e.g., developing new brochures, packaging, and product display materials;
- ◆ willingness to devote the resources and time necessary to make their participation in the trade fair successful.

Since most direct costs for preparation and implementation of trade fair attendance would be covered by the participating companies, each firm would need to have the financial wherewithal to undertake this activity. While there will be many activities and factors that go into making participation by client companies at the trade fair successful, the direct technical assistance to those participating companies by CED staff and consultants will be crucial to making these trade fairs seminal events in the CED program.

An example of a timeline required to prepare client firms for exhibiting at a domestic or foreign trade fair. Since domestic trade fairs are less demanding from a quality standpoint, the amount of preparation is generally less than that required for a foreign trade fair, especially one held in the EU.

Activity	Indicative Timeline by Months						
	1	2	3	4	5	6	7
Recruit/identify client participants							
WS: Attend and Participate in a Trade Fair							
WS: Develop Professional & Effective Marketing Material							
WS: Cost and Price Goods for the Export Market							
WS: Design Professional, Distinctive Trade Fair Displays							
WS: Prepare Samples & Price Lists for Exhibitions							
Follow-up Technical Assistance							
Samples and Exhibition Materials Shipped							
Trade Fair Opens							

SAMPLE WORKSHOP AGENDA: COSTING AND PRICING

“Costing and Pricing”

Goal

Develop the knowledge and skills of manufacturers to be able to know the true cost of making, selling and distributing their products, and calculate the price at which they can expect to sell those products in a chosen market.

Objectives

At the end of this workshop and associated technical assistance, the participants will be able to:

- Determine the factory cost of a product from the required data
- Decide on the pricing policy appropriate for the market selected for a product
- Set a price for a product and quote against inquiries from importers

Workshop Content

- Definition and significance of costs
 - ◆ Cost classifications
 - ◆ Costing methods
- Calculating the cost of the products
 - ◆ Prime cost calculation (labor, materials, and overheads)
 - ◆ Distribution of overheads
- Determining profitability
 - ◆ Production-profit relationship
 - ◆ Examples of break-even analysis
- Cost control
- Pricing policy
 - ◆ Price factors
 - ◆ Pricing alternatives
 - ◆ Pricing procedures
- Determining export price
 - ◆ Information required for export pricing
 - ◆ Export price structure
 - ◆ Export price quotation