

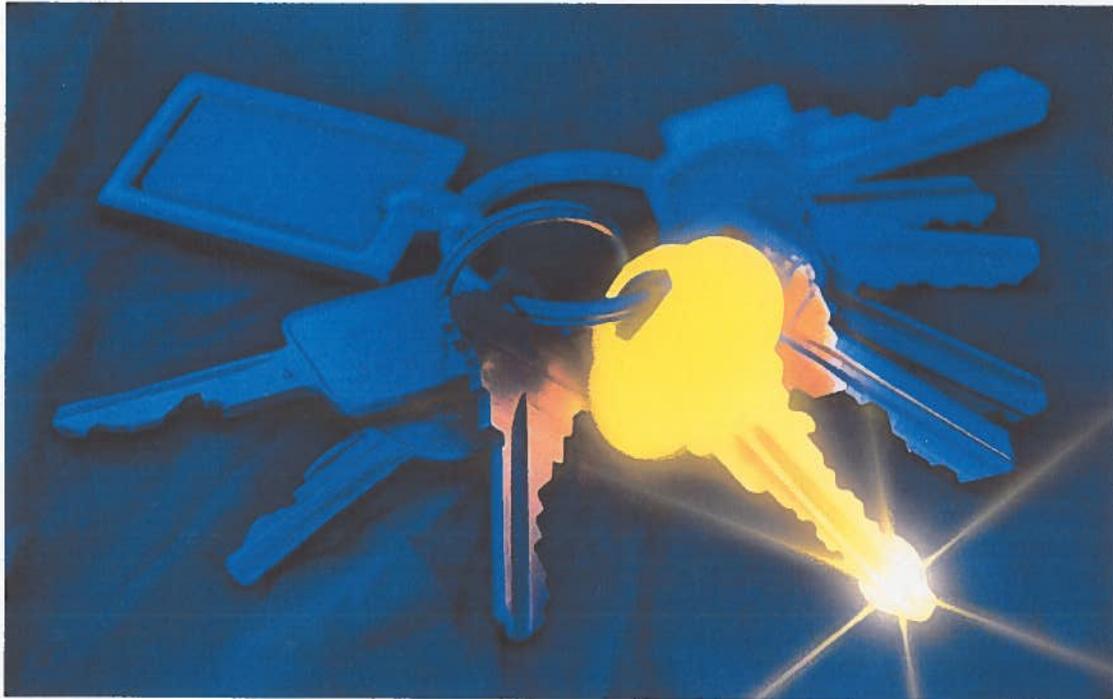
Economic Development and Growth for Enterprises
(EDGE)
Final Report



Contract No.: PCE-I-00-98-00012-00, Task Order 17
Cyprus Partnership for Economic Growth – Phase II

**“Unlocking the Turkish Cypriot Community’s Potential by Providing
Keys to Economic Growth”**

August 31, 2008



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Glossary of Organizational Acronyms

BHC	British High Commission
CTCI	Cyprus Turkish Chamber of Industry
EU	European Union
KITOB	Cyprus Turkish Hoteliers Association
KITREB	Cyprus Turkish Tour Guides Association
KITSAB	Cyprus Turkish Travel Agents Association
RES-BIR	Turkish Cypriot Restaurateurs Association
TCCA	Turkish Cypriot Chamber of Agricultural Engineers
TCBA	Turkish Cypriot Banks Association
TCCC	Turkish Cypriot Chamber of Commerce
TCCGA	Turkish Cypriot Citrus Growers Association
TCITA	Turkish Cypriot Information Technology Association

Executive Summary

Despite the absence of a tangible plan for political settlement between the Greek Cypriot community (GCC) and the Turkish Cypriot community (TCC), the Republic of Cyprus's 2004 accession to the European Union (EU) produced one of the first concrete steps toward alleviating the 30-year isolation of the TCC. The EU's promulgation of the Green Line regulations (GLR) removed barriers that had denied the movement of people and goods between the two communities and initiated greater opportunities for communication, interaction and trade. While the volume of trade and number of business linkages between the Greek Cypriot (GC) and Turkish Cypriot (TC) communities has yet to reach substantial levels, Green Line activity over the past four years has grown steadily and has provided the means to better understand the political, economic and psychological dynamics that must be overcome for eventual settlement.

The opening of the Green Line also provided a catalyst for USAID/Cyprus to support a number of activities designed to strengthen the conditions that will foster a durable settlement, the US Government's primary policy objective in Cyprus. Following enactment of the GLR, USAID initiated the Cyprus Partnership for Economic Growth Program (CYPEG) to promote greater mutual cooperation and increased trade. USAID then initiated a broader program to promote economic growth and integration – CYPEG II – that was awarded to BearingPoint in June 2005. Renamed the Economic Development and Growth for Enterprises (EDGE) program, BearingPoint introduced a wide range of activities to promote greater economic parity and interaction between the two communities. BearingPoint provided substantial sector- and firm-level assistance to the TCC's two broad-based chambers of commerce, other industry associations, and members of targeted sectors including light manufacturing, agricultural producers and agribusiness, and community-based economic development through tourism. The program also provided assistance to strengthen the skills and the legal and regulatory environment for the commercial banking sector as a mechanism to enhance the economic competitiveness of TCC private sector enterprises.

Key Successes and Results

Under EDGE, we generated a number of *first-time experiences* for TCC counterparts, including the following key achievements:

- Facilitated the development and implementation of **joint programs and cooperation between the TCC and the GCC chambers of commerce** and their members, demonstrating that business interests can overcome political obstacles.
- Initiated **capacity building processes within partner chambers and business associations** that led to implementation of new fee-based services, creation of public policy advocacy initiatives, and upgrading of governance structures.
- Facilitated the development of a **TCC brand for exhibiting in international trade fairs**, creating a market identity for TCC products and exposing TCC exhibitors to competitive market realities.
- Facilitated **Firm Level Assistance (FLA) transactions with 21 small and micro-enterprise clients** through the end of the project period. More than **80 trade linkages were developed** between these firms and international partners.
- Piloted **trade transactions in citrus and contractual growing of potatoes across the Green Line**, documenting procedures for future replication and eliminating myths regarding regulations and red-tape.

- Introduced **alternative agricultural crops** to offset declining demand for Cyprus citrus by promoting the cultivation of pomegranates, capers, cactus fruit, and others with rapidly growing international markets that are better aligned with Cyprus's ecological environment.
- Built the capacity of TCC Chambers and business associations to become **sustainable promoters of private sector development by facilitating the development of fee-based business development services** and other programs as part of our business association development methodology.
- Developed and implemented a model for **sustainable, rural economic development through community-based, eco-tourism**, empowering local communities and bypassing political sensitivities.
- Created a **model for ongoing local development and delivery of high-quality training** as a foundation for a sustainable bank training institute that has been adopted for improving standards in the dairy sector.
- Stimulated the **dawning of a paradigm shift in TCC attitudes** toward economic empowerment and competitive market behavior and away from a culture of subsidies fostered through isolation.

Enterprise Competitiveness

USAID had structured the EDGE work program into two components: enterprise competitiveness and support to the banking sector. The enterprise competitiveness component was initially designed to be transaction-oriented; assisting TCC enterprises to identify and conclude market opportunities outside of the TCC, including both international trade and that with the GCC. From the beginning, BearingPoint found it logical to build its organizational structure for delivering technical assistance to the banking component around its two primary counterparts – the TCC “Central Bank” for bank oversight and regulatory activities and the Turkish Cypriot Banks Association (TCBA) for development and implementation of our primary areas of technical focus for the commercial banking sector. Alternatively, the mechanisms and counterparts through which to improve enterprise competitiveness, including both strategic and transactional assistance to promote international and intra-island trade, were significantly more difficult to structure. As a result, we initially organized our assistance based on the findings of four diagnostic studies. As we became more knowledgeable of the opportunities and challenges presented in building enterprise competitiveness, our counterparts, methodologies and technical assistance activities evolved to reflect expanding insight, lessons learned, strengthened relationships, greater trust of counterparts, and other factors.

The following table captures how the types of activities and the mechanisms through which we provided technical assistance to improve enterprise competitiveness evolved over the course of EDGE program delivery:

Evolution of Work Stream and Technical Assistance Focus for Enterprise Competitiveness

Launch Stage June 2005	Early Stage 2005 – 2006	Mid Stage 2006 -- 2007	Later Stage / Follow-On 2007 – 2008
Business Center(s)	Firm-Level Assistance through KOBİ Center	Transition from Firm-Level Assistance to Sector-Specific Groups and Associations	TCCC / CTCI Strategy and Capacity Building • KOBİ Firm-Level BDS to be delivered through Chambers
Sector Assessments	Sector-Level Assistance • Special Interest Tourism • Agribusiness • Banking • Light Manufacturing	<ul style="list-style-type: none"> • Community-Based Tourism • Alternative Crops (pomegranate, capers, cactus fruit) • Dairy Sector • Information Technology • Light Manufacturing • Handicraft 	Association Capacity-Building • Buyukkonuk Association • Agribusiness Association • Banks Association (TCBA) • IT Association • Tour Guides Association
Analysis of Green Line Trade	Constraints to Green Line Trade Tri-Chambers Roundtable	<ul style="list-style-type: none"> • International Trade Fairs (dairy, construction, others) • Business to Business Meetings 	Competitiveness Initiative • International Trade Fairs (dairy, construction, fresh fruit and vegetables) • Cyprus Producers Network (CPN)
Trade Center	Green Line Trade Transactions (citrus, potatoes)		

1.0 Trade and Business Association Development

One of the primary areas of our focus in enterprise competitiveness was to support enterprises, sectors, sector-specific associations and cross-sector chambers of commerce and industry in defining and implementing strategies for trade. In the initial phases of the project, this support was directly focused on enterprises through Firm-Level Assistance (FLA), as well as specific sectors, the selection of which was based on a sector-assessment. EDGE identified the special interest tourism, agri-business, banking, light manufacturing and later the information technology sectors for direct support through technical assistance and targeted financial support for capacity-building projects. Beginning in mid-2007, the project began a gradual movement away from firm level assistance toward the development of capacity building initiatives for the Turkish Cypriot Chambers of Commerce and business associations that would ultimately be required to provide firm level assistance in the future. This shift in EDGE's strategy was perpetrated for two reasons. First, through its work with individual businesses, it became obvious to EDGE's leadership that strong and sustainable business support organizations, such as Chambers of Commerce, would be needed to provide ongoing assistance to companies after the project ended. Secondly, strong Chambers and business associations are integral to overall economic growth. These being the case, EDGE recommended and USAID approved a shift toward business association development. Since that time, significant successes have been achieved in this area. An overview of successes and results are listed below:

Key Successes and Results

- Facilitated the conduct of **15 regularly scheduled Roundtable meetings between the TCC and the GCC chambers of commerce** to address mutual barriers to Green Line trade and to stimulate greater interaction between the TCC and GCC business communities.
- Launched a web-based **network for linking buyers and sellers from the TCC and the GCC** and conducted sector-based, face-to-face networking opportunities for the two communities.
- Facilitated **Firm Level Assistance (FLA) transactions with 12 small manufacturing clients totaling more than \$431,000** through the end of the project period. More than **50 trade linkages were developed** between these firms and international partners.¹
- Prompted the **first-time participation of TCC enterprises and authorities in international trade exhibitions**, exposing TCC exhibitors to competitive market realities and the need to meet international standards.
- Facilitated the creation of a **TCC brand ('north Cyprus') for exhibiting in trade fairs**, to promote a market identity for TCC products.
- Developed the capacity of the Cyprus Turkish Chamber of Industry to **improve the exhibition skills of TCC exporters as a sustainable, fee-based service to enterprises**.
- Stimulated a **growing consensus of the need to pay for business planning and consulting services** for firms seeking long-term economic growth and success.
- Launched programs for three TCC business associations to **improve business planning and stimulate greater access to finance** for enterprises.
- Improved the professional capacities of the two TCC chambers in planning, governance, management, service delivery, and advocacy to **promote TCC competitiveness and build sustainable strategies** for serving the private sector.
- Piloted **trade transaction in citrus and assisted trade of potatoes across the Green Line**, documenting procedures for future replication and eliminating myths regarding regulations and red-tape.

1.1 EDGE Project Launch Stage – 2005

At the launch of the EDGE project in June 2005, we identified four initial areas of study in order to establish our work plan to support enterprise competitiveness, identify priority sectors and counterparts, and determine the organizational structures and mechanisms for delivering technical assistance. Our initial activities at EDGE Project Launch in 2005 focused on the following activities:

¹ This figure reflects only Firm Level Assistance (FLA) and only those clients that reported the amount of their transactions. EDGE believes that this amount would be significantly higher if the clients reported their transaction amounts.

- **Trade Center Feasibility Study** – Market research within the GC and TC business communities to determine the feasibility of establishing an exhibition space and trade center in the GC where both communities could showcase their products and make business contacts.
- **Constraints to Green Line Trade** – Research and analysis of not only the regulatory barriers to Green Line trade, but also the psychological, political and practical constraints in concluding transactions across the Green Line.
- **Sector Assessments** – Research of the TC’s primary sectors and their opportunities for growth and development, including identifying sector characteristics, and determining their relative competitive position in the domestic, intra-island and international market.
- **Business Centers and Client Selection Interviews** – Market research of a wide variety of TC enterprises to determine the feasibility of establishing TC business centers that would provide business development services (BDS) directly to enterprises.

1.1.1 Trade Center Feasibility Study

Within the first few months of project launch, the EDGE team initiated a Trade Center Feasibility Study to determine the need and bi-communal support for establishing a center where GC and TC businesses could exhibit, market and sell their goods and services. We issued two tenders to obtain market research services from both TC and GC consulting firms. KADEM, which conducted face-to-face interviews and telephone interviews of TC companies, reported an exceptionally high response rate to the survey – 368 companies out of 381 contacted. RAI, contracted to conduct focus groups in the GCC, gave insights into the perspectives of GC traders about doing business with TC businesses. The study also provided an opportunity to train EDGE project staff on the conduct of surveys and focus groups as well as the required analysis to draw conclusions from research data.

Contingent on the feasibility study’s findings, EDGE planned to establish a trade center in the GCC to provide a facility for TCC businesses to exhibit, market and sell their goods and services to their Greek counterparts as well as to the Greek Cypriot public in general. The Trade Centre was to be supported by a warehouse in order to ensure timely delivery of TC products. While the emphasis and first priority of the Trade Centre would be to provide support and assistance to Turkish Cypriot businesses, a small number of Greek Cypriot businesses would also be encouraged to participate, with the aim of giving confidence in the development of business associations between the two communities.

The team completed two studies to determine the feasibility of establishing a Trade Center in the GCC. The first study completed was on the supply side, which was a survey of 368 TC businesses. The survey produced a number of valuable insights that provided information not only on the feasibility of the trade center, but also on the type and format of firm level assistance to provide TC businesses and the constraints they face in Green Line trade. The survey results also provide us with statistics to utilize in our public speaking series to highlight our observations and validate some of our conclusions and recommendations.

Sectors Surveyed in the TCC	No. of Companies By Sector
Manufacturing Industry	256
Retail	75
Repair / Technical	8
Services	14
Hotels ,Restaurants, Cafes	11
Construction Sector	4
TOTAL	368

Information that we found most interesting from the TCC survey was:

- The exceptionally low use of sales and marketing collateral employed by TC companies despite the high value placed on this material, based on survey responses.
- As many as 66 percent of TC businesses wanted to expand their markets to either the GCC or other countries, of which 7 percent said they would like to expand only to the GCC market.
- There was an unrealistically high perception of the quality of TC products and services – 33 percent of TC businesses said they have a competitive advantage in the GCC market based on quality, which was erroneous based on empirical evidence
- A surprisingly low emphasis (16%) was placed on 'psychological barriers' as a reason why intra-island trade was not developing formally,
- Finally, TC businesses cited the following major exporting constraints, by order of impact: packaging problems; quality control of products; marketing and advertisement; and the availability of qualified employees as the most harmful to trade.

The GCC survey comprised of 4 focus group sessions, consisting of about eight respondents each. The sample included respondents who were members of the business community in two of the groups, and respondents who were "members of the public".

Unlike the results of the TCC survey, the GCC respondents were not optimistic toward the idea of setting up a Trade Center in the GCC to display TCC goods and services. Interesting findings from the focus groups were:

- Some members of the GC business community, when analyzing the possibility of the establishment of the Trade Centre from a pragmatic angle, and considering current trade practices between the two communities, considered the idea of a Trade Center to be biased to the benefit of the Turkish Cypriot community. They also regarded such a move negatively, on the grounds that there would be nothing in it for them or the Cypriot economy.
- The general view was that the opening of the crossing points had negative effects on the economy of Cyprus. Most business interactions that took place were believed to have only benefited the Turkish Cypriot community, and to have harmed Greek Cypriot businesses, mainly because of the unfair competition that was entailed.
- The GCC respondents regarded the TCC products to be of low cost and low quality. They were also uncertain that TC products met safety standards or the EU standards, would have after-sales support, and would have guarantees.
- The prospect of the improvement of the economy in the Turkish Cypriot community was regarded with apprehension by Greek Cypriots who felt that maintaining the status quo provided a political advantage to the Greek Cypriot side in its efforts to find a solution to the Cyprus Problem.
- The greatest obstacle to the success of the Trade Centre, according to the research findings, was the ideological position of those who evoked historical, economic and political arguments to support their opposition towards it. They feared that trade would lead to recognition, believed that isolation would lead to a solution, and that the goods and services associated with disputed property would not be acceptable in the GCC.
- Practical obstacles related mainly to the attitudes of each community towards the other, as well as to the bureaucracy that characterized both communities.

EDGE completed the feasibility study for establishing a Trade Center for TC products in the GCC in the first quarter of 2006. Although the idea of establishing a Trade Center held great

interest for Turkish Cypriot businesses it enjoyed very limited support from Greek Cypriots. EDGE ultimately decided against the establishment of a Trade Center in the GCC and instead focused on the need for TCC products to meet quality, safety and European Union standards as well as offer reliable guarantees and customer service. EDGE did this through the establishment of a Firm Level Assistance (FLA) program designed to assist TC firms in becoming more competitive.

1.1.2 Constraints to Green Line Trade

For more than 30 years, the TCC's only access to international markets was to transship products through the Turkish port, Mersin, where, depending on their final destination, TCC exporters had to exchange some of their products origin documentation for that of the Republic of Turkey. The costs and time delays of this transshipment, however, rendered TC products generally uncompetitive with those of Turkey itself, as well as neighbors in the Middle East and Europe. The Green Line Regulation (GLR) was enacted to enable TC producers to not only transport goods and services for sale in the GCC, but also to transship products through the GCC to lucrative markets in the European Union under Republic of Cyprus documentation. While GLR transactions worked on paper, it had not been sufficiently tested in practice, nor had unforeseen obstacles to this process been sufficiently documented.

As a result, perhaps the most important study that the EDGE team conducted during the early part of the project was a detailed analysis of the legal, regulatory, political and practical constraints to Green Line trade, not only for shipments sold in the GCC but also those destined for international ports. It yielded a considerable number of unforeseen challenges to the opportunities afforded to TC traders by the GLR. Three years of EDGE implementation has enhanced our understanding of the challenges the TCC faces in improving trade and competitiveness:

- **Challenges from the Green Line Regulation.** Shortcomings in the GLR itself have limited potential benefits for increased trade for TC enterprises. The complexity of the GLR, the inconsistency of interpretation of GLR by both authorities, and the lack of infrastructure for making payments, resolving disputes, and inspecting goods contributes to delays and discourages trade with new and unknown partners across the Green Line.
- **Challenges from GCC legal barriers.** The GCC imposes a number of policy, legal and regulatory hurdles for TC producers who wish to ship through GC ports. TC exporters must be registered in the GCC to obtain VAT refunds. GCC-required drivers licenses for larger trucks and buses places practical limitations on GL trade and bi-communal tourism.
- **Challenges from the Republic of Cyprus's EU accession.** While the GCC's pending EU accession hastened the promulgation of the GLR, its membership created other barriers to trade. TC agricultural products must now meet European phytosanitary standards, and other products encounter substantial technical barriers to trade.
- **Challenges from Market Isolation.** The TCC's isolation over the past three decades has limited its interaction with international buyers and the product quality and standards they expect from trading partners. Ready markets in Turkey for inferior goods discourage TC investment in technology and product improvements. Lack of international access to ports adds layers of middlemen and their associated costs to TC

exports. Restrictions on direct interaction with international financial institutions limit the banking sector's ability to support trade through modern payment mechanisms.

- **Challenges from Internal TCC policies and practices.** The TCC itself has created policies that discourage competition and the ability to take advantage of opportunities provided by the GLR. TCC authorities have thwarted attempts to utilize the GLR to ship goods through GCC ports because they believe it negates arguments for direct trade with Europe.
- **Challenges from Dependency on Turkey.** Fiscal dependency on Turkey has produced a wide range of market distortions across the TCC economy and a lack of discipline in public spending. Turkish budget transfers sustain an inflated public sector with salaries and pensions significantly higher than that which the private sector can offer. The TCC's system of subsidies to support exports and special-interest industries damages private sector motivation to improve productivity and efficiency. It also provides a range of disincentives for enterprises to pursue potentially lucrative profits in alternative markets to Turkey. The TCC lags behind Turkey itself in privatizing publicly owned enterprises and dismantling its export marketing boards in favor of private sector mechanisms.
- **Challenges from Psychological Barriers.** While legal, regulatory, economic and political barriers constitute real constraints, the single largest challenge has been the past inability of the two communities to set aside political differences in the interest of commerce. Nevertheless, the three years of EDGE implementation have witnessed a tentative optimism that perhaps the psychological barriers that have influenced acrimonious behaviors and attitudes can be whittled away in the midst of overwhelming evidence of the economic opportunities available through cooperation and trade.

The EDGE Project's Constraints to Intra-Island Trade Study was completed and circulated for comment in March 2006. The study compared TCC and GCC economic statistics, reviewed the level of trade protection provided by the two economies, analyzed the types of products traded across the Green Line to date, assessed the significance of unauthorized trade, reviewed consumer purchases across the Green Line, examined issues of economic convergence, compared retail prices of goods in the two economies, examined subsidies and their trade implications, reviewed the trade regimes of the two communities and examined the lack of tax harmonization and its impact. We also identified opportunities for increased trade and proposed mitigating measures.

In the study, we concluded that the largest barriers to Green Line trade were related to the lack of information. Businesses on both sides of the Green Line had very limited market information about each other and how to work within the Green Line Regulation. The regulation itself was and continues to be complicated and difficult to apply in some cases. In other cases, the Regulation was silent on matters that would benefit from clarification. These factors resulted in a large measure of arbitrary interpretation and application of the Regulation, which increased uncertainty and risk for businesses.

At the most practical, tactical level, the EDGE project's recommendations emanating from the constraints analysis were to inform, train and simplify. As a first step, the EDGE program initiated a number of public presentations and encouraged public-private dialogue aimed at informing GC and TC stakeholders and decision makers about market potential, the specific barriers that prevented businesses from achieving that potential, and very practical steps they can take to remove or reduce some of the barriers in the near term.

The most significant legacies that emerged from the Constraints Study were the following:

- Initiation of Tri-Chambers meetings that included the presidents of the Turkish Cypriot Chamber of Commerce (TCCC), the Cyprus Turkish Chamber of Industry (CTCI) and the Cyprus Chamber of Commerce and Industry (CCCI).
- Launch of the Cyprus Producers Network (CPN) project, which included an interactive web portal that promoted business linkages and trade across the Green Line.
- Organization of the CPN Business-to-Business meetings, which focused on building long-term business relationships between GC and TC producers and buyers.
- Creation of the Green Line Trade brochure and process map in order to provide practical information for companies that wished to trade across the Green Line.
- Assistance with firm-level Green Line trade transactions in order to promote business development as well as to gain experience in the regulation’s functional processes.

1.1.3 Sector Assessments

The lack of availability of sound statistical information on TCC sectors and sub-sectors necessitated that the EDGE project undertake a series of sector assessments to understand TC sector dynamics. The objective of these assessments was to identify sectors and sub-sectors that showed the most promise in promoting the TCC’s economic competitiveness. They were also undertaken to ascertain sector and sub-sector dynamics and to identify the extent of assistance that would be required to improve their international competitiveness. A final goal of the assessments was also to identify suitable companies that would benefit from Firm Level Assistance as outlined in the USAID task order.

Sectors	Sub-Sector
Agribusiness	Citrus Honey
Light Manufacturing	Dairy Textile (Clothing, footwear, leather, handbags, mattresses) Furniture Handicrafts Plastic Packaging Cleaning Materials Aluminum Doors Processed Iron and Steel Pharmaceuticals Paper and Paper Products Electric Supplies (Cables) Other (Cement)
Service Sector	Tourism Hotels (without casinos) – KITOB Restaurants – RESTBIR – KITSAB Travel Agencies – KITREB Related Associations Business Service Providers

As the first step in the process, BearingPoint identified an international enterprise development expert, Alf Monaghan, to work with the EDGE team in the preparation, implementation and analysis of the sector assessments. Mr. Monaghan was deployed to Cyprus between August and December 2005 during which time he worked with the EDGE team to conduct the assessments.

The list of sectors and sub-sectors to be analyzed along with a list of exporters was developed and segmented within each sector by volume and destination country. The sectors were selected based on their share of total exports in the TCC economy. The data was derived from a study of “regulations,” previous studies conducted (including a competitiveness report produced by a local university in September 2005), statistics, and economic data. A list of 1,000 companies was initially produced. Within this framework a database of target companies was developed and interviews were conducted with over 100 companies in different sectors and sub sectors. As part of this process, EDGE staff members received training on conducting on-site interviews. Additionally, extensive meetings with the chambers of commerce and trade chambers were conducted, as were meetings with TCC authorities.

Desktop research was also conducted to augment the information gleaned from meetings and interviews.

By the second quarter of 2006, the EDGE team completed 16 assessment for sectors and sub-sectors with documented export growth potential. The sector assessments provided information, insight, and proposed strategies for enhancement of the TCC's private sector. Among other things, the assessments were intended to guide the EDGE team the sectors and sub-sectors that would most benefit from direct technical assistance in the near term. This assistance was to be provided through the KOBİ Center ("Kobi" is a Turkish word meaning "small and medium-sized enterprises"), a business center within EDGE that was structured to work directly with firms, sectors and sub-sectors on business development issues.² A summary of the assessments' findings is as follows:

Sector Analyzed	What EDGE did in terms of research for each sector	The results of the sector analysis from the report	Report's recommendations for the specific sectors (conclusions)	What we EDGE did in the sector in 2005-2008
Agri-business -				
- Citrus	Interviewed 2 citrus growers and met with "CYPRUVEX" (authorities' packaging company)	Had been the main export commodity for agriculture for many years, but the quality of the yield was poor, which resulted in a reduction in exports. The industry was heavily subsidized but subsidies were only given if citrus was exported via the Famagusta port.	Producers should focus on the quality and quantity, variety, processing, packaging and proper transportation of citrus products. Producers should also produce alternative products as competition in the citrus industry is substantial.	An attempt to assist citrus trade over the Green Line in late 2005, early 2006 failed with wide negative publicity and uproar in the TCC. We then concluded that citrus exports did not represent a substantial export growth sector for the TC economy. The EDGE project, by then, had already started implementing its alternative crops strategy through its Agri-business team. We continued this strategy, although we successfully piloted a trade of citrus fruit over the Green Line Trade in the first quarter of 2008. This was the first such trade over the Green Line and allowed us to prepare a citrus trade road map document for use by growers. Indirect support to citrus exporters through chambers and sector-level organizations continued.
- Honey	Interviewed one honey producer as well as the Beekeepers Association	Cyprus' climate is very suitable for honey production; high quality, niche honey produced in Cyprus. However there was a lack of management in local firms, high production costs and weak international distribution systems	Norms and standards needed to be met in the production of honey. A brand needed to be created for TCC honey. If properly branded and marketed as a high quality niche product, possible export opportunities existed.	We identified Kantara Honey & Fruit Preserves for Firm Level Assistance (FLA) because the owner was an entrepreneur with unmatched enthusiasm to learn. In addition, he produced a high quality product that had promising export opportunities. The FLA turned out to be an outstanding success story. EDGE assistance resulted

² An overview of the KOBİ Center's creation and strategy is included in section 1.1.4

				<p>in the following:</p> <ul style="list-style-type: none"> • The company obtained external funding and increased its production capacity by 30 percent. This yielded a sales increase of 30% in the first year (2007), with an additional 20% increase expected in the coming years. • The company participated in its first international trade exhibition, Gulfood 2007 in Dubai, UAE. It established several business contacts but two sales orders did not materialize due to low volumes and high transportation costs (caused by indirect transportation routes) from the TCC to the destination country. • The company re-branded its product, initiated promotional activities, and launched two distinct packaging options • The company gained financing for the purchase of a packaging machine • The company created European Union-compliant packaging and production facilities, imported a new packaging machine, and established a laboratory at its production site.
Light Manufacturing				
-Dairy	Interviewed 15 dairy companies including the TCC authorities' Milk Marketing Board and KOOP	The majority of milk producers were not meeting the minimum hygiene requirements to produce high quality milk at a competitive price	-Provided extensive training programs to producers	Extensive technical assistance was provided to the dairy sector from 2006-2008, both in the way of training and on-site consultation. These activities are outlined in the agri-business section of this report.
- Textile (clothing, footwear, leather, handbags, mattresses)	Interviewed 9 textile companies	This sector did not have comparative advantage in terms of unit labor cost and competitive advantages.	The TCC textile sector should move into higher quality production to increase and sustain its competitiveness	Of the companies interviewed we identified two to which we provided FLA: 1. Alpal Socks. The company had a niche product (custom made socks for sports clubs) and a history of selling these socks internationally. We assisted the company in

				<p>developing a marketing strategy that included introduction of the company's products to e-Bay, and development of an e-commerce web site. The eBay account generated sales worth \$28,000 in eighteen months and became a long-term marketing tool for the company's products.</p> <p>2. Sanat Bags. We investigated whether there was demand for the company's products in the GCC. We identified several potential GC buyers with which to develop a commercial relationship. Unfortunately, no substantial outcome was realized.</p>
Furniture	Interviewed 6 furniture companies	Competition was acute due to high labor, transportation and energy costs.	We recommended that the furniture sector not be a high priority sector due to lack of the TCC's competitive advantages. Even so, assistance could be provided to existing firms that were looking for new markets.	<p>Of the companies interviewed we identified two for FLA:</p> <p>1. Gursan Studio: The company owner had won a design competition and thus had a niche, high-end product. The company was interested in opening a sales outlet in Italy. We assisted this effort by conducting preliminary research on the European Union furniture market, with special focus on Italy. We researched EU furniture import regulations and identified transportation and export-related costs. We also assisted the company with its branding initiative helped it develop a Market Action Plan. In addition, we identified potential GC buyers and helped the client prepare for business-to-business meetings with GC companies. Despite these efforts, no substantial outcomes were realized due to the company's hesitance to move forward with these initiatives.</p> <p>2. Cyprus Hand-Made Center. The owner's enthusiasm and the fact that the products were</p>

				targeted to tourists was a major impetus for our work with this company. In addition, it overlapped with our initiatives in the handicraft sector. We provided substantial technical assistance including branding and development of a comprehensive corporate identification file, annual media plan, website, signage and promotional materials. In addition we assisted the firm in marketing its products to the GCC through participation in the Cyprus International Fair and the Ideal Home Exhibition in 2006.
Handicrafts	Interviewed 3 handicraft producing companies	-Even though it represented a sub-sector of tourism, there was lack of demand for handicrafts due to a lack of uniqueness and relatively low quality.	There was a need to identify the kinds of handicrafts for which tourists were interested.	We commissioned a market research study in the TCC to identify the preferences of potential handicrafts buyers. In addition, we organized a handicraft competition to motivate the producers to create pieces that would be desired by potential buyers. We also provided specific technical assistance, as noted above, to the Cyprus Hand Made Center. While it became obvious the large scale success in this area was not realistic, this work led to a linkage with our community-based tourism pilot project in the village of Buyukkonuk-Komi Kebir. EDGE team members and consultants worked extensively with the village's artisans to create unique and marketable products. These products are now sold during the village's semi-annual festival and are highlighted on the Buyukkonuk Eco-tourism Association's website.
Plastic Packaging	Interviewed 3 plastic packaging materials companies	-TCC products were not competitive with imported goods, especially from Turkey -Companies were forced to import raw materials from Turkey due to TCC "regulations". This	-Ventilation systems in the companies needed to be improved -Electrical generation capacity needed to be increased.	No work was undertaken in this sector

		increased the cost of inputs and thus rendered the industry uncompetitive.		
Cleaning Materials	Interviewed 4 cleaning materials companies	<p>-The cleaning materials sub-sector was dominated mainly by one company.</p> <p>-It was very difficult to compete with imported cleaning products.</p> <p>-The GLR provided an opportunity for TCC firms to enter the GCC market as well as to export to Middle Eastern countries</p> <p>-Transportation services and costs were high.</p>	<p>- Cleaning products were generic, aging and undifferentiated. There was a need for product updating and differentiation.</p> <p>-The Middle East was (and is) a potential export market.</p>	<p>We identified two FLA companies with which to work with: Chan-Ser Ltd. and Dagli Ltd. We assisted them in pursuing sales in the GC and Middle Eastern markets through the following initiatives:</p> <ul style="list-style-type: none"> • Commissioned a market research company to establish quantitative and qualitative household cleaning and personal hygiene attributes for the GCC market. Developed a Market Action Plan for the companies to penetrate the GCC market. However, no substantial outcome was realized as a result of these initiatives due to the company's inability to compete on price. • Provided assistance to cleaning supply companies in attending the Private Label Middle East (PLME) exhibition. Attendance led the companies to conclude that they can not compete in the Middle East market due to high transportation costs.
Aluminum Doors	Interviewed 3 manufacturers of aluminum doors and panels	<p>-The aluminum doors sub- sector showed steady growth in sales volume. It has the potential to grow and benefit from the TCC's construction boom.</p> <p>-Local companies</p>	The sector provided a cost advantage over manufacturers in the European Union.	No FLA was done in this sector. However, as the EDGE project transitioned from FLA to sectoral assistance, we identified the construction sector, including the aluminum doors and panels, as promising for attendance

		were the key players in the sector.		at international exhibitions. Due to our efforts, Denizalp Ltd, a member of the Cyprus Turkish Chamber of Industry, attended the Big 5 2007 exhibition in Dubai, UAE. The company received an order amounting to €55,000 and thus established a permanent partner in the United Arab Emirates.
Processed Iron and Steel	Interviewed 4 processed iron and steel manufacturing companies	Processed iron and steel products were competitive in the local market. However due to less expensive imports, they were not competitive.	-There was potential for decorative processed iron with special motifs in both the GC and TC markets. -Improve marketing strategies.	No work was undertaken in this sector.
Pharmaceuticals	Interviewed 2 pharmaceuticals companies	They were not competitive in the foreign markets due to high labor and raw material costs	There was difficulty in competing with imported products in the domestic market.	No work was undertaken in this sector.
Paper and Paper Products	Interviewed 3 paper and paper products manufacturing companies	-Paper and paper products sub-sector was competitive in the GCC. -TCC paper producers had a price advantage over GCC producers due to low labor costs and higher quality	Finding reliable long term GC buyers was a challenge for the sector. -Marketing strategies and techniques needed to be improved and marketing facilities for GC market needed to be supported.	No work was undertaken in this sector.
Electric Supplies (Cables)	Interviewed 3 electric supplier companies	-The electric supplies sub-sector showed a steady growth in sales with the implementation of the Green Line Regulation and because of the construction boom -There was potential in the sub-sector to produce cables that were at that time being imported to the TCC.	Sector had the capacity to produce more if markets could be found. The products complied with EU and other standards, and the volume of the exports increased.	We identified Telka Ltd., a low voltage cable producer, for FLA and initiated the following: <ul style="list-style-type: none"> Assisted the company in conducting research, writing a marketing plan, and making contacts in the GCC. A handful of business-to-business meetings were conducted. However, these efforts did not yield any sales or long term business relationships since the company lacked the necessary standards (CE) and the enthusiasm.
Other (Cement)	Interviewed 1 cement processing company	The company was using its full capacity (450 thousand tons)	The company should focus on local sales due to the construction boom.	No work was undertaken in this sector.

Services				
Business Service Providers (BSPs)	Interviewed 3 business service providers	Because of the size of the market, BSPs were forced to diversify their services so much that they were not specialized at all. The demand for consultancy services was limited, as TCC businesspeople, by culture, did not believe in the potential benefits offered by consultants or service providers.	<ul style="list-style-type: none"> • Encourage International Accreditation • Promote joint ventures with internationals living on the island • Encourage Market visits • Conduct a training needs analysis • Provide training opportunities in various areas 	By creating a demand for BSPs in the information technology, marketing research, public relations and advertising sectors through our capacity building and FLA work, as well as implementing the international best practices in the procurement of such services, EDGE increased the capacity and the quality of services delivered by the TCC's BSPs. Ongoing work, such as our Business Development Services (BDS) training provided ongoing education and support for BSPs.

1.1.4 Business Centers and Client Selection Interviews

USAID had designed the enterprise competitiveness component of the EDGE project to be a transaction-oriented activity to assist TC businesses to expand markets outside of the TC economy. As part of this assistance, the EDGE project was to help private sector enterprises develop the tools to improve products to meet international standards, embrace technology to increase efficiency, and build skills in marketing, management and other functions to improve their competitive position.

To deliver both transactional assistance and firm-level consulting advice, BearingPoint envisioned establishing a Business Center, or network of centers, through which we would provide assistance delivered by trained local professionals, according to the individual needs of TC enterprises. We obtained an indication of support for the center from our initial Trade Study of more than 360 TCC businesses, from which we determined that opening one Business Center in Nicosia would be sufficient to meet the needs of the TC community. At that time we envisioned establishing a center that could achieve sustainability by the end of the EDGE project through the generation of fees from consulting services. Consequently, we reviewed the registration and legal requirements for opening a non-profit Business Center and identified community leaders to serve on the center's board of directors. We also developed a business plan for the center, which was approved by USAID in November 2005, and finalized an organization structure and initial staffing requirements. We also established a set of protocols through which we would provide firm-level assistance (FLA) to enterprises and the terms and conditions under which we would

Needs of the TCC Private Enterprise Sector³

- A business-friendly environment and level competitive playing field
- Contacts and network-based services that bring TC businesses face-to-face with qualified market contacts and buyers
- Marketing, new markets and a more effective market approach
- Understanding markets and the need to produce according to consumer needs
- Lower transportation costs and easier access to new markets
- An understanding of European Union and other export market regulations on labeling, packaging, health and safety standards and help making products compliant.
- New skills, technology and equipment to meet quality and efficiency standards
- A much improved infrastructure with energy, water, solid waste and ICT
- Reasonably priced credit with repayment terms appropriate for their needs

³ As identified by EDGE's Trade and Sector Assessment studies as well as ongoing benchmarking and monitoring of the TCC's economy.

work. To begin to build brand awareness of the proposed center, we selected the name, KOBİ Center, which is a Turkish word reflecting small and medium enterprises.. We also identified new office space in which the lower floor could be dedicated to the delivery of KOBİ Center services to both contracted and walk-in clients, and the upper floor could house the remaining EDGE project staff. We also designed a database to collect information on TC companies in the absence of sound statistics on the enterprise sector and to document and manage our consulting engagements.

To better qualify the needs of TC enterprises and to identify target clients for assistance, the EDGE team undertook a series of company interviews⁴. We began with the list of 3,500 companies registered with the Turkish Cypriot Chamber of Commerce (TCCC) and Cyprus Turkish Chamber of Industry (CTCI). Based on our sector assessments and statistical data, the majority of firms were represented by the following sectors: agriculture, textiles, furniture, food and drinks, restaurants, hotels, financial services, transport, small manufacturing, communications and construction materials. We evaluated client companies through the use of a simple scorecard, reflecting the following criteria: essential firm characteristics, management approach, financial soundness, skills and technology, and product specifications.

Between November 2005 and April 2006, the KOBİ Center team visited approximately 100 companies, 54 of which were involved in some form of manufacturing. We also vetted companies and potential clients with the assistance of key business support organizations, the banking team, and EDGE team contacts. We then developed a short-list of these enterprises for which we believed firm-level assistance would have an immediate impact.⁵ From this short-list, the KOBİ Center team intended to identify approximately 10-15 client companies active in manufacturing, and to whom it would offer technical assistance. Similarly, about 6 dairy products producers were identified for Firm Level Assistance (FLA) in the agri-business sector. Our assistance would focus on increasing company revenues and creating new trade linkages with GC businesses. Therefore, products of selected firms would have to comply with the Green Line Regulation, which required that they be wholly obtained or produced, or have undergone their final, substantial, economically justified processing, in the TCC. We intended to select client companies based on an assessment that they had strong potential to produce differentiated products that would meet the quality standards required by the GC market. The KOBİ Center team would help clients realize that potential by helping them to improve their product offerings in response to demands made by potential buyers.

EDGE/KOBİ Center Staff and FLA Representative Training
<ul style="list-style-type: none"> • Basic Consulting Skills • Business Planning • Accounting for Non-Accountants • Consulting Code of Ethics • Business Development Services (BDS) • E-Commerce and Virtual Trade • Branding, Sales and Marketing • Advertising and Promotion • Getting the Most Out of International Trade Exhibitions • Getting the Most Out of Trade Missions • Business Association Development • GlobalGap • Instructional Systems Design (ISD)

We also conducted a series of training courses for KOBİ Center staff members and for the representatives of our FLA clients. This training began in early 2006 and continued through the end of the EDGE project. Thirteen training courses were conducted on the topics listed in the text box. The EDGE team also undertook a series of studies, beyond those we initially conducted, that would provide us with a better understanding of the environment in which all

⁴ Please refer to Section 1.1.3 for an overview of the interviews and the strategy they elicited.

⁵ Please refer to section 1.1.3 for an overview of the sector assessments and the companies to which the KOBİ Center provided Firm Level Assistance.

TC businesses operated. We identified all the entitlements and subsidies that TC businesses and sub-suppliers were eligible to receive from the TCC authorities and all the credit instruments available to TC businesses and terms and conditions. Our database was designed to capture this information as well as allow us to update it as business conditions changed.

Even prior to the official launch of the KOBİ Center in March 2006, the EDGE team's list of firm-level clients grew quickly as a result of the implementation of our public relations strategy, including our public presentations, and the development of our reputation as a quality service provider.

1.1.5 Public Presentations

The EDGE Project contributed to improving the technical skills and business knowledge of a number of Turkish Cypriot entrepreneurs as well as the public at large through a series of public presentations focusing on the needs of the business community. The series of 17 presentations promoted awareness of our project in addition to being effective venues for sharing knowledge with the community at large. The following table outlines the presentations by sector:

Public Presentations	Date	Duration	Number of Participants	Presenter Name
Trade				
1. "From Potatoes to Chips (Micro-Chips)"	Nov 2005	2 hours	75	Alf Monaghan
2. "Voices from the Marketplace"	Feb 2006	2 hours	70	EDGE Team
3. "Virtual Trade"	Mar 2006	2 hours	70	Elizabeth Vazquez
4. "That's Show Business"	May 2006	2 hours	60	Russell Ferguson
5. "Building Your Brand on the International Stage"	June 2006	2 hours	60	Russell Ferguson
6. "A New Beginning for an Old Trade"	Mar 2007	3 hours	200	EDGE Team
7. "The Importance of Accreditation in Shaping the Future of Management Education"	Mar 2007	3 hours	35	Bryan Stirewalt
8. "New Trends in Institution Building"	Mar 2007	3 hours	100	Larry Milner
9. "Trends in Global Distribution Systems"	June 2007	2 hours	25	Brian Topliss
10. "Euro Changeover"	Dec 2007	3 hours	30	Bryan Stirewalt
11. "Alternative Crops and Bio-Diesel Production"	Feb 2008	3 hours	65	Gerhard Zechner
12. "Trends in the TCC Information Technology Sector"	June 2008	2 hours	55	EDGE Team
Agri-business				
13. "Introduction to the Pomegranate Project"	July 2006	2 hours (4 times)	60	Tugberk Emirzade
14. "Introduction to Capers Project"	Oct 2007	2 hours	15	Gerhard Zechner, Simge Ozsuer
15. "Introduction to Cactus Fruit Project"	Jan 2008	2 hours	30	Gerhard Zechner, Simge Ozsuer
Tourism				
16. "Managing and Marketing Events for Special Interest Tourism"	Jul 2007	2 hours	65	Keith Sproule
17. "Overview of the Buyukkonuk-Komi Kebir Eco-Village Project"	Jul 2007	3 hours	55	Ismail Cemal and Arzu Cagin

The following is more information on each event:

- The inaugural event was a presentation entitled, "**From Potatoes to Chips (Micro-chips)**" by Alf Monaghan. In the presentation, Alf told the story of Ireland's transition from developing country to the "Celtic Tiger". It contained many parallels for the TCC and its economy. The event was held in November 2005, over 70 TC businesspeople and decision makers attended. Publicity of the event in the TC media and public television was widespread and very favorable.
- The second public presentation "**Voices from the Marketplace**" was held in February 2006. At this event, EDGE presented key findings from its three market research projects including: a survey of the supply and demand for credit in the TCC; the competitiveness of TCC products; perceptions of GC businesses about trading with the TCC; perceptions of TC businesses about Green Line trade; and establishing a Trade Center for TC products in the GCC. More than 70 TC businesspeople attended this public presentation.
- The third presentation was held in March 2006 on the topic of "**Virtual Trade**". It focused on how businesses can use the internet for e-commerce and connecting with the global marketplace. Elizabeth Vazquez, president and co-founder of TradeBuilders Inc., a virtual trade website was the guest speaker. More than 70 businesspeople, business association representatives, business service providers, decision makers and interested members of the public attended.
- The fourth presentation was entitled, "**That's Show Business**" and focused on how businesses can create opportunities through participation in international exhibitions. It was held in May 2006 and was led by Russell Ferguson, an expert in international trade marketing. About 60 participants attended and several later attended international exhibitions as part of the Cyprus Turkish Chamber of Industry's (CTCI's) "north Cyprus" exhibition booth.
- In June 2006, Russell Ferguson presented "**Building Your Brand on an International Stage**", the fifth public presentation, to more than 100 businesspeople. He shared the importance of developing a prominent market image in generating more business, creating a lasting impression, opening new sales channels and building long term relationships with customers.
- In July 2006, we launched our first alternative crop program, pomegranates, with our sixth public presentation entitled, "**Introduction to the Pomegranate Project**". Sixty farmers, TCC authority representatives and international stakeholders attended.
- In March 2007, the seventh public presentation "**A New Beginning for an Old Trade**" was held. It highlighted the findings of EDGE's handicraft research and more than 200 people attended. The research was conducted to provide the handicraft sector with critical information regarding handicraft customers and their preferences. This presentation was an important initiative to create awareness for the handicraft competition that was held in April 2007.
- The eighth presentation was entitled, "**The Importance of Accreditation in Shaping the Future of Management Education**". It was conducted by former EDGE Chief of Party Bryan Stirewalt to an audience of Eastern Mediterranean University academicians and administrators.

- In March 2007 Larry Milner, a strategic planning expert presented **"New Trends in Institution Building"**. The event was the ninth in the series and attracted more than 100 businesspeople including business association representatives and staff.
- The tenth public presentation took place in June 2007 when Brian Topliss, an expert in on-line reservation systems, presented **"Trends in Global Reservation Systems"** to an audience of 25 TC hoteliers.
- The eleventh public presentation was entitled, **"Managing and Marketing Events for Special Interest Tourism,"** and was in July 2007. Keith Sproule, an international tourism expert, provided specific marketing and event management examples for a group of 65 tourism representatives.
- Our twelfth public event was also tourism related. It was entitled, **"An Overview of the Buyukkonuk-Komi Kebir Eco-Village Project"** and featured Ismail Camal, the President of the Buyukkonuk Eco-tourism Association. He discussed the village's transformation from an out-of-the-way location to a viable eco-tourism site.
- The second alternative crop project, capers, was launched at our thirteenth public presentation in October 2007. Fifteen growers attended the event at which Agri-business Team Leader Gerhard Zechner and his team members discussed project specifics at an event entitled, **"An Overview of the Capers Program"**.
- Our fourteenth public event was held in December 2007 with a presentation by Bryan Stirewalt regarding the Greek Cypriot Community's changeover from Cyprus Pound to Euro. The event, entitled, **"The Effect of the Euro Changeover on the TCC"** provided the TC business community with information on important dates in the changeover process, and the facts about Euro conversion.
- The third alternative crops project, cactus fruit, was launched at our fifteenth public presentation in January 2008 entitled, **"Getting the Most from Cactus Fruit"**. Thirty growers attended the event at which Agri-business Team Leader Gerhard Zechner and his team members discussed project specifics.
- EDGE's sixteenth public presentation, held in February 2008, was entitled, **"Alternative Crops and Bio-Diesel Production"**. Our Agri-business Team Leader, Gerhard Zechner, presented information on the potential for planting of Jathropa and Jojoba as inputs for bio-fuels. More than 75 farmers and public officials attended.
- The seventeenth and final presentation was held in June 2008 in conjunction with the Turkish Cypriot Information Technology Association (TCITA). It was entitled, **"The Future of the TCC's Information Technology Sector"**. The presentation focused on the results of the EDGE's information technology sector survey, which outlined specific opportunities and threats within the sector. This also served as the TCITA's first public event, as it is a new association.

The series of public presentations helped the Turkish Cypriot community, specifically members of the relevant chambers and business associations, to have a better understanding of the external business environment and the need to focus on customer demand and competitiveness.

1.2 EDGE Project Early Stage – 2005 – 2006

Our analysis and conclusions of the undertakings during the launch phase led us to adjust our organizational structure and technical assistance delivery mechanisms accordingly. During the early stage of EDGE program implementation, our approach to building private sector

competitiveness pursued three tracks. We pursued our first track – assistance to individual firms – through the delivery of targeted technical assistance through the KOBİ Center. Our second track was to develop strategies for delivering assistance to identified sectors, including agriculture, tourism and tourism products (handicrafts). Our third track was to expand enterprise access to business development services (BDS) by working with private BDS firms as well as chambers of commerce and business associations to strengthen their service offerings.

1.2.1 Firm-Level Assistance Provided through the KOBİ Center

We officially launched the KOBİ Center in March 2006, with more than 80 enterprises, business leaders, business service providers, Turkish Cypriot authorities, and representatives from USAID and the US government in attendance. Throughout the remainder of 2006 and 2007, the EDGE program continued to provide all enterprise competitiveness assistance through the KOBİ Center, which became a significantly known 'brand' throughout the TCC by the end of the project.

For most of 2006, we focused a substantial number of our resources on delivering firm-level technical assistance through KOBİ Center consultants to 12 small manufacturing companies active in the following industries: building materials, cleaning materials, food and beverage, textiles, furniture and shipbuilding⁶. After selecting these clients, we then conducted a more thorough diagnostic study for each after which we signed a Memorandum of Understanding (MoU) that outlined the scope of our consulting engagement and the terms and conditions of the assistance. We then provided customized technical assistance based on the needs of the firms. Most of this assistance focused on marketing, as we realized that most firms in the TCC lacked the understanding of what customers wanted and how to market their products to the most likely buyers. The marketing research activities, Marketing Action Plans (MAPs) and other promotional tools were targeted and practical, favoring near term deliverables and avoiding 'scope creep' and the creation of unrealistic expectations.

The focus of our assistance was primarily to develop market entry strategies for accessing the GC market. We commissioned a GCC market research company to gather information about the GC market for our clients. This

EDGE/Kobi Center Small Manufacturing Clients and Assistance Provided

- Alpal Socks (textiles) introduction to e-Bay, web site development, short term MAP, online customer survey
- Sanat Bag (textile bags) GCC market research, presentation to a local buyer
- Karalim (building materials), identification of cheaper raw materials from GCC, Market research for company products in the GCC
- Famagusta Shipyard (ship building) Development of corporate ID, web site, extensive business plan, audit of regional competition, marketing research
- Dagli Ltd. (cleaning materials) Marketing research in the GCC, assistance in attending Private Label Middle East trade exhibition,
- Can-Ser Ltd. (cleaning materials) Marketing research in the GCC, assistance in attending Private Label Middle East trade exhibition, branding, technical assistance to obtain EU funding
- Ahmet Ozerman (building materials) Marketing research in the GCC, MAP, market analysis for company products in the Middle East,
- Con Trading (food and beverage) web site development, branding
- Marmo (building materials) Marketing research in the GCC
- Telka (building materials) MAP, Marketing research in the GCC
- Gursan Studio (furniture) Marketing research in the GCC
- Cyprus Hand-Made Center (furniture) corporate id development, branding, MAP, web site development, publicity and implementation of the marketing plan

⁶ Please refer to Section 1.1.3 for more information on the KOBİ Center's work with individual FLA clients.

research included the size of the market, distribution channels, competitors, quality and standards. We also pursued strategies for encouraging international sales as well. Through our assistance we were able to create more than 50 new TC/GC and TC/international market linkages. Nevertheless, the activity's ability to generate new business transactions was less impressive. This was predominantly because small TC manufacturing companies had little competitive advantage within the GCC or in many of the nearby markets that we investigated. While their products sold reasonably well locally, much of this was due to the protected nature of the TC economy. Furthermore, most TCC producer's products lacked the necessary product standards that were required by GCC and international markets. With some exceptions, TC manufacturers did not offer differentiated products and services. Transportation costs, a relatively high domestic cost base and other intrinsic market obstacles contributed to the TCC's lack of intra-island and international competitiveness. Further, the GCC had been hit hard itself by third country imports with comparative advantage in labor, raw materials supply, and economies of scale and scope. Imports to the GCC from China, for example, officially increased from \$69 million in 1995 to \$251 million in 2005. Most of this was machinery and manufactured goods. One positive note is that several client companies were encouraged by the KOBİ Center's efforts, and began quietly engaging in increasing amounts of Green Line trade. At CYP 2.5 million over full year 2006 figures, a rise of 151% year-on-year, TC sales across the Green Line support this conviction.

Another investigative step we took while developing GC market entry strategies was to conduct an initial GCC print media appraisal as part of media planning activities for our FLA clients. We commissioned a Business Service Provider in the TCC to research print media opportunities in the Greek Cypriot Community for all market sectors and to provide the following information: a list of all print publications, contact details, publishing frequency, language of the publication, market sector/target readers, demographic (age, income level, education, etc.) & psychographic (life style analysis) profile of the target group, circulation from an audited source, rate cards and dimensions of the publication, and information on whether the individual publications would publish advertisements by TC companies. Since no publication provided this information, surveys were submitted to 39 GC media outlets that were identified by the Business Service Provider. The response rate was low due to a variety of factors, not the least of which was political sensitivity. The most interesting finding was that few of the media outlets were interested in accepting advertisements from Turkish Cypriot businesses. Only four outlets (one newspaper and three magazines) reported that they would accept advertising from TC businesses. Seven newspapers and 16 magazines said they would not accept TC advertising and the remainder did not respond. The results showed that, at least at that time, there was very little outlet for TC producers relative to advertising in the GCC.

Efforts to effect new business transactions outside TC, however, were further impeded by a lack of interest on the part of TC producers due to a booming domestic market. The TC economy expanded significantly from 2002 to 2005, with GDP growing by an average of 35.2% per year in US dollar terms, according to the statistics office. In addition to the booming construction sector in the TCC which fueled the economy in the community during this period, the strengthening of the YTL versus the US dollar contributed to the expansion of the economy. With local demand rising across many sectors, there was understandably a lack of enthusiasm for investing time and cost in securing more risky and typically less profitable export sales. Further it became clear during the implementation of firm-level assistance that many TC firms exhibited a general lack of readiness to export, with limited enthusiasm for pursuing Green Line trade, and little interest in adopting international standards in manufacturing. On the GC side, we encountered genuine fear among potential buyers that

they would lose their existing customer base if they bought TC products. The risks simply outweighed the potential rewards and ongoing resentment over land titles and other political issues continued to be a perpetual barrier.

More positively, several client companies developed sustainable commercial relationships from the new trade linkages facilitated by the KOBİ Center team, particularly as a result of international trade exhibition participation, which we discuss later in this report. These companies benefited from a combination of natural resource advantages, vertical integration and technology transfer. Perhaps more important, they developed a service orientation, awareness for the need of international standards, and obtained an appreciation of the value of business planning and marketing. Additionally, they become aware that customers' needs are the driving forces in the marketplace for any product. While these attributes can be developed, providing sufficient assistance to instill these principles into all of our client firms within the time and resource scope of the EDGE project was insurmountable.

Nevertheless, we did witness the beginning of a paradigm shift in the attitudes of TC businesses throughout the course of the EDGE project. Once the KOBİ Center began to develop its market reputation, we received an average walk-in rate of two companies per week seeking information or assistance. Most of those heard about KOBİ from the media and often refer to specific print articles or TV or radio coverage. During the period of our active KOBİ Center consulting activity, the KOBİ Center received between three and eight client inquiries per day.

1.2.2 Sector-Level Assistance Strategies

In addition to our Firm Level Assistance (FLA) strategy, EDGE focused from the beginning of the project on sector-level assistance. The focus of this assistance was to augment our FLA by raising the marketing, quality and customer service standards within targeted sectors. After analyzing the data from the sector assessments and monitoring the flow of KOBİ Center inquiries, we determined the four sectors were of primary importance from a technical assistance standpoint: agri-business, tourism, trade (including information technology as a sub-sector) and banking.

The sector-level assistance strategy focused on three primary objectives, the first of which was the upgrading of standards. Work in this area began with informational seminars and convergence with FLA, but eventually transformed into focus on international standards such as GlobalGap and HACCP. The second area of focus was on sectoral niches. In tourism for example, our research indicated that a traditional approach to marketing and promotion would not achieve the desired results, as strategic, infrastructure and political problems plagued the sector. With this in mind, we focused on special interest tourism, which targeted ecological and adventure travelers. By late 2006, this led us to the development of a community-based tourism strategy that would focus on the niche special interest attractions and products in target areas. The village of Buyukkonuk-Komi Kebir became the pilot project for implementation of a "Destination Development Project" using community-based tourism methodology. Through this pilot project, a niche product was created. The third area of focus relative to sector-level assistance was the development of a trained workforce. While we did not directly support the development of workforce training, the EDGE project promoted dialogue between the academic and business communities and the TCC authorities. An example of our work in this area was our support for the Turkish Cypriot Information Technology Association's (TCITA's) European Computer Driver's License (ECDL) laboratory. This facility, once it is opened, will provide basic computer training to Turkish Cypriots,

thereby increasing their skill set. The focus on workforce development also paved the way for initiation of a comprehensive competitiveness initiative under BearingPoint's follow on project, Promoting Private Sector Development (PPSD).

In summary, our sector-level assistance strategy focused on creating both short and long term results that would "raise the bar" for individual businesses within target sectors. The following are illustrative examples of our work within these sectors:

Green Line Trade: Citrus and Potatoes

In addition to Green Line trade assistance that the EDGE project provided to KOBİ Center manufacturing clients, we assisted in attempting to effect trade transactions for two of the TCC's established production sub-sectors – citrus and potatoes. Both the GCC and the TCC have been producers of citrus products for many years, the TCC's generally sold domestically or internationally through Turkey. Consequently, as one of the TCC sectors we viewed as most internationally competitive, the EDGE project developed a keen interest in testing the Green Line Regulation to determine its support for the export of TCC citrus to Europe across the Green Line and through the GCC port in Limassol. Likewise, Cyprus potatoes have long enjoyed a strong international reputation for quality, and we were interested in determining whether we could encourage the export of TCC potatoes across the Green Line to international markets.

Citrus: In the autumn of 2005, TCC citrus production exceeded local market demand and TCC export subsidies were well below production costs. This provided a valuable opportunity to put the Green Line Regulation to support TC exports, as it was conceived, to the test. The EDGE team worked with a TC producer and exporter to identify a GC intermediary with potential EU buyers in the Netherlands and the UK. We helped negotiate sales terms and arrange logistics. According to GLR, any exports to the EU must be shipped through a GC port. Nevertheless, when the exporter submitted export documentation to the TCCC and phytosanitary experts, the TC authorities, Famagusta port workers, truckers and other unions objected to the shipment through Limassol. In fact, the incident produced an uproar, causing demonstrations and roadblocks at the Green Line check points in the TCC. In addition, the TC public-sector, monopoly, Cypruvex, refused to pack the shipment. As a result, the shipment could not proceed, and the citrus remained on the trees. We subsequently completed a comprehensive analysis of the citrus sector, complete with documentation of these obstacles, which eventually led us to the implementation of an alternative crop strategy with the conclusion that citrus exports did not represent a substantial export growth sector for the TC economy. Nevertheless, we learned the lesson that we must adopt a lower profile strategy if we wanted to support future shipments. We also learned we must inform both authorities in advance, to enable them to prepare for public reaction.

Through our perseverance, the EDGE project eventually reaped its reward. During the first quarter of 2008, we successfully carried out the first official citrus trade over the Green Line. This trade involved a sample load of 40 kgs of mandarins, lemons, and oranges from the TCC to the GCC. No problems were encountered. Furthermore, the load was successfully shipped to the FruitLogistica exhibition in Berlin, Germany. This experience enabled the EDGE trade team to draft an extensive report describing the process of the citrus trade over the Green Line, as well as the export procedures for citrus from the GCC. The report contained logistical details, regulations, an overview of the EU's involvement and other pertinent information designed to assist interested parties in understanding the requirements, as well as enabling

the EDGE team to better facilitate bi-communal trade in the future. We shared the report with the TCCC and the EUPSO office, as well as interested citrus growers.

Potatoes 2006: In the spring of 2006, the EDGE project likewise began to provide advisory services to potato producers to address excess production of the spring harvest. We met with the potato producer unions and the "TUK", the "Agriculture Marketing Board". "TUK" is the public authority, which since 1975 has controlled the import and distribution of most of the potato seeds into the TCC as well as the marketing of the end products⁷. "TUK" indicated it would support initiatives to seek export markets for its excess crop. The EDGE team researched and identified new prospective markets and contacted buyers including previous customers who had been acquiring TCC potatoes before the European Court of Justice (ECJ) verdict in 1994. Up until 1994, TCC exports were sent from the ports of Ercan and Famagusta to the European countries and the rest of the world by using the "Republic of Cyprus" seal and "Made in Cyprus" labeling. In 1994, the ECJ passed a verdict, as a result of the GCC authorities' complaint, that GCC authorities could not extend their jurisdiction to Ercan and Famagusta ports in the TCC and thus could not control the shipments. The verdict of 1994 therefore stopped this practice by the TCC exporters, which resulted in a sharp decrease of exports from the TCC to the rest of the world.

We also met with commercial attachés of the potential recipient countries to identify additional potential customers. Having identified importers in countries that purchase potatoes from the GCC, Turkey and Greece, the EDGE team proposed two options: (1) selling potatoes directly to Europe via a GC registered TC company; or (2) selling potatoes to a GC company who would subsequently sell to the local market and/or export to Europe. We then visited a selection of GC buyers to gauge interest and were able to identify three GC firms although they expressed skepticism that potatoes could be legally traded across the Green Line. Consequently, we contacted the EU, which issued a letter validating that potatoes can be traded. The letter was shared with GC counterparts and potential customers and was communicated to the ROC Embassy in Brussels. However, despite all our efforts, this initial potato deal did not materialize, mostly because of the political reasons explained above in addition to lack of trust on behalf of the TC producers.

Potatoes 2007: In the second quarter of 2007, the EDGE project was approached, this time by the Director of the Cyprus Chamber of Commerce and Industry (CCCI), to assist a Greek Cypriot potato packager and trader who was interested in buying potatoes from Turkish Cypriot suppliers. We identified a few TCC potato growers who had previously showed interest in supplying GCC traders and who had EU certified seeds. We brought the parties together but a sale was not realized then because the TCC growers did not meet GlobalGap standards, a requirement by the international buyers. However, both parties showed interest in a partnership and agreed to meet for a possible "contractual growing agreement" for the next season. (A contractual growing agreement essentially means that the trader supplies the certified seeds to the growers, who agree to grow the product according to certain global standards and both parties agree that the grower will sell the entire crop to the trader at the applicable market price at the time of the harvest.)

⁷ "TUK's" original purpose was to be a controlling body, per se, for barley production. Over time, its duties have been expanded to include a variety of agriculture products. TUK is a "government" controlled and funded entity, which, among other duties, sells potato seeds, provides cold storage of potatoes, purchases harvested potatoes, and markets potatoes to ultimate buyers. TUK offers subsidies or incentives to farmers through a variety of means, including subsidization of exports. In essence, TUK operations and subsidy schemes allow the TCC authorities to control all aspects of potato production and sale by buying (or enforcing) loyalty.

In October 2007, the GC trader contacted the EDGE Trade Team again and we assisted in a detailed negotiation between the GC trader and the TC potato growers for a contractual growing agreement for the spring potato crop. As this deal would be the first of its kind taking place on the island, between the TCC and GCC, all the details, from the number and type of seeds, to the logistics of transport through the Green Line (kind of truck, exchange of drivers at the checkpoint, the head of the flat bed, etc) and payment procedures had to be discussed and agreed upon. Some of the details of the transaction were as follows:

- The TCC growers would prepare their fields and grow the seeds according to GlobalGap standards.
- The GCC trader would treat the TCC grower as another member of his group, which already includes 62 GCC potato growers.
- The GCC trader would buy the TCC growers' entire harvest from the seeds he provided.
- The potatoes would cross the Green Line in accordance with appropriate regulations.
- The trucks that transported the seeds and potatoes would be TCC trucks half of the time and GCC trucks half of the time. The CCCI offered to escort TC truck drivers to the GCC licensing authorities to ensure that they are treated fairly in the application process.
- The trucks would deliver the potatoes directly to the traders' packing house in the GCC, under newly amended rules regarding the health inspections that the CCCI helped obtain. They would then be packed and labeled, using the TCC growers' labels and delivered for their final destination.
- The GCC trader would pay the TCC growers the prevailing market value for potatoes at the time of sale of the potatoes to their final consumers. The remaining cost of the seeds would be deducted from the sale value of the potatoes at harvest.
- The GCC trader usually pays his GCC growers in 3 months after delivery of potatoes. However, he agreed to keep this time period shorter for the first payment to the TCC growers.
- The GCC trader provided a short letter of intent to the TCC growers upon request by the latter. The TCC growers wanted to have documentation to provide to the TC authorities that the GC provider of the seeds also promised to buy the entire crop when harvested.

Over the next month, the GCC trader visited the fields of the TCC growers. The latter met with the EDGE Agri-business Team and arranged to receive GlobalGap training, advice and certification for their planned production.

In mid November 2007, the two parties reached another agreement with regards to the trade of spring potatoes: the price, type, delivery methods and dates of the seeds were established. At the same time, the TCC producers applied to the TC agriculture authorities for permission to buy the potato seeds from an outside supplier (as it is the procedure if the grower is not buying seeds from "TUK"). Their request was declined, first verbally claiming the following:

- The seeds were for production and trade over the Green Line, to sell outside Cyprus, using the Limassol port and thus the authorities would not allow the trade of seeds to the TCC or the potatoes grown from these seeds back to the GCC.
- The TC authorities further questioned the need for GlobalGap certification since "TUK" would be the final buyer.

We encouraged the frustrated TCC growers to apply to the TC agriculture authorities to receive their rejection *in writing*, which they received in 2 weeks, but without any reasons quoted in the rejection letter. During this time, requests to buy potato seeds from the GCC by more Turkish Cypriot (including the president of the CTCI who trades potatoes in his private business) were declined by the TCC authorities.

Nevertheless, EDGE consultants continued supporting the potato trade, and encouraged the growers, the Chambers and the European Union Support Office (EUPSO) to push for legitimate explanations from the authorities. During this difficult phase, the CCCI had in fact indicated that this denial of seed purchases could change their relationship and participation with future tri-chamber roundtable meetings as they viewed this as a clear (and negative) statement toward future Green Line trade. Despite the fact that politics is beyond our scope, we skillfully managed a situation that could have had negative repercussions on both sides of the Green Line.

At the same time, the frustrated and disappointed TCC growers lobbied extensively through their political connections all the way to the highest TCC authorities. In December 2007 the series of events evolved from hopelessly negative to cautiously optimistic. After several meetings between the GC and TC stakeholders, which EDGE facilitated, a proposed solution was developed. It included the following:

- The GC trader would buy the spring crop from the TCC growers, even if the crop was grown from the seeds to be procured from the "TUK" (provided of course that they were EU certified seeds)
- The GC trader would also buy any excess winter crop that the TCC growers had provided that they were EU certified seeds.

On December 24, 2007, the TCC growers finally managed to obtain written permission from the TCC authorities to buy the two different types of seeds from the GCC buyer. The GCC trader made the order by fax to Holland one hour before the offices closed for the holidays. On January 7 and 8, 2009, the two containers of potato seeds, (totaling 50 tons) were delivered to the TCC growers as scheduled. This was the only trade of its kind for the 2008 spring crop in Cyprus.

Our efforts resulted in the following achievements:

- The two potato growers were the only growers in the TCC who succeeded in obtaining the permission to buy GCC seeds for the 2008 spring crop.
- An "exclusive contractual growing agreement" was initiated for 35 tons of Nicola and 15 tons of Bellini potato seeds which yielded approximately 2,000 tons of spring potatoes.
- Problem areas were identified (such as TCC "customs" additional seed inspections).
- An additional transaction involving 140 tons of winter potatoes (grown from EU certified seeds) worth approximately 61,000 Euros was completed by the TCC growers and the GCC trader. Trade of a smaller amount of other vegetables such as onions and lettuce was initiated in the spring of 2008.
- The transaction enabled us to gain expertise in potato markets, prices, varieties, customer demands, transportation costs and other aspects of the potato trade. We were also able to prepare a report and flow chart of this Green Line transaction following our extensive meetings with EU phytosanitary experts. The report outlined the procedures of potato trading from the TCC to the GCC including the logistical

details, regulations, EU involvement and other salient factors. The report assisted EDGE consultants as well as TCC potato traders in understanding the current procedures, bottlenecks, logistical requirements, and EU involvement.

Special Interest Tourism

EDGE's initial assessment of the tourism industry focused on the four "P's" within the sector, namely planning, promotion, product and price. Using a combination of research techniques including surveys, personal visits, and the auditing of attractions, we determined that a) planning, especially on the macro-level through the authorities and business associations, was almost non-existent, b) promotional efforts were, for the most part, ineffective and at worst counter-productive, c) the tourism product, namely the sea, history and culture were not unique and not up to the standards of competing countries, d) the value of the TCC as a destination (price + infrastructure + customer service + attractions) was lower than those of competing destinations.

To address these issues, EDGE collaborated with stakeholders in the tourism industry to identify a strategy through which the TCC could become competitive. This was not an easy task as the associations that served the industry did not have a history of cooperation. In addition, the authorities seemed not to acknowledge the TCC's declining market share within the industry and were reluctant collaborate with the private sector to develop a grassroots-based strategy.

After conducting significant research that included dozens of meetings with stakeholders, EDGE began work with Keith Sproule, an international tourism consultant, to begin the formation of a community-based tourism strategy. The rationale behind this strategy was that the TCC, as an island economy that suffered from both political and economic realities that were out of its control, should focus on a well-defined niche within the tourism market that could be promoted in a community-oriented way. In late 2006, EDGE began work with the village of Buyukkonuk-Komi Kebir, which is located in the TCC's ecologically significant Karpaz Region, to launch a pilot project to promote its most significant attraction...eco-tourism. This strategy, which is discussed in detail in Section 2 of this report, focused on awareness, product and promotion. Over an eighteen month period, the Buyukkonuk-Komi Kebir pilot project became not only a tourism success story, but the living embodiment of the community-based tourism model. This eventually led, by May 2008 to EDGE's decision to proliferate this model by working with representatives of the Walled City of Famagusta and at least one other village or community.

At the same time as we were implementing the Buyukkonuk-Komi Kebir eco-tourism pilot project, the EDGE team was also working to build the capacity of associations within the sector. While this effort started slowly due to reluctance by the associations to embrace this concept, it began moving forward rapidly by the end of 2007. EDGE's work with tourism sector business associations is outlined in detail in Sections 1.4.4. and 2 of this report.

Much of EDGE's effort was focused on promotion either with or through its business association partners. During the course of the project, we built the sector's promotional capacity by coordinating the printing of tourism posters for trade exhibitions in the United Kingdom and Morocco, as well as creation of a brochure for the Buyukkonuk Eco-tourism

Association, Turkish Cypriot Tour Guide's Association (KITREB), and creation of websites for Buyukkonuk-Komi Kebir as well as KITREB. These efforts succeeded in increasing the sector's international visibility.

Other efforts to increase promotion were not as successful. One of these was our effort to develop an on-line reservation system for the TCC hotel industry. After a series of informational meetings and demonstrations, it was clear that the industry had little interest in this system as they believed the cost for maintenance and upkeep would not create proper return on investment. Because of this, EDGE moved away from this activity and focused on those where success could be achieved, such as in the development of the community-based tourism model. All in all, EDGE's efforts to build the capacity of the tourism sector were successful, as both private sector stakeholders and the authorities began to consider ways to positively impact planning, promotion, product and price. This was manifested by recent collaborative efforts by a consortium of tourism associations and the authorities in addressing some of the most pressing issues facing the sector, such as strategy, promotion and customer service.

Agri-business

From the EDGE project's infancy, we knew that agri-business was a potentially important economic sector for the TCC. However, by 2005, the sector suffered from a plethora of challenges such as lack of infrastructure (irrigation), climate related issues (drought), high transportation costs, lack of market access, and increasing global competition. The latter was especially true relative to the citrus industry, as TCC's growers faced dwindling profits due to low cost imports and lack of market access. In addition, there was little if any focus on quality production according to international standards or to value-added production that would allow for higher profits.

As part of formulating its strategy to increase the sector's competitiveness, the EDGE team gathered information in three ways. First, it compiled statistics, as much as they were available, on all facets of the TCC's agri-business industry, including an analysis of its workforce, crops, markets, production volumes and sales trends. Secondly, we met with representatives of the major chambers and business associations that served the agriculture sector as well as with growers themselves to gain their perspective on the state of the sector. Finally, we conducted an in-depth analysis of specific agriculture sub-sectors such as citrus and dairy to determine what if any actions could be taken to increase their competitiveness.

The results of these meetings, research and studies clearly indicated that a strategy focused on building the competitiveness of existing sub-sectors such as citrus and dairy would achieve limited results, as TCC products were largely uncompetitive from the standpoints of price, quality and distribution. While we were committed to working with these industries, we strongly believed (and sector officials supported this) that other alternatives should be explored in order to promote competitiveness.

Alternative Crops: This led to the coordination of a series of studies on alternative crops that could potentially be synergetic with the TCC's climate, land use, and market access. Upon completion of these studies, which included an analysis of environmental, market and infrastructure factors, EDGE decided to focus on five crops that were not currently in formal production. Our alternative crops program therefore centered on pomegranates, cactus fruit, salicornia, capers, and passion fruit, all of which were consistent with the TCC's climate, topography and marketing potential.

International Standards: In addition to launching its alternative crops program, which is thoroughly described in Section 3 of this report, EDGE also worked with TCC agri-business associations and chambers to build their institutional capacity and to focus on achieving global standards within the sector. This ultimately included a focus on GLOBALGAP and other international agriculture standards that are required for access to the European Union, United States and other large markets.

Organizational Capacity Building: In addition to this work, EDGE focused on the development of strong and sustainable business associations and chambers in support of the agriculture sector. Our work with these associations is outlined at length in section 1.4.4 of this report. This effort culminated in a strategic alliance with the Turkish Cypriot Chamber of Agriculture Engineers (TCCAE) both from the standpoint of capacity building as well as its preparation for replication and continuation of EDGE's Firm Level Assistance (FLA) programs under the auspices of an Agriculture Extension Service.

Information Technology

From the EDGE project's inception, we focused on information technology as a potentially significant sector in the TCC's economy. There were several reasons for this. First, information technology provided for the free-flow of information over the Green Line and internationally. There were no borders inhibiting its expansion and no regulation (like the Green Line Regulation) that restricted its product mix. Secondly, the TCC seemed a likely candidate for information technology outsourcing based on its well-educated workforce and reasonable pay scale. Finally, information technology, in our mind, could be a mitigating factor in overcoming economic isolation as it could be used to access information, make contact with potential customers, and market TCC products. In order to measure the TCC's overall capacity in the information technology sector, EDGE conducted a survey in late 2007 to determine usage of technology by small and medium sized enterprises (SMEs), as well as challenges facing the sector as a whole.

The study had two components: 1) Two focus groups...one with SMEs employing less than 5 staff members and another with representatives of information technology companies. 2) Surveys with the owners or directors of 368 SMEs in the TCC. The survey contractor conducted personal interviews with the representatives of large firms since telephone and e-mail surveys provide minimal results and are not scientific samples. Due largely to this methodology, the final report contained both qualitative and quantitative data that produced the following results:

1. A large number of SMEs surveyed (43%) said they had no computers, reflecting the lack of information technology usage among TC businesses. Naturally, larger companies tended to be more likely to have at least one computer.
2. Internet usage within companies was also low - only 80% of the companies that owned at least one computer said they had an internet connection, reflecting not only an underutilization of technology, but a relative lack of understanding about how technology can benefit a company's overall operations. In companies that owned at least one computer, however, the business owners agreed that it was important to the companies' success.
3. Most information technology maintenance is outsourced to vendors in the TCC or Turkey.

4. Training did not seem to be popular among SMEs. Only 16.12% of companies surveyed said they had received information technology training in the past. This may have meant the training was not available or that they chose not to take advantage of it. Supporting this view, companies reported that they had more software needs than training needs.
5. There was a statistically significant negative relationship between the number of computers owned by the company and whether that company had received information technology training in the past. In other words, the fewer computers a company owned, the less likely that it had participated in training.
6. Special package usage was very common. Special packages are programs written specifically for the company by local programmers to assist them in managing their daily business (e.g. accounting programs, sales programs, etc). Larger companies were more likely than smaller companies to utilize special packages.
7. Local training companies were more popular choices for support than universities or providers from Turkey.
8. About 50% of SMEs that had received information technology training in the past said they had received this training from a private company.
9. The most important barriers against pursuing training were: Time (55.6%) and Lack of Interest (25.9%), and awareness of IT training providers (62.7%).
10. Only a quarter of the SME owners said they provided information technology training for newly employed staff, as they would expect the new hires to come in with the required skills.

In some ways, the survey exploded EDGE's assumptions. For instance, while the TCC certainly contained an educated workforce, it was not, according to information technology company owners, necessarily a well-trained one from a technology perspective. The survey showed a wide chasm between the technology sector's perception of workforce preparedness and the academic sector's contention that its graduates were ready for work. Because of this, focus on strategies like outsourcing had to be put on the back burner until workforce issues could be addressed.

In July 2008, the TCITA held a launch event for its association that included a presentation of the survey results. The purpose of this event was to: (1) highlight the most important findings; (2) lay the groundwork for better coordination between groups and associations representing the information technology sector; (3) generate media visibility for the association as well as on issues that affect the sector; and (4) initiate discussion on the development of a strategy to take advantage of opportunities within the sector.

This survey led to the development of an overall sector strategy that included three main elements, 1) the creation of a dialogue mechanism to address workforce and public policy issues, 2) the coordination of activities to promote increased technology usage among SMEs, and 3) the empowerment of the TCITA to become a sustainable advocate for the technology sector. EDGE began its work in these areas by building the TCITA's capacity as an association through a myriad of specific and strategic action steps. These are outlined in Section 1.4.4 of this report. Part of its work with the association included the development of an ongoing policy dialogue mechanism as well as support (both technical and monetary) for the development of a European Computer Drivers License (ECDL) laboratory to provide the TCC authorities and private sector access to basic computer training that was certified under European Union parameters.

1.2.3 Business Development Services Providers

Our 2005 sector analysis and assessment of the Business Service Providers (BSP) in the TCC showed in summary that the sector was greatly underdeveloped. The TCC market was relatively small which forces BSPs to diversify rather than focus on a specialty. This resulted in their lack of ability to compete with international counterparts in the delivery of quality services. One problem for BSPs was the demand for their services, as a majority of TCC companies viewed areas such as quality, customer service, training and product development as adding cost without the chance of generating a return on investment. In addition, most BSPs were small (1 person to a maximum 5 -6 person companies) and family businesses, which did not allow for the expansion of services. Since most business in the TCC was done on an ad/hoc basis, there was little demand for business development services. Finally, most SME's regarded the local BSP's as inferior to similar providers from Turkey, so even the few that wanted to procure these services used offshore providers.

In early 2006, the KOBİ Center began work with KADEM and Prologue, two TC market research companies, on the implementation of two research projects. KADEM conducted market research in the handicraft sector and Prologue completed the survey to measure the supply and demand for credit. While both vendors demonstrated strong skills in research methodology, they exhibited significantly more limited skills in analysis. Furthermore, around the same time in 2006, in an effort to assist the dairy producers to improve their marketing tools such as brochures and websites, we initiated several Request for Proposals (RFP). During this process, we found the BSPs were not used to receiving formal RFPs and thus did not know how to respond to them. They had little idea as to how to prepare tender documents or provide realistic price quotes. These findings, along with our previously completed sector analysis, highlighted the need for improvement of BSPs within the TCC.

As a result we strived to improve the skills and professionalism of the BSPs, especially in the information technology, market research and public relations/advertising sub-sectors. Our approach was two fold. First we ensured that TCC BSP's worked with GCC counterparts as much as possible so that the former learned from higher capacity organizations. Secondly, we worked with TCC providers to implement formal RFP procedures as a way for them to become more professional.

As a starting point, the KOBİ Center team worked intensively with KADEM and Prologue in these two areas in an effort to help them increase the breadth of their analysis and the quality of their conclusions. To help Prologue develop further analytical capacity, we subsequently teamed the firm up with CYMAR, a GCC market research firm, to conduct the EDGE project's Greek Cypriot Community Market Research Report. Prologue received mentoring from CYMAR at their offices in the GCC and was involved in every stage of the six week project. As a result, Prologue's deliverables, over the past 3 years, have improved visibly, as the company learned from its many experiences working with CYMAR and other companies.

Over the life of the EDGE project, we continued our practice of working closely with all the BSPs. In total we launched more than 50 RFPs through either directly or through our client companies and partner associations. These RFP's resulted in the establishment of formal service contracts with 13 public relations and advertising companies, 10 information technology companies, 3 market research firms, one landscaping firm, one internal design/architecture firm and one professional photographer. These business relationships presented them with the opportunity to learn best practices in the service industry, such as

adequately responding to RFPs, developing realistic cost models, and undertaking quality customer service. Our work with these providers enabled us to provide constant feedback to improve their quality and professionalism. Due largely to EDGE's work, by 2008 a number of BSPs were providing quality professional services under RFPs with various international organizations.

1.2.4 The Tri-Chambers Roundtable

The Turkish Cypriot Chamber of Commerce (TCCC) and the Turkish Cypriot Chamber of Industry (CTCI) were identified by the EDGE project as potential primary counterparts with the launch of the program. The function of the TC's two major chambers of commerce and industry reflects the unique political circumstances of the TCC. With a "government" that is recognized only by Turkey, TCCC is the only public organization with direct recognition within the international community. Consequently, it plays not only a traditional role as an organizational body to support and promote business interests within the TCC but also an "official" role as the TC counterpart in relations with governments and multi-lateral organizations. It obtained this distinction through its charter that pre-dates the political division of 1974. The TCCC is the EU's official counterpart in implementing the GLR and is a member of the International Chamber of Commerce (ICC). While the CTCI lacks official international recognition, in practicality, it serves similar functions in international relations and in interacting with the Cyprus Chamber of Commerce and Industry (CCCI), which represents GC enterprises. Both TC chambers issue certificates of origin for goods to be exported, but only the TCCC's are recognized in the conduct of sanctioned GLR trade with the European Union.

Membership in the TCCC and the CTCI is legally mandated for all registered businesses in the TCC. The TCCC represents an estimated 3,000 businesses that comprise up to 95 percent of the business community, including agricultural producers who must be members of the TCCC in order to be able to export. The CTCI represents manufacturers and information technology service providers. While the distribution of members is somewhat arbitrary and the TCC's small economy hardly justifies the existence of two chambers, both organizations generally cooperate in most activities to promote exports, trade missions and business networks for TC businesses. BearingPoint has capitalized on a healthy competitiveness between the two chambers in implementing EDGE activities.

While both chambers were identified at project outset, initial activities were slow to develop, primarily due to changes in leadership within the organizations and our interest in presenting the chambers with a tangible program for cooperation evidencing substantial knowledge of the local business environment. The conclusions and recommendations stemming from our Constraints to Intra-Island Trade Study provided a prime opportunity to initiate a dialogue with the two chambers to establish a work program and cooperative relationship. In late 2005, the EDGE team presented the findings of our constraints analysis to the new President of the Turkish Cypriot Chamber of Commerce (TCCC) with the goal of stimulating the TCCC's interest in pursuing activities to further reduce trade barriers, including a proposal to engage the Cyprus Chamber of Commerce and Industry (CCCI) in that effort. Furthermore, we decided it was necessary to engage the Cyprus Turkish Chamber of Commerce (CTCI) in these discussions as CTCI was the second most influential business organization in the TCC.

In March 2006, the EDGE team facilitated a meeting among the TCCC, the CTCI and the CCCI, to discuss our identified intra-island trade constraints and as a mechanism through which we hoped to launch future bi-communal business activities to promote mutual

familiarity and cooperation. During this discussion, the presidents of the three chambers agreed to do the following: build a toolbox to tackle the problems faced with Green Line Regulations, particularly inconsistencies in application, and form a committee to facilitate the transactions between TC and GC banks.

By the end of the EDGE project, the three chambers had conducted 15 meetings in what became known as the Tri-Chambers Roundtable Meetings. The meetings have not been without challenges. For example the first meeting after the failed potato trade produced significant tension felt among the participants. Similarly, a spin-off meeting to discuss the halloumi 'Protected Designation of Origin' (PDO) application between the dairy producers was also a source of tension. We found, however, that informal discussions of issues that carry such significant political and emotional weight were ineffective in producing any meaning and tangible action and should, therefore, be avoided.

Over the course of the meetings, the chambers agreed to adopt neutral terminology, avoiding using 'trigger phrases' that immediately produced unproductive, visceral, political responses from meeting participants. The format of the meetings were informal, but generally had an established, standard agenda. The roundtable group also invited guest speakers. Among items discussed at the meetings were:

- Intra-island trade statistics and analysis
- Technical cooperation among the three chambers, especially by sharing experiences and lessons learned from European Union accession, new issues arising from intra-island trade and other current matters
- The role of the European Union's Support Office in the TCC as well as the financial support programs offered by the EU and other organizations.
- Results of various surveys on trade between the GC and TC as attitudes regarding trade, sector development and bi-communal programs.
- Intra-island joint venture incentive scheme announced by the GC authorities to promote cooperation between GC and TC businesses
- Updated Green Line transportation regulations
- Problems for TC truckers and bus drivers in obtaining GC special driving permits
- Issues surrounding the conversion of the GC from the Cyprus Pound to the Euro and its impact on the TC

The Tri-Chambers Roundtable meetings continue to be beneficial to the chambers of both communities as they provide a forum for discussion of business and trade barriers, advocacy issues, application of the Green Line Regulation, points of commercial-oriented contention, and other topics relevant to both business communities. That the chambers have continued to meet every 4-6 weeks for more than two years is a small, but meaningful, achievement in enhancing mutual cooperation. One of its successes was to publish a Green Line brochure that mapped, by product, the regulatory steps TC and GC producers are required to take in order to trade across the GL. Another has been inciting the commitment of the CCCI to publicly endorse GL trade amid political opposition within the GCC and to induce GC businesses to participate in bi-communal networking events.

In January 2008, the TCCC's president, Hasan Ince, proposed hosting an extended Tri-Chamber Roundtable Workshop to include board members of all three chambers. Despite the launch of the Cyprus Producers Network (CPN) and the coordination of the business to business meetings (discussed later in this report), both involving communication and cooperation between the business sectors of both communities, the Tri-Chamber Roundtable

meetings had never been publicized nor had the media been invited to attend. Therefore, inclusion of the full boards of the chambers would draw greater attention to the regular occurrence of these meetings. The EDGE team viewed the willingness of the three chambers to invite greater scrutiny of their bi-communal cooperation as a highly positive development in intra-chamber relations. The expanded workshop took place in the final months of EDGE implementation, at which the primary topics for discussion were how to work cooperatively to address common trade and business barriers and greater long-term integration of both communities.

1.2.5 Green Line Trade Analysis

Throughout the project, the EDGE Team analyzed the monthly Green Line Trade statistics to capture trends in Green Line Trade *in both directions* relative to the type and volume of goods demanded by both communities. The analysis included a comparison of the statistics by month, as well as to the same period in previous years. It also included a detailed breakdown of traded goods into categories and volumes.

The trade volume from the TCC to GCC demonstrated a 93% annual increase from 2005 to 2006 and a 28% annual increase from 2006 to 2007 (1,673,000 Euros in 2005, 3,228,000 Euros in 2006, and 4,122,000 Euros in 2007). Even though it was highly seasonal, the most traded category of goods was vegetables in 2007.

Trade from GCC to TCC started in May 2005, and reached to 250,000 Euros by December 2005. In 2006, the trade volume increased to 1,033,000 Euros. However, in 2007 the volume decreased by 31%. The most traded goods from GCC to TCC were machinery, building materials and agricultural products.

Over the past 3 years since the GLT started, the trade in both directions has fluctuated with no definite pattern. In addition, one time transactions also resulted in large fluctuations in the trade figures. In conjunction with CCCI, CTCI and TCCC, the EDGE team identified new indicators (number of transactions, number of sellers, and type of seller) and started conducting additional analysis on these indicators as of January 2008. However, due to sharp fluctuations a definite trend has not yet been captured. "Number of new sellers" figures provided by the TCCC starting from January 2008 demonstrated that there are 2-3 new TC traders each month trading over the Green Line. A similar analysis could not be conducted in the opposite direction of trade, since CCCI could not record this data.

Providing direct technical assistance with GLT also allowed us to gain first hand experience as to possible issues and bottlenecks effecting the successful completion of transactions. This experience allowed us to help our counterparts overcome obstacles by providing them information and technical support.

Green Line Trade Brochure and Process Map. In response to our work with KOBİ Center clients, our experience in negotiating potato trades, and discussion at our Tri-Chambers Roundtable meetings, the EDGE project determined that it should provide a simple, practical instructional brochure and process map for identifying the procedures required for trading a variety of products across the Green Line. As a result, we created two tools to educate both communities on how to leverage the regulation for commercial benefit. The first was publication of an informative leaflet on GL Trade. It was published in Turkish, Greek and English. The second was the development of a process map describing each step required for effecting GL trade. The EDGE project disseminated both tools to a variety of stakeholders,

particularly through the CTCI and the TCCC. The leaflet was also available at the Cyprus International Fair to create awareness in both communities. The process map was printed with the endorsement of both TC chambers and the Cyprus Chamber of Commerce and Industry, representing GC businesses, as a result of the first roundtable meeting. Each of the seven steps included in the process map was verified with the three chambers to ensure its accuracy. The publication of the Green Line Trade Brochure and the Process Map were the first common projects by the chambers from both communities and their success not only increased the level of trust and cooperation among the organizations but also paved the way for them to engage in new projects, such as the Cyprus Producers' Network project, which is described later in this report.

1.3 EDGE Project Mid-Stage – 2006 – 2007

As the EDGE project matured and its team gained additional experience in analyzing political and economic realities, three things became apparent. First, sustainability of our initiatives would largely depend on our ability to strengthen private sector organizations, such as Chambers of Commerce and sector-specific associations, to adopt international best practices and become strong private sector advocates. Secondly, and as part of business association capacity building, we needed to transfer our knowledge to a core group of trained and empowered individuals that could form the nucleus of these organizations. Thirdly, and most painfully, we determined that our strategy of providing Firm Level Assistance through the KOBİ Center, while achieving a modicum of success, was not the best use of resources from a cost-benefit standpoint. Project resources could be better used in building the capacity of private sector support organizations and the individuals running them. It was apparent from the start, however, that this was less an abandonment of the former strategy (that focused on FLA and sector-level assistance) than an expansion of it. This expansion, which included the transition of these services from EDGE/KOBİ Center to the Chambers and business associations, would guarantee their sustainability.

By the end of 2006, the determination to move forward with a newly oriented business association strategy had been cemented and plans were made to bring in an organizational management expert to begin the process of analyzing the existing capacity of TCC organizations that served our target sectors. Sector level assistance was not abandoned, however, but rather rolled into an overall strategy of empowering business associations. The KOBİ Center continued Firm Level Assistance for companies that required it, but increasingly this support was moved toward the Chambers and associations. The following is an overview of our project's transitional phase:

1.3.1 Support for TCCC/CTCI Initiatives

With the initiation of the Tri-Chambers Roundtable meetings, the EDGE team began to further concentrate its work with the TCCC and the CTCI. We began to help the TCCC and the CTCI formulate plans for expanding the number and quality of product and service offerings to their members as well as for building internal chamber capacity. We continued to support Tri-Chamber Roundtable initiatives, including the launch of the Cyprus Producers Network (CPN). We also developed, implemented and perfected our assistance strategy to promote exports of TCC products and expose TC enterprises to the market expectations of international buyers through participation in international trade fairs, exhibitions and trade missions. Our work with the chambers in this area was based on a sustainability methodology that we developed using international best practices. In accordance with the methodology, EDGE focused its technical assistance on the areas of governance, programming and communications.

Initial Chamber Assistance

The CTCI was initially more receptive to EDGE's capacity development assistance than was the TCCC, which was due, primarily, to the attitudes of the chamber presidents. In early 2006, the EDGE program provided assistance to the CTCI to upgrade and update its membership roster through implementation of a membership database project. The change enabled the chamber to communicate with its members more frequently and effectively, including the ability to target certain members with special interest information. We also helped the chamber develop a mini-CD that could be used as a business card containing marketing material for all chamber member companies in advance of the CTCI's expanding role in sponsoring TC business participation in international trade exhibitions, as discussed below. The EDGE program also assisted the CTCI in re-branding the Chamber, including the development of a new logo. The re-branding focused on positioning the chamber as a service oriented organization. It was developed and launched at a press briefing and has, since its introduction, helped define the CTCI's new organizational direction.

International Trade Exhibitions

While one of the EDGE Project's objectives was to expand the number of external trade linkages and support the execution of an increased number of international trade transactions by TC businesses, one of the legacies of TCC isolation was the limited interaction TC producers had with international buyers. As a result, businesses lacked knowledge of the product quality and standards expected in international markets, were unaware of their need to improve the labeling, packaging and quality of their products and failed to obtain international certification in order to enter EU and other international markets. Without these improvements, TC exporters were unlikely to sufficiently access international markets for their goods, even if they could remove the economic barriers imposed by political isolation. Consequently, the EDGE project determined that one of the primary means of exposing TC businesses to external market expectations was to support their participation in regional and international trade fairs. Trade fair participation was also a mechanism through which we could assist those TC companies that were ready to export to make contacts with potential external buyers of their products.

EDGE addressed these issues by providing CTCI with the technical assistance necessary to facilitate TC participation in trade exhibitions. CTCI had participated in trade exhibitions in Turkey since 1977 but had no experience with global markets. The assistance EDGE provided to CTCI enabled it to address the needs of its members by coordinating participation in targeted international trade exhibitions. With our technical assistance between January 2007 and May 2008, CTCI took 24 companies to 5 different international exhibitions in the Middle East and Europe. During this period, CTCI learned a great deal and became a leader in the area of preparing for and attending exhibitions, as well as following up on trade leads. It now administers the "umbrella stand" on its own, offering space to TC companies that wish to exhibition under the "north Cyprus" brand. Specific information on each exhibition, the number of participants, results and lessons learned are included on the compact disc that accompanies this report.

As a result of EDGE's efforts with CTCI, several TC businesses succeeded in generating new international customers. Participation also helped producers pursuing the local market to shift their orientation toward export markets. While businesses benefited from EDGE's assistance, the chambers also improved their ability to select the appropriate exhibitions and participating firms, train participants on marketing and branding their products, and manage effectively the

TC image at trade exhibition events. Based on experience, we found that the trade exhibitions demonstrating the greatest sales and marketing potential for TC sectors were: Gulfood (annual food and beverage exhibition in Dubai, UAE); FruitLogistica (annual fruit and vegetable exhibition in Berlin, Germany); and Big 5 (annual construction exhibition in Dubai, UAE). EDGE team and CTCI representatives attended the Iraq Export Fair (held in Gaziantep, Turkey) and Private Label Middle East (held in Dubai, UAE) that were evaluated as not providing adequate return on investment and thus they were not considered for repeat participation. The following are some of the milestones created by CTCI's participation in these targeted exhibitions:

International Exhibitions	Exhibition 'Firsts' (Milestones)
Gulfood 2006 Food and Beverage Exhibition Dubai, UAE February 2006	<ul style="list-style-type: none"> • First time TCC dairies attended an international trade exhibition.
Iraqi Export Fair Gaziantep, Turkey June 2006	<ul style="list-style-type: none"> • First CTCI organization of an international exhibition not targeted to Turkish buyers. • First joint CTCI/KOBI Center participation in an international trade exhibition.
Private Label Middle East (PLME) Private Label Manufacturing Dubai, UAE November 2006	<ul style="list-style-type: none"> • First time TCC companies attended a private label international exhibition.
Gulfood 2007 Dubai, UAE February 2006	<ul style="list-style-type: none"> • First time CTCI sponsored an 'umbrella stand' for all TCC exhibitors. • First launch of TCC 'north Cyprus' brand and new CTCI logo. • First time CTCI participated in an international fair outside of Turkey.
The Big 5 Show Construction Materials and Technology Dubai, UAE November 2007	<ul style="list-style-type: none"> • First CTCI participation in a construction materials trade exhibition outside of Turkey.
FruitLogistica 2008 Fresh Fruits and Vegetables Berlin, Germany February 2008	<ul style="list-style-type: none"> • First joint CTCI and TCCC collaboration at an international exhibition. • First time TCC agriculture authorities attended an international exhibition. • First time TCC producers participated in a fresh fruit and vegetable exhibition.
Gulfood 2008 Dubai, UAE February 2008	<ul style="list-style-type: none"> • First time CTCI encountered opposition to the 'north Cyprus' brand – and successfully defended its use as a trademark.

Development of CTCI Trade Exhibition "Product"

➤ Initial Stages

The EDGE project's experience with trade exhibitions started in February 2006, when three EDGE consultants visited Gulfood 2006 to observe the market and evaluate the event for possible attendance by the TC producers. The EDGE team initiated Firm Level Assistance (FLA) to cheese producers since Halloumi cheese was a product in demand in the Middle East. We sponsored participation by one Halloumi manufacturer and it received an order for 20 tons of cheese valued at \$90,000.

To launch our international trade exhibition activities, we selected CTCI as a partner because it represents producers and industrialists. In addition, it was the only organization willing to work with us on this initiative at the time. Representing more than 400 manufacturers in various sectors, CTCI's objectives were to explore new export markets, assist its members in accessing opportunities in the Middle East and European Union with the goal of increasing exports.

As part of the capacity building initiatives, in second quarter of 2007, we assisted the CTCI in the development of a trade mission and exhibition strategy, which included an analysis of the TC products and services that could be competitive. As a result of the sector analysis we carried out earlier in the project, coupled with our experiences during Firm Level Assistance (FLA) we were able to assist CTCI in evaluating and finalizing a list of products and services that could be competitive in overseas markets. We concluded that the TC products exhibiting the greatest market potential were: agricultural products (potatoes, citrus, pomegranates, and alternative crops, including organics); processed dairy products; other niche products (e.g., natural honey); information technology services; and possibly construction materials. Following this analysis we defined target markets where marketing efforts and trade exhibition participation should be concentrated, which we found to be: the Middle East, European Union, North Africa, and possibly, Russia. As the final step in this process of formulating a trade mission and exhibition strategy, we researched and prepared a list of trade exhibitions that were potential targets for the CTCI to support by providing technical assistance to the exhibitors. We were pleased to observe that timely planning and presentation of budgets and proposals to the TCC authorities by the CTCI paid off as the CTCI successfully lobbied and obtained some financial support for its members to attend these events. The financial support from the TCC authorities included financing the shipment of samples to the exhibition destination and up to 5,000 Euros for each exhibiting company to assist with marketing and promotion.

In May 2006, we brought in Russell Ferguson, an international trade exhibition expert, to work with the CTCI and TC businesses to increase their capacity to get the maximum advantage from these events. Mr. Ferguson provided training for both the EDGE and CTCI staffs as well as member companies in preparation for the Iraq Export Fair in Turkey and the Greek Cypriot International Fair.

➤ Mini CD

Once the decision was made to attend these events, EDGE began work with CTCI on the creation of a mini compact disc to provide information on CTCI member companies and their products. This was important since most companies had no catalogues or other marketing collateral. The mini-CD was well received by both participating companies and potential buyers. The interactive mini-CD now included the most current member information and

product photos and allowed buyers to search by product, sector and company name. It has since been updated so that the information is current.

➤ **First 'experimental' Trade Shows**

The Cyprus International Fair in the GCC was the initial trade exhibition supported by EDGE. It was held from May 25-June 4, 2006. TC participation promoted greater bi-communal linkages, and introduced TC products but did not lead to significant sales. Seventeen TC companies from the furniture, cleaning products, construction materials, water and juice, handicraft, and electrical cables industries participated in the event. In addition, the Green Line Trade booklet and CTCI's interactive mini-CD were distributed as a way to promote TC products and Green Line trade. In 2007, only three TC companies exhibited at the Cyprus International Fair since the former participants did not achieve increased sales. Unfortunately, no TC companies opted to participate in 2008, as they did not see any benefits from attending. While sales were low and participation not sustained, participation in the Cyprus International Fair provided an excellent "practice run" for CTCI and its member companies as they prepared for other exhibitions outside Cyprus.

The Iraq Export Fair was the second exhibition for which EDGE provided assistance. Held in June 2006, it focused on the emerging Iraqi market for all types of goods and services. Eleven TC companies participated and CTCI also purchased exhibition space. Despite the fact that no actual sales resulted from their attendance, the CTCI and companies learned a great deal and it better prepared them for future exhibitions.

Exhibition Training

Since the initiation of this activity, EDGE understood that its sustainability lay in CTCI's ability to make exhibition services part of its overall programming. With this in mind, we brought in Gordon Studebaker, another international trade exhibition expert, in November 2007 to provide additional training on best practices in exhibition management and participation. Training topics included:

- Step-by-step procedures to prepare for inward and outward trade missions and exhibitions
- Advantages and disadvantages of inward vs. outward trade missions and exhibitions
- Timeline development for trade missions and exhibitions in terms of preparation
- Stakeholder involvement
- Budget development and analysis

This led to the development of exhibition services training modules for use by CTCI. EDGE developed the modules, which focused on preparing companies to take advantage of trade exhibition participation. These modules covered the following topics: general exhibition training, participation preparation stages, preparation of promotional materials, management of the exhibition booth, post-exhibition following up, and exhibition -specific training, which varied by the type of event.

Representatives from twelve companies attended the first training session in November 2007. In addition to the companies that planned to exhibit at the upcoming Big 5 and FruitLogistica events, two hotel owners who were scheduled to attend a World Tourism Organization event in London also attended. The second session was held specifically for the Big 5 attendees. The feedback received from participants following the training was very positive. These training events were also significant in bringing all of the key stakeholders from the TCC together for trade show participation and preparation, including the relevant TCC authorities, CTCI, and TCCC. Feedback received from Big 5 exhibitors regarding the pre-fair services

from our team was very positive. Four out of five participants defined our work before and during the fair as "invaluable" and reported that the exhibition training sessions and materials were of great benefit. We believe these greatly enhanced future export strategies for TCC companies, as well as strengthened CTCI's ability to exhibition support services.

In addition, as part its exhibition services, the CTCI started offering its members new opportunities including technical assistance for promotional materials and assistance during and after the exhibition. This added value to CTCI by providing services that directly benefited its member companies.

Development of "north Cyprus" brand. CTCI's early participation in trade exhibitions took the form of separate stands for each exhibiting TC firm under their own brand name. However, realizing that separate stands without an established brand name did not create the needed visibility, EDGE assisted CTCI in the development of a "north Cyprus" brand in early 2007. The brand debuted in February at Gulfood 2007 in Dubai, UAE, which is the largest food and beverage show in the Middle East. CTCI subsequently used the 'north Cyprus' brand for the November 2007, Dubai Big 5 trade exhibition's umbrella stand, with growing success and recognition from visitors, as well as event organizers. The brand was introduced in Europe in February 2008 at the FruitLogistica exhibition in Berlin, Germany. CTCI participated in Gulfood 2008 and the Buildex Exhibition in Damascus, Syria under the same brand.

The "north Cyprus" brand provided a visible mechanism for the marketing of TCC products at targeted exhibitions. The following is an overview of the exhibitions and the results achieved at each:

Gulfood 2007, Dubai, February 2007. This was the first international exhibition at which CTCI participated under the "north Cyprus" brand. Five dairy producers and one honey producer attended the event as part of CTCI's "umbrella stand". One of the participants signed a comprehensive agreement with a United Arab Emirates-based company to distribute dairy products to the UAE and Saudi Arabia.

In addition, two exhibitors obtained multiple orders of dairy products from buyers in the Middle East as a result of contacts made at this event. Unfortunately, due to lack of milk supply and the sudden increase of halloumi prices (about 33%) due to the removal of subsidies and decline in the value of U.S. dollar, the producers were not able to meet the buyers' demand at the prices upon which they agreed. These developments precipitated EDGE's involvement in the development of a dairy training program in cooperation with MADAG in order to help dairy companies address market issues. Gulfood 2007 also taught us that marketing collateral needed to be improved in order for CTCI's member companies to make a professional and lasting presentation on customers.

Big 5 Construction Exhibition, Dubai, November 2007. We assisted the CTCI in successfully administering a 72 square meter umbrella stand in the Middle East's largest construction fair, called the "Big 5", which is held annually in November. Five CTCI members participated and with EDGE's assistance, CTCI provided training to all of them. EDGE provided technical assistance to organize the umbrella stand, and contributed to its administration with the client companies as well as the fair organizers. The Big 5 Construction Exhibition was the second umbrella stand that the CTCI hosted at an event of this magnitude. We extended technical know-how to the five exhibiting companies in areas of marketing and promotional materials. We contracted a local architecture/internal designer firm to obtain professional

assistance to design a stand façade in order to make it more attractive to visitors. The goal of this design concept was to establish an attractive, reusable, and easy to assemble umbrella stand façade for CTCI's ongoing use. Through short-term technical assistance, the EDGE team held one-on-one advisory sessions with most of the exhibitors to develop a one-page profile for each of the participating companies to distribute during the event.

All five exhibitors were satisfied with all aspects of the event. The following are illustrative success stories:

- Denizalp Ltd., producer of wood-effect aluminum doors signed an exclusive dealership contract with a UAE partner to sell products in more than 15 showrooms in the UAE and Qatar. This transaction would have Denizalp's sales by 35-40% a year. High transportation costs have put this deal on hold, however, as the companies are attempting to find a less costly delivery mechanism. The Dubai-based partner purchased all the sample doors that Denizalp had brought to the exhibition. In addition to the dealership agreement, Denizalp also finalized a contract with an Algerian buyer, which culminated in a contract worth more than €55,000. This sale was finalized in May 2008.
- The exhibitors made an average of 120 contacts per company. Of these contacts, an average of 9 turned into promising sales leads for each company. CTCI and EDGE provided follow up assistance.
- The companies gained invaluable knowledge about competitors, alternative products, pricing, raw materials and technical equipment suppliers, and most importantly, competitiveness of their products in the UAE and nearby markets.

Even though the Big 5 participants were satisfied with the event's outcome, the participants chose not to participate in 2008 due to the fact that their products were not price competitive due to high transportation costs between the TCC to the Middle Eastern market.

Gulfood 2008, Dubai, February 2008. Five TCC halloumi producers exhibited under the CTCI-administered 'north Cyprus' umbrella stand, which consisted of 45 square meters (approximately 486 square feet). Participating companies met with existing customers, which reinforced their presence in the Middle Eastern market. Each made between 3 and 5 sales leads, some of which were from new markets such as Saudi Arabia.

With the assistance of EDGE team members, CTCI successfully resolved a legal complaint filed with the Dubai World Trade Center (DWTC) by the Cyprus Trade Centre in Dubai. The complaint focused on the use of the 'north Cyprus' logo. By using a business-oriented argument, CTCI answered the CTCD's allegations and was allowed to continue its participation.

The EDGE team also made new contacts with honey and jam producers, agri-business projects, potato traders, and fruit juice/snack traders. Contact information for these companies/organizations was forwarded to targeted companies through CTCI.

"FruitLogistica" Fresh Fruit and Vegetable Exhibition, Berlin, February 2008. EDGE assisted the CTCI in securing 24 square meters of space for its "umbrella stand" at this event, which is the largest fresh fruit and vegetable show in Europe. EDGE's agri-business and trade teams worked in close collaboration with the CTCI staff to distribute information on the event, prepared the application forms and the evaluation criteria for the selection of participants, as well as an action plan for participation. Two companies and three growers' associations

attended. Participants included a potato trading company, a citrus fruit packaging and shipping company, "TUK" ("Agricultural Products Board"- authorities' organization), the Guzelyurt-Doganci Citrus Growers Association, and the TC Potato Growers Association. EDGE also conducted training sessions and a series of meetings with the exhibitors to arrange for logistics and stand preparations, as well as to provide guidance and technical know-how for the exhibitors as they prepared their promotional materials. CTCI successfully prepared and administered its first umbrella stand in this exhibition, and the "north Cyprus" branded stand attracted over 100 persons in each of the exhibition's three days. For the first time, the agriculture authorities participated directly in an international exhibition, as the Chairman of the Board and two other representatives of the "TUK" attended. Upon his return, the Chairman, along with the CTCI's Secretary General, briefed the highest representative in the TCC agriculture authority on successes achieved during the event. The briefing allowed CTCI to share valuable experiences with the authorities and to increase its credibility. For the first time, CTCI obtained funding for an exhibition that had been traditionally outside its scope. Specifically, this was the first time CTCI had participated in an agri-business exhibition. This event also represented the first time that CTCI and TCCC collaborated in an international exhibition.

Buildex, Construction Exhibition in Syria, May 2008: This was the first exhibition which CTCI administered on its own, without EDGE assistance. Although we assisted in the administration of the exhibition training to the attending companies, CTCI led the entire process on its own and successfully administered the "north Cyprus' umbrella stand, which included 4 TCC construction materials producers. All participants were very pleased with the exhibition the services they received from the chamber.

As a result of the work we have done with CTCI's staff in sponsoring international trade exhibition participation, we observed that the organization gained increasing competence and professionalism from the participating in its first exhibition, Gulfood 2007, throughout subsequent events. With each event, the CTCI has taken greater initiative and readily assumed responsibility, which has helped participating firms receive greater value from their attendance. The increased ability, confidence, and quality of work of CTCI's staff were also reflected in the level of service they provided to the exhibiting firms. Such results were visible in the preparations for regular member meetings, in the presentations at these meetings, and in pro-actively starting and completing tasks in the process of preparing for the trade events.

1.3.2 Transition from Firm-Level Assistance to Sector-Specific Groups

By the spring of 2007, the EDGE project began to transition away from providing transactional, firm-level assistance toward providing more strategic, sector-level assistance. We made this change in technical approach because we found that our assistance to individual firms did not yield the critical number of successes and replicable opportunities necessary to produce a measurable impact on the competitiveness of the TCC's economy. In addition, the somewhat limited resources available under EDGE compelled us to determine that we should focus on developing the capacities of the TC's stronger sectors to assume greater leadership in strengthening their product offerings and the business environment in which they operate rather than allocate resources to the development of a handful of firms. Although we did not wholly abandon firm-level assistance, we chose to focus only on those sectors and sector participants that were most committed to improving operations. At the same time, we developed a longer-term strategy to promoting the role of sector-specific business associations and the TC chambers to drive the adoption of international standards and improved business practices. The approach to provide assistance to competitive sectors

through business associations also provided a more definite method to ensure sustainability of our efforts following completion of the EDGE project.

Nevertheless, we did continue to provide assistance to specific small- and medium-sized enterprises. We assisted Kantara Honey & Fruit Preserves in its purchase of laboratory equipment, laboratory supplies and the procurement of a filling, labeling and packaging machine that would enable the company to package honey in market-desired 20ml plastic cups. After this, we helped the firm establish the on-site laboratory to run the tests in order to measure HMF (5-hydroxymethylfurfuraldehyde) values in honey, which was essential to evaluate the conformity of honey to current legislation. We assisted the company in increasing its production capacity by 50%, which yielded an increase of 20% sales in the first year with an additional 75% increase expected in the coming years.

We also assisted GKS Limited, a large local company, in the development of a business plan and preparation of a 'Master Franchise Business Plan' for Gloria Jean's Coffees, resulting in the opening of the first Gloria Jean's Coffees outlet in December 2007. Since its opening, this outlet has developed a strong retail client base in the TCC. This marks the opening of the first legal franchise of an international chain in the TCC. We also finalized a business plan for the historic Buyuk Hamam in Nicosia in collaboration with Evkaf and the current hamam operator.

1.4 EDGE Project Latter Stage – 2007 – 2008

1.4.1 CTCI and TCCC Capacity Development

By mid-2007, the EDGE project's relationship with the two chambers in the TCC had grown sufficiently through our Tri-Chambers meetings, our support of international trade exhibition participation and other joint projects to propose the formation of an institutional capacity-building program for the chambers themselves. The purpose of the program was to improve their capacities to provide more valuable and tangible services to their members, to strengthen their abilities to promote TC trade, and to serve as a catalyst for improving the business environment to support enterprise growth. We determined that we would start by conducting a strategic planning workshop for the chambers. Prior to the coordination of the strategic planning sessions, however, the EDGE team helped the chambers in conducting membership satisfaction surveys to identify services that members needed and to establish priorities for implementation. This was the first time that either chamber had initiated such a survey.

With the survey results in hand, EDGE facilitated the delivery of strategic planning workshops for both chambers in March 2007. We fielded Larry Milner, a business association specialist, on a short-term assignment to conduct an off-site strategic planning workshop with each chamber as well as for the Turkish Cypriot Banks Association (TCBA). We also organized one-on-one consulting sessions for the executive staff and board of directives of each organization. The activity provided an opportunity for each organization to articulate and refine its vision, mission, goals and objectives in order to establish the foundations for a medium-term strategic plan. Each organization then developed a detailed 3-5 year action plan that focused on activities through which they could play a more active role in building TCC competitiveness through advocacy and the delivery of demand-driven programs. We also assisted each organization in preparing a detailed presentation on the results of the strategic planning activity to share with their boards of directors.

With the arrival in September 2007 of our resident specialist in business association capacity development, we began to make significant advancements in area of chamber capacity building. Consequently, the EDGE team began to employ a methodology for building the capacity of TCC business associations, based on a building-block developmental model that promotes empowerment and sustainability. The model builds resources in the following four functional areas:

- **Foundational.** Developing a sound and transparent governance foundation, including the creation of organizational documents and processes that are consistent with international best practices.
- **Informational.** Creating and implementing effective communications strategies both for internal membership and the external community, including publications, web sites, news media coverage, and other communications media.
- **Developmental.** Developing and strengthening skills and the capacity to create and implement effective programs and services.
- **Financial.** Building organizational sustainability through appropriate financial planning, budgeting and reporting.

To enhance the application of this model to TCC business associations, the EDGE team provided technical assistance in three areas: customized technical assistance/capacity building within targeted associations; creation of various developmental resources for use by TCC business associations; and a program of internal capacity building for our teams within the EDGE project. We developed several developmental resources, which will be used by TCC business associations in the future, including the following:

- A 300-page *Business Association Guidebook* (Turkish and English). The guidebook provides an overview and practical examples of international best practices in key association development areas.
- A 100-page *Guidebook to Business Association Advocacy*. The guidebook provides an overview and practical examples of best practices in association public policy advocacy.
- A *Business Association Diagnostic Survey* to assist TCC associations in identifying potential gaps in key organizational areas as well as to benchmark organizations for evaluation purposes.
- An *Organizational Communications Guidebook* to assist TCC organizations in designing, delivering and evaluating a communications strategy.
- *Twelve business association development and capacity building modules* for use in a workshop series that began January 2008. The modules focus on key areas of organizational development including governance, strategic planning, program development, public policy advocacy, financial reporting, and marketing.
- Comprehensive Business Development Services (BDS) curriculum for use in training an internal EDGE team in advance of Training of Trainer (ToT) sessions with proposed TCCC and CTCI staff members and contractors. The modules address business plan development, marketing, customer service and financial reporting. The BDS program is described in detail later in the report.

Throughout 2008, we continued to make significant contributions to the development of business associations in the TCC. The EDGE team delivered the first in its planned series of twelve business association development and capacity modules during a workshop beginning in February. Eighteen representatives from eleven TCC associations attended the workshop, which focused on governance, communications, and program/service development. In

addition to providing a unique environment for sharing and learning, the workshop generated lengthy discussions by and suggestions from participants. The participants were also provided a copy of the EDGE Business Association Development Guidebook in Turkish, and a compact disc that contained examples of organizational development documents from around the world. The workshop evaluations highlighted the event's success as 74 percent of participants reported that the workshop met their expectations and 21 percent reported that it exceeded them. As promised during the workshop, the EDGE project began sending "best ideas" e-mails that cover specific topics relative to association development. These e-mails are sent every two weeks and usually contain attachments with additional information. The EDGE program delivered its second workshop in June 2008, focusing on 'Best Practices in Public Policy Advocacy.' The workshop featured a discussion of best practices in the field, as well as an explanation of the thirteen step public policy advocacy process, called "The Advocacy System". The advocacy system included the following steps, which were adapted from international best practices:

1. Creation of advocacy coalition team
2. Training of advocacy coalition team and representatives
3. Identification of issues
4. Prioritization of issues
5. Development of policy recommendations
6. Creation of timeline
7. Compilation of business agenda
8. Public launch of business agenda
9. Development of issue papers
10. Coordination of grassroots support
11. Direct advocacy
12. Evaluation of advocacy effort

By utilizing the advocacy system, TCC business associations increased their ability to hold constructive dialogue with the authorities. The system also laid the groundwork for future initiatives under the Promoting Private Sector Development (PPSD) project. We will continue conducting these workshops throughout the follow-on project to EDGE.

As part of its business association capacity building effort, the EDGE project also produced 150 English-language copies of the Business Association Development Guidebook for distribution by the Cyprus Chamber of Commerce and Industry (CCCI). CCCI will distribute these to sector-specific associations in the GCC, as well as to their own district offices.

Cyprus Turkish Chamber of Industry (CTCI)

Prior to our initial assistance in helping the CTCI develop its strategic plan in mid-2007, we provided it assistance in conducting a survey of its members. The CTCI survey covered its entire membership, and also provided updated information for its member database. The results indicated that CTCI's services to its members were considered to be inadequate and that it needed to improve its image among its members. Analysis of the results determined that the CTCI needed to:

- Develop a vision, strategy and action plan.

- Improve the level of trust and image among its members. CTCI had a negative image and was seen as a somewhat 'standard' organization that was neither effective nor ineffective. Many members believed its policies were ineffective and unsuccessful.
- Expand the services offered to members, including: conducting of sectoral analyses and market research (local and international); initiation of an open dialogue with members; promotion and sponsorship of participation in international fairs; conducting of international advertising; and development of effective advocacy campaigns in response to members' needs as well as to improve the local business environment.
- Improve the quality of services to members to convince members that new services that may be offered are worth the price charged.
- Develop a campaign for the promotion of local products sold within the TCC, including the local procurement of goods and services by TCC authorities.

After the survey responses were distributed, the EDGE team helped the CTCI in further updating and refining its action plan, which created a foundation on which our business association development methodology could be implemented. EDGE began its work by establishing a weekly meeting schedule to address the following issues:

Governance. We devoted significant resources to the development of the CTCI as a viable and influential business association in the TCC. We assisted the CTCI in revising its bylaws to incorporate international best practices, including: (1) changing the number of directors on CTCI's board; (2) modifying board election procedures; and (3) developing an advisory board to involve more members in the decision-making process. Revised bylaws were then reviewed by a local attorney to ensure applicability with TCC "regulations." We also assisted CTCI in the drafting of a code of ethics and personnel manual to ensure transparency in its operational and leadership processes.

Advocacy. As a result of our work with CTCI, it began to take a more proactive role in public/private policy issues. In late 2007, the CTCI conducted three press conferences expressing its views on public policy initiatives. The subjects of these events were: (1) fifteen recommendations and how to overcome challenges within the industrial sector; (2) "halloumi / hellim "Protected Designation of Origin" (PDO) registration in the European Union; and (3) a unified social security "law". CTCI also took an initiative to launch a "buy-local products" campaign in collaboration with the education authorities; however, this initiative was not successful, due to lack of funding and marginal interest on behalf of the education authorities. There was also an acute lack of planning by all parties involved. Nevertheless, CTCI learned lessons from this failed advocacy project. One of the most significant was that regardless of good intentions, it is necessary to carefully plan initiatives before they are launched. Things that sound good on paper often are not as palatable in practicality.

Organizational Structure, Staffing and Processes. EDGE also initiated an extensive workflow process analysis to provide recommendations on changing CTCI's organizational processes, staffing and program structure. This led to a revised organizational chart that reflects the CTCI's organizational needs for the future. We assisted the CTCI in creating full job descriptions for staff members as well as an organizational calendar, which allowed for longer term planning and more effective organizational communications. In addition, we provided CTCI with technical assistance in creating a professional Program Development Officer position along with assistance in candidate recruiting and selection. Through this newly created position, CTCI began providing fee-based technical assistance to members such as business development services and proposal development. Similar to the workflow analysis, we also initiated a communications audit in order to identify potential gaps in CTCI's

communications strategy relative to members and international stakeholders. Following this, we worked with the CTCI to develop an overall communications strategy to ensure that it effectively communicates both internally and externally.

Financial Management. To promote CTCI's sustainability, we began development of a five-year organizational sustainability matrix that will help it plan its future resource stream. We proposed that the CTCI change the calculation of annual dues to a tiered structure based on the services members desire. This will allow for increased revenue capacity while focusing on demand-driven programs and services.

Fee-Based Services. CTCI realized long ago that in order to be financially sustainable, it needed to find new sources of revenue in addition to its membership dues. As part of the implementation of its strategic action plan, the EDGE project assisted CTCI in the design of two new fee based services. The first is the Exhibition Services initiative, which the CTCI has already been providing to its members, with EDGE's assistance, since it first attended Gulfood in 2007. During the first quarter of 2008, we assisted CTCI in formalizing a fee structure for this service, as well as developed a concept paper detailing the services to be offered. We also assisted CTCI in the revision of the application form and the contract that it offers to companies that are interested in participating in international exhibitions.

We also assisted CTCI in developing a second fee-based service that focuses on offering Business Development Services (BDS) to its members. This service, which was in collaboration with the Turkish Cypriot Chamber of Commerce (TCCC), filled a significant gap within the TC's financial sector by providing a mechanism by which lending institutions could provide credit based on financial information rather than the strength of personal relationships. This program represented the first truly collaborative, fee-based service implementation effort between the two TC chambers, and, therefore, was an important first step toward synergetic programming in support of private sector development. The program details are described under the BDS section of this report.

Finally, we continued our work in building the capacity of CTCI's Program Development Officer to design, implement and evaluate fee-based services. As a first step, we provided her with specific training in developing proposals for European Union grant programs, which resulted in her work with two member companies that were interested in applying for the programs. Due to a close collaboration with the European Union, demand for BDS has been strong and CTCI has turned this program into a substantial source of new revenue.

Turkish Cypriot Chamber of Commerce (TCCC)

The CTCI was more responsive to receiving EDGE's assistance earlier in the project than was the TCCC, although with the arrival of the TCCC's new president in 2007, it significantly increased its level of participation in EDGE's capacity-building initiatives. The arrival of EDGE's resident specialist in business association capacity development was also a major catalyst in TCCC's increased level of participation as his day-to-day contact with the chamber built the trust necessary to move forward with even the most difficult initiatives.

As with the CTCI, the EDGE team assisted the TCCC in initiating a member satisfaction survey, which was completed in September 2007. The stratified sample included a representative sample of 407 of TCCC's 3,557 members. Size and sector of the businesses were taken into consideration in determining the sample group. In addition, 14 in-depth

interviews were conducted in order to collect more detailed information. The following is a summary of the survey's findings:

- The TCCC and its members had serious communication problems, as 71 percent of the members stressed a strong need for more regular communication. One-third of the members noted that they had no communication at all with the TCCC.
- Members that participated in activities organized by the TCCC were usually satisfied with the activities and found them beneficial. However, nearly two-thirds of the members did not participate in any activities, mostly because they either did not hear about them far enough in advance or did not hear about them at all.
- One-third of the survey participants characterized the TCCC as neither successful nor unsuccessful, while one-fifth of the members did not state an opinion. Of those who stated an opinion, 28% stated that they viewed the TCCC as successful, while 19 percent viewed the TCCC as unsuccessful. It was also notable that the majority of the business representatives chose 'successful' and not 'very successful' to characterize the TCCC.
- There was a need to increase existing beyond specific professional topics to include those related to macro-economic conditions affecting trade. The request for expanded member services included the preparation of reports and the organization of seminars to inform members of "legislative" changes. The survey participants also expressed interest in receiving general economic assessment reports, which would help their companies better prepare for the future.
- Members stated that one of their priorities was for the TCCC to conduct regular market research and surveys to identify specific member problems.
- According to its members, there was a need for the TCCC to
 - a) Be more effective in lobbying to produce positive results.
 - b) Update its member database with current contact information.
 - c) Be more active in developing new initiatives.
 - d) Be more than just a vocational association.

In late 2007, the EDGE team witnessed a positive turn in our relationship with the TCCC, as a result of the election of a new president and a change in board membership. Almost immediately, the new president expressed his interest in collaborating with the EDGE team. This was a rewarding development for us as it demonstrated the TCCC's renewed interest in capacity building. TCCC's willingness to participate in the FruitLogistica 2008 Exhibition also underscored its renewed interest in making significant changes within the organization.

Similar to the internal capacity development initiatives we undertook with the CTCI, we helped the TCCC revamp its organization to improve its institutional performance. Specifically, we completed the following:

- Reviewed and provided recommendations to bylaws, incorporating international best practices, including changes in the following areas: (1) TCCC's governance structure; (2) election procedures; (3) roles and responsibilities of the board and parliament; and, (4) membership structure.
- Undertook an extensive workflow process analysis to improve organizational processes, staffing and program structure, as well as to create a revised organizational chart to reflect changes in future organizational needs. TCCC President Hasan Ince referred to the workflow analysis as a "roadmap for the TCCC."
- Assisted in the development of a code of ethics and personnel manual to ensure transparency within the TCCC's operational processes.

- Created job descriptions for staff members, directors and organizational officers in order to identify roles and responsibilities.
- Conducted a communications audit in order to identify potential gaps in TCCC's internal and external communications.
- Proposed an overall communications strategy to ensure that the TCCC more effectively communicates with both internal and external stakeholders.
- Initiated discussions concerning the development of a tiered membership dues structure, which would allow for increased revenue capacity while focusing on demand-driven programs and services.
- Identified and began development of fee-based services, the first of which was the provision of Business Development Services (BDS).

Organizational Structure, Staffing and Processes. As stated above, EDGE worked with the TCCC to complete an extensive workflow process analysis in order to evaluate its organizational processes, staffing and program structure. During the first quarter of 2008, EDGE team members presented the analysis' results to the TCCC's board of directors, who largely agreed with the recommendations contained therein. The workflow analysis report contained recommendations on how to address workflow processes, personnel issues, communications, and financial management. These recommendations led to several quantum steps in TCCC's continuing evolution as an organization in that it prompted it to adopt international best practices in a number of key areas including programming, finance and personnel.

First, TCCC approved a revised organizational chart that included the addition of three key staff positions and the realignment of other positions. More than seventy applicants applied for the Receptionist, Executive Assistant and Chief Operating Officer positions. The Trade Team assisted TCCC in the creation and application of international best practices for hiring procedures, especially in establishing interview procedures, evaluation criteria and sample questions. As a result of this process, which TCCC implemented at the highest professional level, three new professional staff members were hired. In addition to the Executive Assistant position, the TCCC revised the Chief Operating Officer position into two directorship positions: Director of Operations and Membership and Director of International Relations and Communications. The newly hired staff started work in July 2008, and a month following their hiring the president of TCCC said that "This was one of the most well-advised steps we have taken in TCCC's history."

Second, EDGE assisted TCCC in the development of an extensive communications plan that outlined a process by which the organization could increase its dialogue with internal and external stakeholders. This was also one of the recommendations from EDGE's workflow process analysis. The initial step in upgrading communications was to modernize the organization's logo and to develop an organizational identity file. Following the board of directors' approval of this initiative, EDGE worked with the TCCC to initiate the logo modernization as a first step. We assisted the TCCC in procuring the services of a professional advertising agency to provide creative input. Since, TCCC's existing logo is an internationally recognized symbol, it was determined that the changes should be subtle in order not to undermine the visual brand. For this reason, the advertising agency focused on modernization versus the creation of a new logo. Once the logo was modernized, a new corporate identity was created, which included the printing of new corporate materials such as business cards, envelopes and flags. The TCCC's organizational identity initiative also included a redesign of the organization's website. This redesign will allow TCCC to reflect the changes in its image as well as potentially bring in additional revenue from advertising and

links as the site continues to evolve. The EDGE team provided technical assistance for the website redesign as well as other phases of the organizational identification initiative.

Communications: Out of date membership information was a major problem for TCCC as it presented a barrier in its communication with its members. The EDGE team provided financial and technical assistance for the design and implementation of a membership information update initiative, which was conducted in June and July 2008. Four temporary part-time personnel were recruited, trained and employed during this timeframe to call approximately 3,500 active members in order to update their information. As a result of this initiative, TCCC updated the information on nearly 75% of its members. The effort to update the remaining 25% of the membership list is ongoing. TCCC's information officer, who has been tasked with managing the database and ensuring quality of the data, conducted training for TCCC's membership services staff to ensure that certain standards were followed with regards to data collection and entry.

In addition to its re-branding and database initiatives, the TCCC also designed and conducted a series of regional meetings, the first two of which were in Famagusta and Kyrenia. The purpose of these meetings was to provide information to members on TCCC's activities in support of the private sector and to gain input as to proposed areas of future focus. Both meetings were well attended and members expressed their appreciation for the organization's increased focus on communications.

Data Management and Information System. One of the initiatives we launched specifically with the TCCC was the development of a new, web-based and integrated membership and accounting system for the TCCC. Lack of effective member communication was a well-known problem at the TCCC, even before the membership attitude survey confirmed this deficiency. The EDGE team helped the TCCC identify, through competitive bidding process, a business service provider to update its system. The project met its objectives through modernization of TCCC's information technology system. TCCC staff commented that the system was "beyond our expectations" and proclaimed it "much easier to use". The system maximized data sharing, increased efficiency, and integrated Green Line regulation information with the rest of the data to allow for faster document production and detailed statistical analysis.

Advocacy. During the first quarter of 2008, the TCCC led a visible and vocal public policy advocacy effort in opposition to the authority's proposed "regulation" of operating hours for supermarkets and other retail stores. The TCCC developed a coalition that included nine other associations and waged a campaign through a combination of media and public meetings in order to advocate its position. In the end, this effort achieved its desired result as the authorities withdrew the offensive "regulation". In addition to achieving its goal the campaign established a new model of collaboration that will be useful as the private sector continues to organize. This campaign increased TCCC's visibility and established it as a force with which to be reckoned from an advocacy standpoint.

Fee-Based Services. Although TCCC realized that it needed to develop fee-based services, its immediate focus has been on implementing the organizational changes necessary to increase its capacity. Even so, the TCCC embraced the idea of providing Business Development Services and decided to collaborate with CTCI in providing them. Due largely to increased demand for these services caused by collaboration with European Union through its SME Grant Program, TCCC and CTCI successfully launched BDS as a core fee-based service.

EDGE's work with TCCC continues and significant progress is being made. We will continue to assist it in strengthening its institutional capacity by implementing strategic, member-oriented programs and services.

1.4. 2 Cyprus Producers Network (CPN) Project

At one of the early Tri-Chamber Roundtables, CCCI, CTCI and TCCC agreed to form a bi-communal project to promote buyer-supplier linkages and increase Green Line trade. All three chambers agreed to prepare a joint proposal for consideration by UNDP-ACT. In August 2007, the chambers received funding to implement Cyprus Producers Network, a bi-communal initiative designed to establish a network between Turkish Cypriot and Greek Cypriot businesses with the goal of increasing cooperation and business linkages.

EDGE provided overall coordination for the CPN project through July 2008, when the implementing chambers assumed its ongoing management. The CPN project undertook the following activities:

- **Mono-communal Trainings:** The chambers coordinated a series of Green Line trade seminars in the TCC and GCC in November and December 2007. CCCI organized and delivered seminars in four different locations in the GCC, successfully reaching more than 100 businesspeople. In addition to information on Green Line trade, these seminars focused on communications techniques and cultural realities of dealing with Turkish Cypriot business leaders. CTCI and TCCC jointly organized and delivered two seminars in two TCC locations, successfully reaching approximately 50 business people. The seminars conducted in the TCC focused on opportunities in the Green Line Trade, importance of standards, packaging and labeling of the goods that can be traded over the Green Line as well as communications tips in dealing with the Greek Cypriots.
- **CPN Web Portal:** Through the CPN project, EDGE assisted the chambers in the development of a user friendly, easy to navigate web portal to provide TC and GC businesspeople with a mechanism to access information, communicate effectively and promote bi-communal trade. The web portal, which can be accessed at www.cpnnet.net is expected to "go live" in August 2008.
- **Business to Business Meetings:** The purpose of the business to business meetings was to promote the development of transparent and sustainable business relationships between GC and TC companies. Since the EDGE program found that development of trust is the single most important factor in the development of long-term business relationships between the communities, the initial focus of these meetings was not to immediately facilitate trade, or even business relationships, but rather to begin the process of cooperation, understanding and trust. Through the CPN, the chambers organized and conducted five sectoral business to business meetings in April 2008. The CPN technical committee, consisting of representatives of the implementing chambers, identified the sectors based on the products that were traded most across the Green Line. The exception to this criterion was to host a meeting for the information technology sector since the chambers believed there was an opportunity to increase collaboration specifically within this sector. The following is a list of the schedule, sectors and participants:

Date	Sector	Greek Cypriots		Turkish Cypriots	
		Companies	Individuals	Companies	Individuals
April 3, 2008	Food and Beverage	14	16	15	23
April 7, 2008	Furniture	5	6	20	30
April 10, 2008	Building Materials	12	15	12	16
April 14, 2008	Paper, Plastic and Chemical Products	6	7	8	13
April 17, 2008	Information and Communications Technology	17	22	16	21
TOTAL		54	66	71	103

The meetings achieved the desired results in that they built the trust necessary to facilitate business transactions. To date, two TC companies reported that they have started selling products to GC partners they met at the business to business events and follow up by the chambers is ongoing.

- **Green Line Trade Survey:** This survey was conducted in order to identify the attitudes of each community relative to Green Line trade by attempting: (1) to measure business leaders' perspectives of Green Line Trade, (2) to identify the problems that businesspeople face when trading over the Green Line, (3) to illicit recommendations to ease the constraints of Green Line Trade. The survey results were discussed at the Tri-Chambers Round Table meeting and provided significant insight for future program development.

1.4.3 CTCI and TCCC Joint Business Development Services (BDS) Initiative

Late in 2007, EDGE began working with TCCC and CTCI to plan a Business Development Services (BDS) initiative to a) address the demand of their members for assistance in business planning and access to credit, b) provide TCC banks with a mechanism to reduce risk by receiving pertinent business information from potential borrowers, and c) create a fee-based service to increase organizational revenues. Our objective in supporting the BDS program was to help companies improve their own corporate governance, financial management and business planning by providing consulting services through TCCC and CTCI.

The Chambers designated either staff or contractors to receive training from the EDGE team. In all, we trained ten BDS specialists from TCCC and CTCI, as well as one specialist from the Turkish Cypriot Chamber of Artisans. EDGE team members Ayzer Mungan, Berna Berberoglu and Simge Ozsuer developed the curriculum and presented the training as well as provided individualized follow up to ensure proper use of the acquired skills.

The program's success was enhanced by collaboration with the European Union, which at EDGE's recommendation created demand for BDS by requiring that applicants for its SME grant program submit a business plan. Because of this, EDGE's BDS training course participants immediately used their skills to serve real clients, while at the same time increasing chamber revenues. EDGE continues its follow up to ensure sustainability of this service through the participating chambers.

1.4.4 Sector Association Capacity Building

In addition to its work with TC chambers, EDGE worked closely with sector-level associations as well. Because of its focus on sector-level assistance, EDGE had developed a working relationship early on with many of the associations that served its target sectors. However, after making the decision to transition from Firm Level Assistance (FLA) to the development of capacity within business associations, the scope of this interaction changed. By mid-2007, EDGE was taking a much more proactive approach with associations in the tourism, information technology, agri-business and banking sectors.

With the arrival of our business associations specialist in September 2007, the EDGE project initiated diagnostic studies to ascertain the capacities of the business associations serving the TCC target sectors, namely the Cyprus Turkish Hoteliers Association (KITOB), the Turkish Cypriot Travel Agencies Association (KITSAB), the Turkish Cypriot Tour Guides Association (KITREB), the Turkish Cypriot Restaurant Association (RES-BIR), the Turkish Cypriot Information Technology Association (TCITA), the Turkish Cypriot Chamber of Agricultural Engineers (TCCA) and the Turkish Cypriot Banks Association (TCBA). A diagnostic was conducted of each association and customized assistance provided according to EDGE's business association development methodology. This included but was not limited to the following:

- Initiation of member satisfaction surveys to assist in the development of demand-driven programs and services.
- Development of strategic plans that focused on creative but measurable results.
- Development of membership and stakeholder databases to facilitate adequate internal and external communications.
- Assistance in the initiation of advocacy campaigns to address public policy issues within each sector.
- Promotion of attendance at capacity-building events such as EDGE's business association development workshop series.
- Initiation of ongoing meetings to provide customized capacity building for association staff members and volunteers.

In working with our sector-level association partners, we focused primarily on governance, programming and communications, as we had with the chambers. Within this methodology, however, the customization of a plan for each association was determined by a prioritized strategic plan of which EDGE facilitated the development. The following is an overview of the assistance provided to our sector-level business association partners:

Turkish Cypriot Tourism and Travel Agencies Association (KITSAB). From the beginning of our work with sector-level business associations, we reached out to KITSAB as it represented a significant sub-sector within tourism. While the organization was unwilling to fully embrace EDGE's capacity building initiative, KITSAB representatives attended Business Association Development Workshop and adopted several techniques to build organizational capacity. This was especially true in the area of public policy advocacy. Soon after the workshop, KITSAB held a series of meetings with stakeholders, including other tourism associations, in order to develop synergy within the sector. In addition, it hosted a dinner for Turkish Cyprus Airlines officials in an effort to promote the establishment of more flights to north Cyprus. These events were the first time that tourism organizations had worked together in a formal way to address issues within the sector and while the results were not immediate, they did raise the profile of the associations as a whole.

As part of our effort to assist KITSAB in upgrading its communications, we assisted it in preparing posters as marketing collateral for tourism exhibitions. More than 2,000 posters depicting five focal areas of TCC tourism (history, culture, people, cuisine and adventure) were produced and used for the first time at exhibitions in the United Kingdom and Morocco. With KITSAB's agreement, we sought out and evaluated feedback on the posters that was provided by international tourism communications experts. KITSAB agreed to consider and implement certain recommendations made by international experts in order to improve the effectiveness of the posters for the coming events. However, once the input was gathered, KITSAB was hesitant to change the posters even though the experts felt that as a whole they did not create enough "buzz" for the TCC's tourism product. Still, KITSAB agreed to begin development of a communications strategy for the development of a collaborative tourism brand, as each of the relevant associations in the sector liked the idea of working in collaboration for sector improvement. To date, KITSAB has taken small steps toward the development of capacity in terms of EDGE's business association methodology, but it has not yet fully embraced the initiative in the same way as TCCC, CTCI and other associations.

Turkish Cypriot Tour Guides Association (KITREB). We achieved full cooperation with KITREB in organizational strengthening and development only near the end of EDGE project implementation. To improve guide services, we provided a draft curriculum outline for the creation of a tourist guide certification program. This included drawing on the experience of TCC tour guides that have already received training from the World Federation of Tourist Guide Organizations (WFTGO). We also assisted the association in the initiation and design of four continuing education programs, as required under the TCC's new "law" for tourist guides that wish to renew their certification. We also initiated a review of possible fee-based programs and services that KITREB could offer that are consistent with its mission. In addition, we assisted the association in upgrading its website and creating a new logo.

Turkish Cypriot Hoteliers Association (KITOB). KITOB was another association to which we reached out early on in the project. As one of four primary associations within the tourism sector, the industry would greatly benefit from KITOB's contributions. EDGE's early efforts included an assessment of small hotels in order to provide construct feedback on facilities, customer service and amenities. This assessment led to some improvements in small TC hotel properties, but did little to strengthen the overall association. KITOB's board of directors and management seemed singularly focused on the hotel industry and until mid-2007 cooperated little with other associations in the sector. EDGE did not work with KITOB on major capacity building initiatives due to the organization's reluctance to change its governance, programming and communications. While EDGE has remained engaged with KITOB's leadership and has been helpful in providing access to international best practices information on the industry as well as statistics, it has not undertaken a capacity building process. It has, however, developed stronger alliances within the sector and due largely to EDGE's ongoing commitment; it has forged collaborative relationships with RES-BIR, KITSAB and KITREB in an effort to bring synergy to the sector. This included significant work in the area of public policy advocacy on issues such as increasing the number of flights per day into the TCC and assistance from the authorities in better promoting the TCC's tourism product.

Turkish Cypriot Restaurant Association (RES-BIR). RES-BIR was another organization of potential importance to the TCC tourism industry. Again, EDGE reached out to this association early on in the project and attempted to engage it in a comprehensive capacity building program. Like KITOB, RES-BIR chose to forego work on capacity building in favor of other initiatives that focused solely on its industry. In late 2007, however, EDGE and RES-

BIR developed a working relationship that led to the association's participation in collaborative public policy advocacy initiatives with KITOB, KITREB and KITSAB. This newly-forged collaboration culminated in a series of campaigns to promote additional flights by Turkish Airlines and other carriers to the TCC and increased marketing in target countries.

Turkish Cypriot Banks Association (TCBA). EDGE formed a strong bond with the TCBA early on in the project and maintained this relationship throughout its duration. This included the facilitation of a strategic planning retreat, assistance in the development of a work plan, and the initiation of a comprehensive training program for mid and upper level bank management. The relationship was cemented, however, in late 2007 when EDGE conducted an overall evaluation of TCBA and offered specific recommendations to its board of directors for consideration. The three primary recommendations were for the association to a) hire an executive director and other paid staff, b) find a suitable office location, and c) become active in public policy advocacy initiatives within the sector. In December 2007, TCBA hired Halil Okur as its executive director and also added paid administrative staff. Mr. Okur led the TCBA in finding suitable office space as well as its involvement in a number of high-visibility advocacy initiatives including Anti-Money Laundering (AML), establishment of an electronic payment system at the "Central Bank", and revision of the banking "law" in the TCC. This involvement led the representative of a major donor organization to remark that, "The TCBA is the most visible and effective association in the banking sector." Bulent Berkay, TCBA's president, remarked in May 2008 that "EDGE has been the source for the information, advice and support we (TCBA) needed to build a strong organization".

Turkish Cypriot Chamber of Agricultural Engineers (TCCAE). While the EDGE program continued to support individual growers participating in our alternative crops program, we wanted to identify an institution serving the agri-business sector through which we could begin to transfer responsibilities to deliver firm-level assistance (FLA) to the sector. As part of our association development strategy, we also wanted to build capacity within the TCC to initiate and deliver agricultural extension services. Initially, we pursued discussions with the TCCC and CTCI to develop a collaborative strategy for agri-business enterprise support, which would serve segments of both chambers' memberships. We proposed development of an Agri-business Support Center as an "affiliate" of both organizations, possibly with support of European Union funding. We briefed the chambers on our own agri-business development efforts, developed a plan to communicate with agri-business organizations, identified and prioritized potential programs and services as part of the proposed support strategies, and identified potential funding sources for the center's development. As these discussions unfolded, however, it became apparent both to EDGE and the chambers that this was not the right approach, as organizationally and financially it created an unwieldy structure. In late 2007, the EDGE Agri-business team began to look for another organization(s) with which to partner on this initiative.

In early 2008, the Turkish Cypriot Chamber of Agriculture Engineers (TCCAE) asked us to help it deliver a seminar on GLOBALGAP certification. Approximately 50 farmers, authority representatives and potential investors attended the seminar, which initiated interest by twelve farmers in attaining GLOBALGAP certification. Subsequently, the EDGE team agreed to collaborate with the TCCAE on a variety of other programs. At the same time, the association expressed interest in participating with us in launching next round of our alternative crops program, the promotion of cactus fruit. The training event's success and the TCCAE's continued enthusiasm for EDGE's activities within the agri-business sector, initiated discussions concerning the development of an Agriculture Extension Service.

As a result, we invited the TCCAE to participate in our association development program in preparation for its initiation and promulgation of agricultural extension service activities. We also provided assistance in the development of TCCAE's governance and programs through the initiation of an ongoing mentorship process. In addition, TCCAE officials assisted in the planning of a cactus fruit study tour to Israel in order to learn how to design, conduct and evaluate such an event.

Most effective, however, was the internship program that EDGE initiated with the TCCAE. Under this program, TCCAE and EDGE began the process of establishing the agriculture extension service by developing a cadre of trained professionals to provide direct assistance to farmers. EDGE supported this effort by providing internships to a TCCAE representative, Sima Sisman, who received training in GLOBALGAP certification as well as alternative crops. This program will expand under the Promoting Private Sector Development (PPSD) project.

Ms. Sisman "shadowed" EDGE Agri-business team members and consultants over a three period in order to learn the technical aspects of providing on-site technical assistance to growers. She was trained in a variety of agri-business processes including alternative crop management, pest control, irrigation, standards, and overall production techniques. In addition, a TCCAE representative was trained in the provision of Business Development Services (BDS) and marketing in order to assist growers in accessing credit.

An extension service is a unique entity that will assist TCC agri-businesses in becoming more competitive both domestically and internationally. In addition, it will establish TCCAE as a major player in agriculture-related assistance, which will enhance its visibility and sustainability. Collaboration with TCCAE on this and other initiatives allowed the EDGE Agri-business team to transfer its knowledge to an indigenous organization that could sustain agriculture support activities into perpetuity. The process it used to transfer this knowledge became an example for other EDGE teams as well, as it focused on individual capacity building as a way to increase organizational strength.

Turkish Cypriot Citrus Growers Association (TCCGA). Throughout the project, the EDGE team also provided limited assistance to the Citrus Grower's Association in trade fair exhibiting, upgrading its packaging unit's web site, researching information on new processing technology and making contacts with machinery providers to secure equipment to upgrade its processing facility.

Turkish Cypriot Information Technology Association (TCITA). The EDGE project began work with the Turkish Cypriot Information Technology Association (TCITA) in August 2007 at a time when the association was at an 'infant' stage of development. With our assistance, TCITA made progress in its evolution toward sustainability by initiating the following activities:

- Development of a comprehensive strategic plan that included vision and mission statements, as well as prioritized objectives and action steps.
- Development of committees in governance, program development and communications to implement various elements of the strategic plan.
- Development of a communications plan in order to enhance its outreach to members and external stakeholders.

- Initiation of a European Computer Driver's License (ECDL) laboratory to enhance basic computer usage within the TCC authorities and business community. This was TCITA's first fee-based service.
- Commitment to address other organizational issues such as:
 - A tiered membership dues structure based on member resources
 - Other fee-based services consistent with the associations' vision and mission.
 - A three-year sustainability strategy beginning fourth quarter of 2008.

In order to provide baseline information about the sector and its importance to the TCC economy, prior to our engagement with the association, EDGE conducted a survey of businesses, information technology companies, and training providers concerning the usage of information technology in a business context as well as challenges facing the sector as a whole. The results of this survey are included in section 1.2.2 of this report in reference to EDGE's sector-level strategy.

The TCITA received a 20,000 Euro grant from the European Union to develop a European Computer Driver's License (ECDL) laboratory. Since the grant only funded the hardware for the laboratory's development, EDGE and the TCITA agreed to collaborate on the identification and funding of potential trainers to conduct ECDL sessions and prepare participants to take the ECDL certification exam.

Other Associations. A number of other sector-level associations, such as the Turkish Cypriot Chamber of Electrical Engineers (TCCEE), the Turkish Cypriot Businessmen's Association (TCBU), and the Turkish Cypriot Association of Businesswomen (TCAB) routinely attended EDGE's Business Association Development workshop series, though we did not collaborate on customized capacity building measures during the project period. This was primarily due to the fact that our business association development services were demand-driven and required full engagement on behalf of partner organizations. These organizations, while interested and supportive of EDGE's efforts, did not have the ability and/or the will to fully engage in a customized capacity building program, although they are considering do so in the future.

1.5 Future Work: Competitiveness Initiative

EDGE's efforts to build competitiveness within targeted economic sectors will continue under the Promoting Private Sector Development (PPSD) project, as it is critical in preparing the TCC for eventual reunification of the island. Due to the current positive movements in the direction of reunification, there has never been a better time to promote competitiveness. TCC organizations and firms are becoming more and more aware of the need to compete both across the Green Line and internationally, which provides EDGE with a window of opportunity to institutionalize competitiveness by promoting constructive and structure public-private dialogue as well as business competitiveness within targeted sectors. To do this, EDGE will work with its existing and new chamber and business association partners, as well as the TCC authorities and international stakeholders. With the placement of a long term technical advisor for competitiveness, we are making rapid progress in building on the results achieved through the EDGE project.

Trade and Business Association Development Milestones	Month Completed	Year
EDGE Project Launch	July	2005
Enterprise expert begins individual company interviews	August	2005
More than 150 individual company reviews completed	December	2005
"KOBİ Center" and "EDGE" brands developed and launched	January	2006
KOBİ takes one dairy producer client to international exhibition as a visitor – Gulfood 2006, Dubai, UAE	February	2006
Famagusta Shipyard is the first walk-in client with request for business plan preparation and firm level assistance	February	2006
First Tri-Chambers meeting held among CTCI, TCCC, and CCCI	April	2006
First CTCI/KOBİ Center participation at an international trade fair – Iraqi Expo in Turkey	June	2006
First CTCI participation at the GCC International Exhibition with EDGE/KOBİ Center assistance	June	2006
Green Line brochure documenting trade procedures distributed	July	2006
First CTCI umbrella stand at Gulfood Dubai International Exhibition under "north Cyprus" brand	February	2007
TCC exhibitor strikes a deal at Gulfood Dubai to sell halloumi cheese to Qatar and UAE	February	2007
Tri-Chambers launch Cyprus Producers Network (CPN) with EDGE's assistance	March	2007
EDGE changes strategic direction to focus on association/chamber development	March	2007
First "walk-in" client willing to pay KOBİ Center for Business Plan preparation to conclude Gloria Jean's Coffee international franchise agreement	April	2007
EDGE launches chambers' business development efforts	September	2007
Second CTCI international umbrella stand – Big 5 Construction Exhibition, Dubai, UAE	November	2007
TCC Big 5 exhibitor strikes a deal to sell aluminum doors to Qatar and Dubai	November	2007
First potato trade under "contractual growing" terms established between TC and GC firms	December	2007
Workflow analysis conducted and recommendations provided to TCCC and CTCI	January	2008
First official Green Line Citrus Trade from TC to GC completed	February	2008
First international fresh fruit and vegetable fair attended under CTCI umbrella stand – FruitLogistica, Berlin	February	2008
CTCI and TCC exhibitors repeat appearance at Gulfood, Dubai and successfully defend use of 'north Cyprus' brand name to exhibition organizers amid protest from the Cyprus Trade Center in Dubai	February	2008
First Business Association Development Workshop held for multiple chambers and associations	February	2008
Goods worth 55,000 Euros are sold to a customer in Algeria, by a Big 5 Construction fair exhibitor	March	2008
First CPN B2B Meetings held between TC and GC buyers/sellers	April	2008
CTCI and TCCC resolve to expand professional staff based on strategic plan, workflow analysis and chamber reorganizations recommended by EDGE.	May	2008
CTCI hosts umbrella stand at Buildex Exhibition in Damascus, Syria	May	2008
First time full boards of directors of Tri-Chambers meet to discuss GL Trade – 15th Tri-Chamber meeting	May	2008
Results of TCC/GCC Green Line Trade Survey tabulated and publicized	June	2008
Second Business Association Development Workshop held for multiple chambers and associations	June	2008

2.0 Community-Based Economic Development through Eco-Tourism

Tourism is an important contributor to the Turkish Cypriot economy. The natural beauty, rich cultural and historical heritage, expanses of unspoiled shoreline and accommodating weather of northern Cyprus are tremendous assets that the Turkish Cypriot community (TCC) could take greater advantage of to boost income and standards of living, despite the political obstacles that currently limit tourist access. But a legacy of poor urban planning, underinvestment in infrastructure, and policies that promote short-term gain over long-term sustainability has saddled the TCC with an over-developed mass tourism product that contradicts worldwide trends in tourist preferences. Trends in global tourism are a movement away from sun, sea and sand destinations in favor of tailor-made exotic, entertaining, educational and exciting and that are marketed through destination management strategies.

The EDGE team believes that the TCC has the assets to serve both markets. Not only can it improve its performance in maintaining its traditional market position in attracting sun, sea and sand tourists, but it also has the potential to develop a more diversified tourism product that caters to group tourists, special interest tourists and frequent, individual travelers or FITs (free independent travelers). Public opinion in the TCC supports a more balanced approach to tourism that is less damaging to urban areas and the natural environment than the mass tourism and casino business that characterizes the TCC's current tourism product.

Nevertheless, implementation of a large-scale, destination management strategy is currently limited not only by political isolation but also by a lack of vision and capacity by TCC tourism authorities as well as lack of commitment among the group of disparate associations representing the tourism sector to work collaboratively. The "Tourism authorities" have failed to develop a unified tourism strategy that engages private-sector participants, their representative associations and the TC community at large. As with other TC sectors, isolation and subsidies have produced an uncompetitive tourism product, characterized by a poor understanding of customer needs, service standards and marketing channels, in addition to poor infrastructure development and high prices relative to alternative destinations.

Therefore, the EDGE project decided to pursue a destination management strategy of manageable scope that could circumvent obstacles posed by the established TCC tourism sector. We created a community development model that was built on attracting tourists to generate greater revenue to the local economy. This model was supported by another USAID-funded project, Supporting Activities that Value the Environment (SAVE), which provided assistance in the product development phase. The Büyükkonuk eco-village initiative has, in a relatively short time period, empowered a small village to create economic opportunities for itself while stimulating the concept of environmental stewardship to preserve the local environment. It has created a model for rural economic development that can be transferred to other communities within the TCC. Some, such as Dipkarpaz, are enthusiastic about adopting this model for economic development of their own communities. It has also created a mechanism for promoting bi-communal participation in events designed to promote Buyukkonuk-Komi Kebir's destination management strategy and provided a foundation for greater bi-communal cooperation within the tourism sector.

While it will take several years for the Büyükkonuk initiative to become sustainable, the EDGE team has initiated steps to promote its capacity for self-sufficiency. We provided support to transform the Büyükkonuk Eco-Village Committee into a formal, registered community-based association able to raise funds through grant awards and the development and delivery of revenue-generating services to tourists and tourism service providers. It has obtained the

support of local authorities and the community to invest public funds in improving the village's tourism 'product' to generate future tourism revenue. It also provides a model for the eventual development of a national strategy for niche tourism, a viable strategy for a small island economy that can ultimately prove sustainable through widespread public support.

At the same time, as community-based tourism captures an increasing share of the TCC tourism market, the authorities and tourism associations representing established hotels, restaurants, travel agencies, and tour guides may begin to see the benefits of strategy development, cooperation and sound governance models. While these associations had shown little interest in developing sustainable programs and services during the three years of EDGE implementation, the the Turkish Cypriot Tourism and Travel Agencies Association (KITSAB) and the Turkish Cypriot Tour Guides Association (KITREB) have participated in several of EDGE's association capacity-development programs more recently. In the case of KITSAB, we assisted it in the development of tourism posters for trade exhibitions in the United Kingdom and Morocco, while we assisted KITREB with the development of a brochure. These activities were part of the strategic plan initiated by both organizations, but fell short of the significant capacity building necessary to become champions for the sector. EDGE's impact on TC tourism associations manifested itself most visibly through their recent collaborative activities in public policy advocacy. Over time, the combined strength of the associations could lead to significant advocacy successes as they have adopted EDGE's systems-based advocacy model as a guide for their activities.

From a macro standpoint, the associations have begun to pay much more attention to the overarching need for a TCC-wide tourism strategy. KITREB, KITSAB and KITOB, for instance, have initiated dialogue with the TC authorities concerning the creation of a Tourism Promotion Board. EDGE first introduced this concept in late 2006, but it was late in 2007 before it began to gain momentum, buoyed by the major business associations in the sector. Even if a Tourism Promotion Board is created, however, it is clear that the community-based tourism strategy is the most sustainable way for the TCC to enhance the sector. The EDGE team will continue to pursue its strategy to promote development of community-based tourism initiatives over the next three years as the model that can form the foundation of TCC's tourism development efforts.

Key Successes and Results

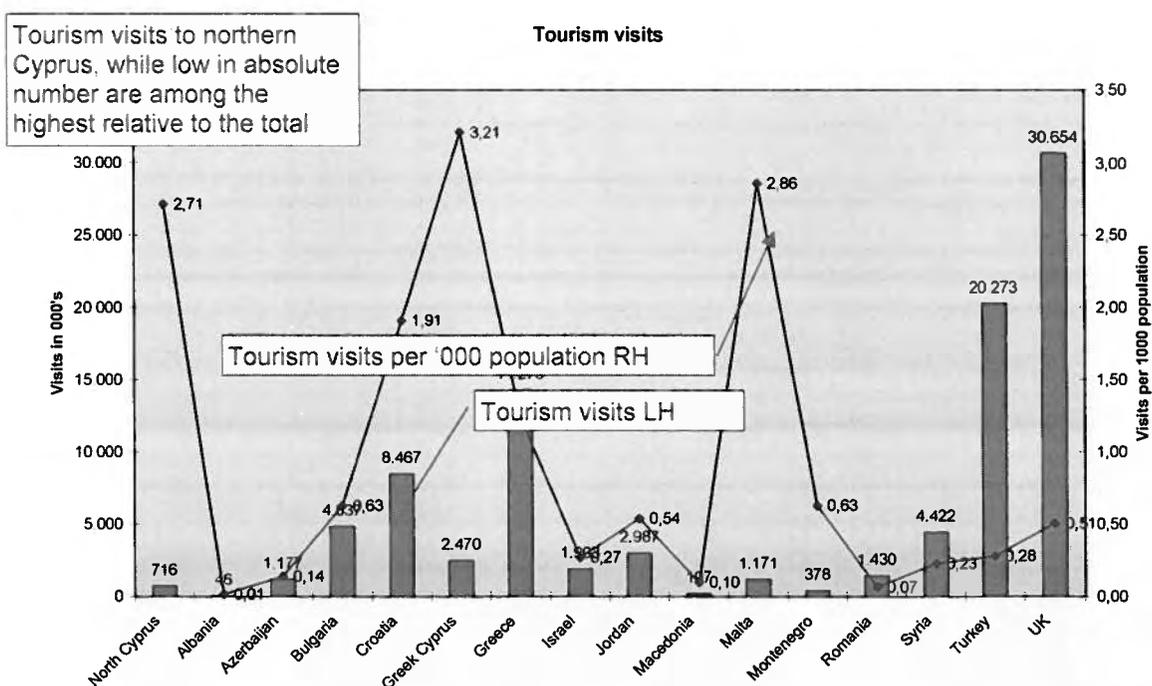
- Facilitated the development and implementation of **cooperation between KITREB, KITSAB, KITOB and Res-Bir, the four primary associations that serve the tourism sector**, demonstrating that collaboration within the sector can lead to success in public policy advocacy.
- Initiated **capacity building processes within business associations in the tourism sector** that led to the creation of heightened cooperation, public policy advocacy dialogue, and the creation of promotional collateral for use at international exhibitions.
- Provided **Firm Level Assistance (FLA) to 7 hotels and guesthouses** in order to upgrade facilities and service.
- Developed and implemented a model for **sustainable, rural economic development through community-based, eco-tourism**, empowering local communities and bypassing political sensitivities.
- Heightened awareness for the handicraft and other tourism-related sectors by

providing assistance in product development, marketing and quality control.

2.1 Sector Strategy Development and Work Plan Initiation

As noted on the graph below, the number of tourists that visit the TCC is small when compared to countries in the region. However, it has one of the highest per capita percentages of the countries included in a study conducted by Oxford Investment Research⁸. For this reason, EDGE realized early on the importance of the tourism sector in the TCC's overall economic portfolio.

Tourism visits (total and visits per '000 population 2007).



Source: World Tourism Organization

With nearly 74% of its GDP in the services sector as of 2006, the TCC's dependence on tourism was profound.⁹ However, as EDGE began to conduct sector-level research, we found that while tourist numbers were increasing, overall revenues for the sector were falling due to lower expenditures per visitor. With this in mind, we embarked on a detailed assessment of the sector, using statistics, desk research and one-on-one meetings to generate input.

EDGE staff began its sector analysis by conducting a number of interviews with TC tourism sector associations and their members and made a number of visits to GC "sister villages" to identify potential joint TC-GC tour products. We also discussed tourism development with the TCC economy and tourism authorities. It also conducted extensive desk research to track historical data as well as to compare data with global trends in small island tourism. This

⁸ Source: Oxford Investment Research 2006

⁹ Ibid

baseline research led us to the conclusion that a traditional approach to tourism development, which focused on capacity building and the promotion of “sand, sea, and sun”, would not provide a significant return on investment nor would it build capacity within the sector. With this in mind, EDGE worked with individuals and associations within the sector to analyze international best practices trends in the global tourism market. This led us to the conclusion that community-based tourism held the potential for a sustainability and profitability in the TCC. After months of research and discussion, EDGE developed a community-based tourism methodology that included three phases: awareness, product development and promotion.

Our numerous visits to tourism businesses and association leaders helped us understand that awareness of this new concept was the foundation on which the model would be built. Because TC tourism operators had mass promoted sun, sand, and sea for so long, it was ingrained in their psyche, making them reluctant to embrace a new model based on niche marketing and acute targeting of customers. In addition, there were only a small number of travel agencies that work with international tour operators to promote special interest tourism such as cultural tours, bird watching, trekking and other activities. Once awareness was created, focus would move toward product development in order to identify and design a community’s tourism niche. The third phase, promotion, would come only after the community understood concept of community-based tourism and had developed a product that could be targeted to specific customers. With the methodology in place, the EDGE team’s biggest challenge was to find a community in which to launch a pilot project.

The EDGE team was particularly interested in working to develop a destination tourism product in the Karpaz region, one of the TCC’s most unspoiled and underdeveloped regions. The Karpaz offered the island’s most unique ecology and represented an alternative to the overdeveloped, mass-marketed tourism sector dominated by the hotel casinos that catered to predominantly Turkish and British visitors. In the Karpaz region, the TCC authorities had begun to solicit participants for a program to create incentives for residents to convert private homes into guest houses or to build new or refurbish old buildings to function as guest houses. The TCC authorities appointed a Karpaz Region Tourism Coordinator for the program. Fourteen people applied and were approved to participate in the program, which would make available small business loans to fund building costs. The coordinator was responsible for training those participating in the program. The TCC authorities also established a company, Karpaz Turizm Sirketi that established guesthouse owners as shareholders to centrally manage sales, marketing and reservations. Although details for how this entity would function had not yet been determined, it was the EDGE team’s belief that some of the ideas considered would make it difficult for market incentives to function. The EDGE project had considered creating a market-based model for shared service delivery as one technical assistance task we would undertake, which was supported by the TCC “official” coordinator.

EDGE consultants subsequently met with several individuals participating in the program and other affiliated groups to obtain and understanding of their development plans and their capacity to build, own and operate sustainable guest house businesses. We found that potential participants were wary of the terms of the loans, which included five-year payback terms collateralized by their primary residences. Based on feedback, terms were subsequently revised to allow an eight-year payback, with a two-year grace period for interest and principal. We also discovered that potential participants had little to no relevant experience in operating guest houses.

As a result of our initial analysis, EDGE elected to pursue a targeted approach to support program implementation rather than provide technical assistance to the TCC coordinator or

firm-level assistance to all of the participants in the Guest House program. We identified a village, Buyukkonuk-Komi Kebir that had begun to participate in the TCC's Guest House program but wanted to expand its activities to create greater economic benefits for the entire village. Buyukkonuk-Komi Kebir's local leaders determined that they would like their village to become a pilot for the development and implementation of a destination-management, eco-tourism program based on the community-development model. The EDGE project subsequently determined that the village had the appropriate assets to pursue this strategy – geographic location, old buildings and structures that could be renovated to recreate a quaint village of the past, and support from the community, all of which made it an ideal candidate.

In April 2006, EDGE decided to support the development of this community-based economic development model as a way to create secondary income and enhance economic capacity. We signed a memorandum of understanding with the village leaders and began to develop an implementation strategy in coordination with a steering committee comprised of interested residents. We mobilized an international expert who provided ongoing assistance on developing and implementing an eco-tourism strategy. At the same time, the EDGE team continued to assess how we could provide technical assistance to support increased growth and competitiveness throughout the TCC tourism sector.

2.2 Development and Implementation of the Büyükkonuk-Komi Kebir Village Eco-tourism Project

In April 2006, the EDGE team began working with the village of Büyükkonuk – Komi Kebir to develop a three-phase strategy and work plan to create community awareness, develop the eco-tourism village "product," and to promote the village as an eco-tourism destination. We obtained the support of the local authority and the village residents to create a 12-member village steering committee, which we then began to train in destination development. We provided the committee members with information on the definition of community-based tourism and how it could increase tourism potential throughout the region. We also conducted training sessions for more than 200 village residents and members of the local authority about responsible, special-interest tourism, marketing of niche products and traditional ways of operating kitchens, of which many of the residents were unfamiliar. We also organized and delivered a series of training courses on micro- and small-business management and basic accounting to residents from Büyükkonuk-Komi Kebir and neighboring villages. We then assisted with the development of a strategy and framework for creating a sustainable eco-tourism model, the first in the TCC.

As mentioned previously, the Büyükkonuk-Komi Kebir destination development project was based on a proven methodology for promoting community-based tourism. The project consisted of three primary phases – the creation of community awareness, the development of the tourism 'product' and appropriate promotion and marketing. The first phase was accomplished primarily through the enthusiasm of local individuals and businesses that understood the unique attractions the village had to offer. Combined with the technical assistance EDGE provided in training and capacity-building, the community began to believe in the concept and their ability to realize results through community cooperation. In the second phase of the project, we assisted the village in creating and improving its "product" by renovating a historic church and olive mill in the village center in cooperation with the USAID-funded SAVE project. In addition, EDGE assisted the village committee in creating a nature trail network with appropriate international signage and supported the establishment of three bed and breakfast facilities. We also assisted the village in improving the quality of their food by focusing on organic products as well as improving the quality of their handicrafts.

Marketing Büyükkonuk-Komi Kebir as a tourist destination involved helping to develop a logo to promote the village, coordinating festivals such as Eco-Day in October 2007 and the "Once Upon a Time" celebration in May 2008, printing and distributing a brochure and nature trail map, and assisting in the development of the village web site.

While implementation of all of these phases is ongoing, it is clear that the community-based tourism model promulgated in Büyükkonuk-Komi Kebir represents a potential model for other communities within the Turkish Cypriot community, which is the reason for proliferation of the model under the Promoting Private Sector Development (PPSD) project, which BearingPoint began implementing on March 1, 2008.

2.3 Initiating the Pilot Project in Buyukkonuk-Komi Kebir

In the pilot project's infancy, villagers, while enthusiastic about the concept, were skeptical that they could generate awareness of their tourism product. Some had difficulty even defining the nature of their tourism product. Once the decision was made to focus on eco-tourism and special interest attractions, the village committee began to embrace the concept by creating awareness within their own community. As the committee's enthusiasm grew, so did its ability to create awareness throughout the village. Capturing this enthusiasm, EDGE began work with the committee to implement the three-phased community-based tourism model. The details of this implementation are outlined as follows.

2.3.1. Phase One: Creating Awareness

Building on its initial capacity building work with the Buyukkonuk-Komi Kebir village committee, the EDGE team conducted the "TCC Tourism Destination Study Tour," in which 10 committee members visited various bed and breakfast establishments in the TCC including The Archhouse, Blue Seas Hotel, Malibu Hotel, Oasis B&B, and the Sea Bird Hotel. This tour provided them the opportunity to assess a variety of micro and small businesses in the sector and to obtain a clearer understanding of the relationship between these businesses and destination development. They witnessed a range of best practices as well as inefficient operations to obtain a perspective on the right and wrong ways to operate these enterprises.

A short time later, EDGE organized another study tour in order to introduce committee members to international practices in community-based tourism. Conducted in September 2006 on the Greek island of Crete, the study tour enabled participants to identify best practices in community-based tourism by visiting a number of small villages that could be used as models for the Büyükkonuk-Komi Kebir initiative. They also witnessed ways in which community-based tourism could be utilized to support development of specialty agriculture. Study tour participants subsequently organized a meeting at which they presented their findings to the entire Büyükkonuk-Komi Kebir Eco-Village Committee, followed by a public presentation to residents from Büyükkonuk-Komi Kebir and surrounding villages. As a result of this study tour the number of committee members increased dramatically as more residents began to see the community-based tourism model's potential. Finally, EDGE organized a study tour to Paphos in the GCC for TCC and Büyükkonuk-Komi Kebir residents that operated or wanted to operate bed and breakfast establishments. The visit featured a tour of the Cyprus Environmental Studies Center in Kritou Terra, where the group received a half-day training about their destination development experiences as well as the importance of the environment in achieving economic progress through tourism. The tour also featured a tour of the Launa village regeneration project, which became a model for future work done in Büyükkonuk-Komi Kebir.

2.3.2 Phase Two: Product Development

Despite possessing potential assets that the community could capitalize upon to pursue a community-based destination management strategy, as well as growing enthusiasm for the community-based tourism model, Büyükkonuk-Komi Kebir needed to improve its tourism “product” in order to attract a sufficient number and quality of tourists. EDGE worked with the village committee to implement a three-pronged product development strategy. First, attention would be paid to attractions that already existed, regardless of their state of disrepair. Secondly, an assessment would be made of potential attractions that could be created to support the existing tourism product and finally, EDGE would assist the village residents in developing support services, such as cultural activities and cuisine to support the product development effort.

The village possessed several interesting, albeit dilapidated, attractions that could form the core of its “product” development. One was the St. Georgios Church (Greek: Agios Yiorgios, Turkish: Ay. Yorgi Kilisesi), which was in the town square across from the primary school. Another was a historic olive mill that had once been a symbol of village life in the Karpaz region. As part of the “product” development phase, EDGE worked with the village committee in preparing a project to access funding through the Supporting Activities that Value the Environment (SAVE) project that was also funded by USAID in order to prevent further climatic damage to the church by repairing its roof. Within a few months, another organization, the Turkish Cypriot Handicrafts Association (HASDER) applied for and received funding from SAVE to renovate the historic olive mill.

Even with these two attractions as anchors, Büyükkonuk-Komi Kebir needed an attraction to highlight the eco-tourism component as well as to keep visitors in the area for a significant amount of time. After much discussion, it was decided that EDGE, the village committee and the local authority would collaborate to create the Büyükkonuk-Komi Kebir Nature Trail Network, which would consist of nine trails leading in and out of the village. The trails were developed to link the village with other area attractions and they were designed for both the casual hiker and the experienced trekker. Using different topography, elevation and attractions as a draw, the trail network would contain something for every type of ecologically-minded visitor. The village residents installed a series of multi-lingual trail signs in May 2008 that provided hikers with specific information on the grade, difficulty and length of the trails. The signs were constructed and positioned according to international best practices guidelines that were outlined by EDGE’s eco-tourism expert.

The final piece to the product development puzzle was the enhancement of support services, such as cultural heritage and cuisine. EDGE provided the village committee with extensive training in the areas of event design and implementation, proposal development, and quality control in addition to specialty training in the food preparation and handicrafts. The committee embraced this training with enthusiasm and as the pilot project entered the promotion phase, these support services added a great deal of value the village’s tourism offering.

In addition to its direct participation in developing Büyükkonuk-Komi Kebir’s tourism product, EDGE’s work served as a catalyst for investment within the community. The head of the local authority, for instance, provided funds to open a restaurant and build cabins with a scenic overlook of the valley. In addition, he worked constructively with the committee to beautify the village. Three private investors also participated by renovating historic homes and

building new structures as bed and breakfast establishments using traditional methods and architectural styles. The President of the Buyukkonuk Eco-tourism Association (formerly the village committee) commented recently that, "This investment would not have happened without the eco-village project and the project would not have happened without EDGE's support".

In terms of milestones, two significant occurrences should be noted. First, the pilot project increased the understanding, commitment, and ultimately the market-share of local artisans and other village residents, who now have a market for their products that did not exist prior to this effort. Secondly, it provided technical assistance and information regarding the importance of local values and traditions. Traditional village products included handicrafts, wooden carvings, food items such as pastries and baked goods, olive oil and olive soap. The EDGE project encouraged the village residents to cooperate in the development of new and improved products as well as to adopt an environmentally friendly approach to packaging.

2.3.3 Phase Three: Promotion

EDGE worked with Büyükkonuk-Komi Kebir to develop a three-pronged promotion strategy that focused on 1) initiation of a branding process that included logo design, 2) developing marketing materials such as a brochure, map and website and 3) coordination of special events to promote the village's attractions.

Branding/Logo Development

Branding Büyükkonuk-Komi Kebir by developing a logo was the first step toward promoting the village as an eco-tourism destination. The EDGE team provided technical assistance and funding for the logo's development. The village residents voted on the top three logo designs, settling on one that depicted both Büyükkonuk-Komi Kebir's history as well as its environmentally-friendly tourism strategy. This vote helped to stimulate the involvement of the entire village in the project. The logo was introduced to village residents, citizens from the area and international stakeholders at a launch event, which was the first event that focused on the development of Büyükkonuk-Komi Kebir's brand. It also represented the first time the village artisans introduced their products to international visitors and where bi-communal folk dancing was held.

Creation of Marketing Materials

The logo was used as the visual focal point for a brochure and nature trail map that was produced in May 2008. The 13-page brochure highlights the village's historical, cultural, ecological and scenic attractions, as well as provides an overview of the Buyukkonuk-Komi Kebir's destination development project. EDGE provided both financial and technical assistance in the creation of these marketing materials. More than 4,000 copies of the map and brochure were printed and distributed according to a distribution plan developed by the Buyukkonuk Eco-tourism Committee and the EDGE project.

In addition to the brochure and trail map, the association developed flyers and banners to promote its two annual festivals. The flyers were widely distributed through local and international NGOs and banners were placed in strategic locations throughout the TCC. In May 2008, work began on a website to promote Buyukkonuk-Komi Kebir's attractions to a wider audience. The website will include an electronic brochure, interactive trail map, and other useful information for potential visitors.

Coordination of Special Events

A large part of Büyükkonuk-Komi Kebir's branding and promotion strategy was to periodically launch events in the village that would help to stimulate arrivals of Büyükkonuk's initial target market – members of both the TC and GC communities. In March 2007, the EDGE team coordinated the delivery of an Event Management Course in preparation for the development of a series of local events. Members of both the Büyükkonuk Eco-Tourism Association as well as residents of neighboring villages attended the training. This led to the delivery of Büyükkonuk-Komi Kebir's first event, its "Logo Launch," that drew more than 350 residents from the region, including public officials, representatives of international organizations, and diplomats.

To assist this effort EDGE organized a seminar entitled, "Managing and Marketing Events for Special Interest Tourism". More than 65 industry representatives attended EDGE tourism advisor Keith Sproule's presentation. His presentation focused on global best practices in special interest tourism, which was the first opportunity most participants had to look at global initiatives. This event was jointly organized with the Cyprus Turkish Tourist Guides Association.

Another event was the coordination of a photographic exhibition entitled "The Four Seasons of Büyükkonuk," which was a collaborative arrangement with the Cyprus Turkish Photographers Association in the preparation of a exhibition of photography that spanned the village's four seasons. Both TCC and GCC photographers exhibited photos, which was another first for the project. The Photographers Association and the Büyükkonuk Eco-Tourism Committee cooperated to organize a series of four photographic tours, in which more than 50 photographers participated to capture Büyükkonuk in each of the four seasons. The photographers donated their photographs to the Committee to use in future promotional campaigns. with well over 200 people in attendance, including media. Several other villages in the area have expressed interest in this concept as a result.

Eco-Day, which was held in October 2007, was the first major awareness-oriented event promoted by the committee. It was almost totally subsidized, planned and conducted by EDGE, as the committee had not yet built the capacity to initiate an event of this scale. Even so, the community supported the event, with fourteen vendors participating and more than 1,100 people attending. Less than one year later, the association played a significant role in planning and conducting the "Once Upon a Time" festival in May 2008. This event drew more than 29 vendors and 2,500 participants. As important, the association funded more than 12% of the budget on its own, which while not monetarily significant, highlighted a huge paradigm shift and movement toward sustainability. These events, coupled with EDGE's ongoing work within the community, increased visibility to the point that a strong foundation was laid for the next two project phases.

The first large-scale Büyükkonuk event, however, was the one-day Eco Day festival held in October 2007. Thoroughly supported by the 'local authorities,' the EDGE team helped the committee prepare the event work plan and assisted in event organization. More than 1,100 visitors attended the event. Fourteen local vendors participated by creating booths that sold food and hand-made products. Vendors earned an average of 300 YTL profit from the event. The event featured a variety of activities that held visitors' interest throughout the day.

These included bi-communal dancing, attractions and tours. The event represented a move from the product development phase toward the marketing of the village's unique attractions. The event's success created widespread interest that was a catalyst in the formation of the Büyükkonuk Eco-Tourism Association. After realizing the income generation potential of their local products, a number of village residents began producing local foods and crafts. This increase in income-generating activities was yet another positive outcome of the community-based tourism initiative.

On May 18, 2008, the Büyükkonuk Eco-tourism Association and HASDER hosted a festival that was supported with technical assistance from EDGE and SAVE and funding from USAID. On its own, the festival might have been considered a "one-off" activity that was largely made possible by continued donor assistance. However, when analyzing the event in a broader scope, especially in a historical context, it revealed some interesting observations relative to the applicability of the community-based tourism model and its potential for sustainability

From a marketing standpoint, the association generated most of its visibility through the coordination of the two festivals mentioned earlier in this report. In doing so, its capacity to plan and conduct these events increased exponentially. The following are examples of its progress from October 2007 through May 2008 in terms of event coordination:

Vendors: Compared to Eco Day, 2007 the number of the vendors participating in the "Once Upon a Time" festival increased from 14 to 29. The average income generated by the vendors was 500 YTL in October 2007. At the second festival the vendors netted roughly the same profit, which proved to them that competition does not necessarily mean less income. In fact, some vendors received special orders from individuals and businesses in other regions of Cyprus.

Revenue: As stated above, the per vendor revenue collected at the May 2008 festival was proportional to that generated at the October 2007 event even though the number of vendors doubled. Oddly, though, survey respondents stated that they spent an average of 42 YTL per family (4.2 people) at the October 2007 event but only 30 YTL per family (3.8 people) at the May 2008 event. There could be several reasons for this, but the most plausible is that the sampling size and procedure for the October 2007 event may not have accurately reflected expenditures. This conclusion is supported by the fact that vendors averaged about the same amount of revenue from each event, which implies that visitors spent more money at the May 2008 event than at the October 2007 festival. It also implies, however, that if there is a finite number of participants that the village can accommodate relative to such a festival (given the size of the village square, parking and amenities), increasing the number of vendors may at some point erode their ability to make money unless new ways can be found to increase the amounts of money the visitors spend.

Demonstrations: The hands-on demonstrations that were part of the May 2008 festival were largely absent at the earlier event. According to visitor evaluations, these demonstrations were appreciated and caused people to stay longer at the event, which increased and handicraft sales. Another crucial point was how the demonstrations attracted people. This highlighted the value placed on traditional demonstrations by individuals that want a hands-on experience.

Attendance: During the May 2008 event, visitor traffic in and out of the village was consistent all day long. Volunteers counted the number of the cars at three different intervals during the day and determined that most visitors stayed an average of two hours. The

organizers calculated the amount each vendor generated from sales, the average expenditure of each visitor, the number of individuals that attended cycling tours, etc. For the first time, tour buses brought visitors to the festival, with two buses carrying 52 people each. The organizers concluded that 2,500 people attended the May 2008 event, compared with a little over 1,000 in October 2007. Of these attendees, 40% of those attending in October 2007 were foreigners, a number that grew to 42% at the May 2008 festival. Participation at the "Once Upon a Time" festival was buoyed by increased attendance from Nicosia, which was up nearly 8% from the October 2007 event. In addition, the visitors stayed longer due to an increased number of attractions. There were also a number of visitors from the Greek Cypriot Community at the May 2008 festival, but they refused to complete visitor survey forms. Some said that they are relatives of the bi-communal dancing group members and some were living in the area before 1974 and they were curious about the improvements in the region. Some were Greek Cypriots living in Dipkarpaz village.

According to the surveys conducted at both events, the increased attendance at the "Once Upon a Time" festival in May 2008 may have been the result of better mass media coverage combined with targeted e-mailing. For instance, nearly 40% of survey respondents at Eco-Day said they heard about the festival through the newspaper and/or e-mail. Approximately 65% of survey respondents at the "Once Upon a Time" festival stated that they heard about the event through the newspaper and/or e-mail. Increased attendance may also be due to the fact that the "Once Upon a Time" festival featured the opening of two key attractions, the historic olive mill and the Büyükkonuk-Komi Kebir Nature Trail Network.

In terms of milestones, it should be noted that the May 18, 2008 "Once Upon a Time" festival was the first time that the Büyükkonuk Eco-tourism Association funded part of the overall event budget, as well as spearheaded the coordination of vendors and programs on the ground in Buyukkonuk. The association's progress shows movement toward sustainability, though even in the best circumstances it typically takes five years for a new business association to achieve sustainability.

During the day on May 18th, volunteers conducted a Visitor Expenditure and Motivation Survey (VEMS) with both English and Turkish speakers. This survey tool provided information about the demographic makeup of attendees, the amount of money they spent, how they learned about the event in Büyükkonuk, which attraction brought them to the village, their suggestions to improve the event and what was their favorite part of the day. Fifty individuals participated in the survey.

2.3.4 Building Sustainability

Over the past eighteen months, EDGE's eco-tourism pilot project in Buyukkonuk-Komi Kebir has transformed into a model for the TCC. During this time, the project grew from an idea to the development of a full-fledged association to sustain the effort. The association developed organically, through the desire of the village committee to formalize its activities into a full-fledged community-based tourism organization. The impetus for the creation of the Buyukkonuk Eco-Tourism Association was the interest generated by the initial Eco-Day event, which was held in October 2007. The number of people attending the regular meetings increased by more than half, which made it important for the committee to become more structured. Once the committee made the decision to transform itself into an association, EDGE assisted it in preparing organizational bylaws. In addition to the obvious advantages of generating membership income and formalizing its promotional efforts, the association's

establishment provided other benefits as well, such as the ability to apply for direct funding through other donor-related programs.

Following the association's application for registration in December 2007, EDGE provided technical assistance in the preparation of a proposal for the European Commission's Civil Society in Action Program. The concept paper was short-listed and was ultimately selected for funding, providing the association with 90,000 Euro for projects to promote sustainable eco-tourism. At the same time, we assisted the association in developing a strategic plan that included its mission, vision and objectives.

The EDGE team also encouraged the development of linkages between Büyükkonuk-Komi Kebir and the Global Eco-Tourism Network (GEN) in Europe. As a result, the Büyükkonuk Eco-Tourism Committee participated in GEN assemblies in 2006 and 2007. The committee then applied for Büyükkonuk to be considered a candidate village for the next GEN Europe assembly in 2010. Selection as an assembly site would significantly raise international awareness of the TCC's tourism product as well as promote the community-based tourism initiative. In preparation for this and other events, the EDGE team drafted a paper entitled, *Community Based Tourism: A Critical Component for Sustainable Destination Development* and presented it at the International Conference on Environmental Survival and Sustainability, which was held at the Near East University in February 2007.

2.4 Lessons Learned from Buyukkonuk

Both EDGE and the Büyükkonuk Eco-tourism Association have learned a great deal in the creation of the community-based tourism model. The following are some of those lessons:

- Proliferation of the community-based tourism model within the TCC represents an opportunity to establish a foundational tourism promotion structure that can succeed whether or not an overall strategy for tourism is developed in the short term.
- The sustainability of the Büyükkonuk-Komi Kebir, and any community-based tourism model, is contingent on the creation, empowerment and growth of a local organization that is responsible for ongoing promotion.
- Community-based tourism must center on a focused strategy that targets potential visitors and matches them to specific attractions. In Büyükkonuk-Komi Kebir, the model centers on special interest tourism (with a focus on eco-tourism). This might differ in other communities.
- The Büyükkonuk Eco-tourism Association, even though its capacity is growing, will continue to need guidance from EDGE, SAVE and other donor-driven institutions over the next several years in order to move it along the continuum toward full sustainability.
- Events are important, but ongoing promotion is the key to the success of the community-based tourism model. It should be the authorities and TCC-wide tourism associations' role to bring tourists to the TCC and the Buyukkonuk Eco-tourism Association's role to bring them, once here, to its community. Events can do this but on their own they cannot sustain the tourism effort.

As promising as this model remains for promotion of tourism in the TCC, there are factors at work in the tourism industry that may negatively affect its proliferation since they will likely damage the tourism industry as a whole. Some of these factors are a) the lack of a unified tourism strategy that includes both community-based and TCC-wide promotional efforts, b) the relatively high cost of vacationing in the TCC in comparison to other destinations with

similar attractions, c) the lack of investment in infrastructure such as attractions, hotels, and beaches, d) lack of understanding of world-class customer service, e) lack of aesthetic appeal of some attractions due to lack of refuse collection, and e) relatively weak support network for tourism promotion in terms of associations that serve the industry and the authority that oversees it.

2.5 Other Tourism Initiatives

2.5.1 Handicrafts

As part of its initial sector assessments, EDGE identified handicrafts as a possible area of economic growth within the TCC. As a "cottage industry", however, it was difficult to assess the sector's potential impact. It was determined that the best place to begin was with an analysis of tourist's opinions as to the types and price-points of handicrafts that would interest them. With EDGE's support, Kadem, a local research company, conducted a handicraft survey that included opinions from more than 300 tourists. In addition, XX focus groups were held to gain additional input. The survey and focus groups revealed that for the most part tourists were not interested in the types of handicrafts offered by TCC artisans, both for price and quality reasons. The study did point out, however, the potentially significant role that handicrafts can play in community-based tourism. An example used during the focus groups was Lefkara, a village in the Greek Cypriot community that is internationally known for the creation of high-quality lace. With this in mind, EDGE made a focus on handicrafts part of its three-phased community-based tourism strategy, as it focused on the development of a product.

The survey and focus group report was distributed to more than 250 people and spawned a handicraft competition, which included more than 340 products. The project provided handicraft producers with a first-hand look at the quality, marketing and product-styles necessary to attract foreign customers. Even more, it proved to many of them that their products were neither unique nor particularly desirable, which caused several to rethink their strategies entirely.

In addition to the competition, EDGE also provided support directly to the Cyprus Hand Made Center, a company that specialized in handicrafts. In August 2006, the EDGE team conducted a review of company's target markets, its individual strategy for each market and assisted it in developing a promotional strategy for each. By September a new corporate identity had been developed that included business cards, price tags and brochures that featured a common logo and design. A website was also created that provided an e-commerce portal for potential customers. EDGE also assisted the company in attending the Ideal Home Exhibition Furniture Exhibition. The company's participation was generally well received, though few sales were made. Our work with the Cyprus Hand Made Center continued until it "graduated" from the program and decided to move forward on its own. It continues to use many of the materials and marketing techniques initiated through this assistance.

2.5.2 Special Interest Tourism (SIT)

Special interest tourism is indelibly linked to the community-based model, as its major focus is on the identification of niche attractions for discerning travelers. Special interest tourism runs the gamete of activities from mountain climbing, to orienteering, to hiking, to ecological tourism. As a rule, special interest tourists are classified as "independent travelers" as they traditionally shun packaged tours to popular tourism destinations and prefer tailor-made travel where they can experience local culture, history and customs.

Prior to its work with Büyükkonuk-Komi Kebir, EDGE began to catalog special interest tourism assets of primary interest to independent travelers to the TCC. This included an inventory of special interest activities that were available in the TCC, as well as an analysis of constraints. In addition, the research included an analysis of tourist preferences relative to special interest activities. These findings formed the foundation of EDGE's community-based tourism strategy and established the impetus for the launch of a pilot destination development project in Büyükkonuk-Komi Kebir, as the village possessed all three elements of interest...ecology, history and culture.

Now, more than two years later, this strategy proved to be a good one, as special interest tourism is a much-discussed aspect of the TCC's tourism promotion. Büyükkonuk-Komi Kebir has become a living model of success in special interest tourism, having drawn precisely the kind of tourists identified in the study.

2.5.3 Global Distribution System

As mentioned earlier in this report, building the capacity of the TCC's hotel industry was one of EDGE's early goals. After discussion with the Turkish Cypriot Hoteliers Association (KITOB), it was determined that one of the biggest areas of need was a Global Distribution System (GDS) that included on-line reservations. As a cross-cutting effort between tourism and information technology, the EDGE's Information Technology and Tourism teams met with more than twenty hotels in Kyrenia and Famagusta in June 2007 to present the advantages of the Global Distribution System as a gateway to internet reservations services such as Expedia, Orbitz and Travelocity. We also presented the advantages and requirements of this system to KITOB with a recommendation that they share this knowledge with their members. As a result, we assisted five small hotels in registering with the GDS by conducting an evaluation of their website designs and completing a full information package. These hotels continue to accept reservations through this system. Expansion of the GDS was not possible, however, due to political factors that were out of EDGE's control.

2.5.4 Individual Hotel Assessments

While we understood the political and economic challenges facing TCC hotels, EDGE remained committed to providing targeted assistance in areas where it could make the most impact. By late 2005 a number of studies pointed to the lack of modern facilities, customer service and fair pricing as limiting factors in the hotel industry. After discussing these issues with KITOB's leadership, EDGE embarked on a strategy to address them. In XX, the EDGE Tourism team, with assistance from short term advisors, conducted assessment reports for seven small hotels.

The hotels were assessed according to their product, sales/marketing, customer service and facilities. Each hotel was provided a copy of its individual report along with specific recommendations for improvement. An overall report was also developed that offered broad recommendations for improvements in the hotel industry relative to its position in the overall tourism sector. The assessment and recommendations contained in the combined report focused on a) promotion of activities on the island, b) outsourcing, c) coordination of hotel partnerships, d) establishment of a payment clearinghouse, e) initiation of a shared internet domain, f) offer of hotel bookings at the airport. The assessment report as well as the individual hotel assessments, are included on the compact disc that accompanies this report. The overall tourism sector report was distributed to KITOB, the TCC authorities and international stakeholders. While it did not initiate quantum changes, it did serve as the impetus for a small group of hoteliers, attraction owners and travel agents to adopt practices that were more consistent with international standards in the industry.

2.5.5 Formation of a Tourism Promotion Board

While most of EDGE's work in this and other sectors focused on industry-based, grassroots level support, it became obvious that only marginal results could be achieved in the sector unless an overall strategy was developed. Before this could occur, however, a mechanism of public-private participation would have to be established to initiate, oversee and evaluate that strategy. After lengthy discussions with public and private stakeholders within the sector, EDGE was asked in mid-2007 to conduct research on the development of a Tourism Promotion Board. The head of the TCC's economic and tourism authority expressed interest in this concept as a way to promote public-private sector involvement. EDGE tourism expert Keith Sproule conducted extensive research into the development, operation and effectiveness of Tourism Promotion Boards around the world and he encapsulated his findings into a comprehensive report that was presented to public and private stakeholders in the tourism sector. Mr. Sproule offered the following recommendation for the structure of a proposed TCC Tourism Promotion Board:

Recommended Structure for TCC Tourism Promotion Board

Structure: Tourism Promotion Board created by "statute" but established as a non-governmental entity that works in collaboration with but not as part of "government".

Appointment of Members: The Tourism Promotion Board should be managed by a fifteen member board of directors that includes 7 private sector representatives (appointed/elected by the four largest tourism associations), 6 private sector representatives (appointed by the authorities) and 2 advertising/marketing experts.

Appointment of a Chairman: The Chairman should be elected by a majority vote of the Board of Directors.

Makeup of an Executive Director Position: The Executive Director should be hired by the Board of Directors using a transparent recruitment process. The executive director should have sole responsibility for hiring the remaining staff.

Responsibility for Overall Promotion Effort: The Tourism Promotion Board will plan, design and evaluate the tourism marketing effort and make recommendations to the "Ministry". The Board's main responsibilities should be to:

Influence target customers to travel to the Turkish Cypriot community, including for events;

Influence people traveling to Cyprus to also enjoy the tourism amenities in the TCC;

Help foster a sustainable tourism industry in the TCC; and

Help increase the economic benefits from tourism

The report contained numerous practical examples from Tourism Promotion Boards around the world and it is included in its entirety on the compact disc that accompanies this report.

2.5.6 Capacity Building for TCC Tourism Associations

As stated earlier in this report, EDGE focused on capacity development for tourism sector business associations from the project's initiation. The associations were key stakeholders in all of our major initiatives dating back to 2005. It was not until the third quarter of 2007, however, when we moved forward with a concerted effort to build the associations' capacity based on an international best practices model. With the advent of our long term advisor for business association development, EDGE forged collaboration with the following organizations:

Turkish Cypriot Tourism and Travel Agencies Association (KITSAB). From the beginning of our work with sector-level business associations, we reached out to KITSAB as it represented a significant sub-sector within tourism. While the organization was unwilling to fully embrace EDGE's capacity building initiative, KITSAB representatives attended Business Association Development Workshop and adopted several techniques to build organizational capacity. This was especially true in the area of public policy advocacy. We did, however, facilitate the creation of a strategic plan that included prioritized action steps. This action produced results later on as KITSAB began implementing some of the priorities. For instance, soon after the workshop, KITSAB held a series of meetings with stakeholders, including other tourism associations, in order to develop synergy within the sector. In addition, it hosted a dinner for Turkish Cyprus Airlines officials in an effort to promote the establishment of more flights to north Cyprus. These events were the first time that tourism organizations had worked together in a formal way to address issues within the sector and while the results were not immediate, they did raise the profile of the associations as a whole.

As part of our effort to assist KITSAB in upgrading its communications, we assisted it in preparing posters as marketing collateral for tourism exhibitions. More than 2,000 posters depicting five focal areas of TCC tourism (history, culture, people, cuisine and adventure) were produced and used for the first time at exhibitions in the United Kingdom and Morocco. With KITSAB's agreement, we sought out and evaluated feedback on the posters that was provided by international tourism communications experts. KITSAB agreed to consider and implement certain recommendations made by international experts in order to improve the effectiveness of the posters for the coming events. However, once the input was gathered, KITSAB was hesitant to change the posters even though the experts felt that as a whole they did not create enough "buzz" for the TCC's tourism product. Still, KITSAB agreed to begin development of a communications strategy for the development of a collaborative tourism brand, as each of the relevant associations in the sector liked the idea of working in collaboration for sector improvement. To date, KITSAB has taken small steps toward the development of capacity in terms of EDGE's business association methodology, but it has not yet fully embraced the initiative in the same way as TCCC, CTCI and other associations.

Turkish Cypriot Tour Guides Association (KITREB). We achieved full cooperation with KITREB in organizational strengthening and development only near the end of EDGE project implementation. To improve guide services, we provided a draft curriculum outline for the creation of a tourist guide certification program. This included drawing on the experience of TCC tour guides that have already received training from the World Federation of Tourist Guide Organizations (WFTGO). We also assisted the association in the initiation and design of four continuing education programs, as required under the TCC's new "law" for tourist guides that wish to renew their certification. We also initiated a review of possible fee-based

programs and services that KITREB could offer that are consistent with its mission. In addition, we assisted the association in upgrading its brochure and creating a new logo.

Turkish Cypriot Hoteliers Association (KITOB). KITOB was another association to which we reached out early on in the project. As one of four primary associations within the tourism sector, the industry would greatly benefit from KITOB's contributions. EDGE's early efforts included an assessment of small hotels in order to provide construct feedback on facilities, customer service and amenities. This assessment led to some improvements in small TC hotel properties, but did little to strengthen the overall association.

While it had an organizational strategy thanks to EDGE's facilitation of a strategic planning event, KITOB's board of directors and management seemed singularly focused on the hotel industry and until mid-2007 cooperated little with other associations in the sector. EDGE did not work with KITOB on major capacity building initiatives due to the organization's reluctance to change its governance, programming and communications. While EDGE has remained engaged with KITOB's leadership and has been helpful in providing access to international best practices information on the industry as well as statistics, it has not undertaken a capacity building process. It has, however, developed stronger alliances within the sector and due largely to EDGE's ongoing commitment; it has forged collaborative relationships with RES-BIR, KITSAB and KITREB in an effort to bring synergy to the sector. This included significant work in the area of public policy advocacy on issues such as increasing the number of flights per day into the TCC and assistance from the authorities in better promoting the TCC's tourism product.

Turkish Cypriot Restaurant Association (RES-BIR). RES-BIR was another organization of potential importance to the TCC tourism industry. Again, EDGE reached out to this association early on in the project and attempted to engage it in a comprehensive capacity building program. Like KITOB, RES-BIR chose to forego work on capacity building in favor of other initiatives that focused solely on its industry. In late 2007, however, EDGE and RES-BIR developed a working relationship that led to the association's participation in collaborative public policy advocacy initiatives with KITOB, KITREB and KITSAB. This newly-forged collaboration culminated in a series of campaigns to promote additional flights by Turkish Airlines and other carriers to the TCC and increased marketing in target countries.

EDGE's business association development methodology, which is outlined earlier in this report, is contingent on full cooperation and commitment from the partner associations. Unfortunately, only KITREB embraced the methodology to the degree necessary to make significant strides in capacity building. The other associations, however, remained involved in EDGE's major events and their recent willingness to work together on public policy advocacy issues is a step in the right direction and one that would likely have not been taken without EDGE's ongoing work with each association. We initiated the dialogue and developed the mechanism through which the associations could put aside their differences and work together on issues and projects that benefited the sector. This was not the case when the EDGE project began in 2005.

2.6 Future Work: Replicating the Büyükkonuk-Komi Kebir Community-Based Tourism Model

Under the Promoting Private Sector Development (PPSD) project, the focus of EDGE's support for the tourism sector will be the proliferation of the community-based tourism model. In support of this recommendation, EDGE will initiate the following activities:

- Continuing to provide technical assistance to the Büyükkonuk Eco-Tourism Association in the areas of governance, communications, membership and program/service development.
- Assisting in the development of at least two other community-based tourism associations using the “Büyükkonuk-Komi Kebir” model.
- Working with community-based tourism associations to develop customer service standards that are consistent with international best practices.
- Developing a case study on the development of community-based tourism organizations.
- Coordinating public awareness programs for eco-tourism in the Karpaz region.
- Coordination of a community-based tourism workshop to highlight the opportunities offered by this strategy.

EDGE realizes fully the challenges that still face the TCC’s tourism sector. They are numerous and largely emanate from the lack of an overall sector development strategy that is approved by the private sector and authorities. While many improvements have been made due to EDGE’s work over the past three years, it will be the policy makers and the industry itself that ultimately will generate the quantum changes necessary to enhance tourism growth.

Recognizing the need for a central organizing body to coordinate destination management strategies, EDGE has proposed the formation of a federation of associations in the tourism sector, comprised of the four main entities noted above, along with authority representatives. The creation of a Tourism Promotion Board is critical to the sector’s development as a strong part of the TCC’s economy.

Tourism Milestones	Month Completed	Year
Büyükkonuk joined Global Eco-Tourism Network (GEN)	May	2005
Büyükkonuk selected as model village for Eco-Tourism development	May	2005
Büyükkonuk Eco-Tourism Committee formed	May	2005
First Eco-Tourism strategy in TCC developed	July	2006
First Eco-Tourism work plan in TCC developed	July	2006
Eco-Tourism study tour to B&Bs in TCC to assess market	August	2006
Eco-Tourism study tour to Crete	September	2006
Photographic exhibition in Büyükkonuk launched	April	2006
Büyükkonuk logo developed and “Logo Launch” event conducted	April	2006
Eco-Tourism study tour to Pathos in GCC	July	2006
Büyükkonuk Eco-Village Committee becomes Eco-tourism Association	September	2007
First ‘Eco-Day’ event in Büyükkonuk launched featuring traditional cooking, handicrafts and cultural activities	October	2007
Documentation submitted to convert Büyükkonuk Eco-Tourism	January	2008
Nature trail signage installed along 4,5 kilometers in Büyükkonuk Region Trail Network	May	2008
‘Once Upon a Time’ launched as second Büyükkonuk event, featuring renovated olive mill supported by USAID SAVE, cooking demonstrations, traditional building methods, cultural and sports activities	May	2008

3.0 Agri-business and Alternative Crops

While agri-business is a rather small part of the Turkish Cypriot community's GDP, estimated at 10% in 2006, EDGE's sector assessments done early in the project reflected its potential for growth under the right circumstances. According to our sector assessment, agri-business relatively low impact relative to GDP was less the case of lack of potential than of a) land ownership, b) changing climatic conditions, c) significant competition in the citrus industry, d) subsidy mentality, e) lack of value added processing and f) lack of market access outside Turkey. The following is an overview of each area as outlined in the sector assessment:

Land Ownership

This is the single most important problem facing the TCC's agriculture sector, but it was not one that EDGE could impact. Since the division of the island in 1974, large tracts of land, much of them agricultural, have been in dispute. There is a widely held view among Turkish Cypriots that the only way to secure former Greek Cypriot land is to build on it. While this led to a construction boom, it pushed up the price of agriculture land and put many tracts out of production.

Climatic Conditions

Because of decreasing rainfall over the last several years, water is an extreme limiting factor in many parts of the island. Many coastal aquifers have become contaminated by sea water, thus making them unusable. While the entire island suffers from an aggregate lack of water, the TCC is endowed with fewer water resources. For instance, while the Trodos Plain in the GCC receives around 600-900mm of rainfall per year, the Mesaoria Plain in the TCC receives an average of 250 mm. When combined with lack of irrigation systems, this has severely impacted the production of staple crops and has also had a dubious affect on citrus and other products traditionally produced in Cyprus.

Competition within the Citrus Industry

While Cyprus is known for its citrus fruits, oversupply in the market, integration of international standards, and lack of processing facilities has diminished the ability of TCC producers to earn a stable income. Much of the fruit is sold within the TCC itself, as until recently (and with EDGE's assistance) there were no transactions of citrus fruit across the Green Line. While some production is sent to Turkey, much more of it rots on the trees due to lack of market access. Even if other markets were available, TCC producers would have difficulty accessing them because of higher transportation costs (due to transit through the port of Mersin in Turkey), lack of refrigerated packing facilities, and higher production costs.

Subsidy Mentality

In addition to inherent structural and market weaknesses within the sector, EDGE's sector assessment found that TCC growers have over time developed a subsidy mentality relative to agriculture products. Virtually all agriculture activity in the TCC is geared toward exploitation of subsidies. Furthermore, the agriculture insurance compensation scheme offered by the authorities further distorts investment. For instance, the TCC's insurance compensation system offers subsidies to farmers that lose crops because of natural disaster such as draught. Because Cyprus is in the middle of a multi-year draught, many farmers plant their crops knowing they will never harvest them. They simply file for payment under the crop insurance subsidy.

Lack of Value Added Processing

It is no secret that farming is the lowest link in the value chain. Value added processing provides an opportunity to increase revenues and expand to more markets. Unfortunately,

the TCC has very few capabilities in this area and therefore is reduced to selling crops through the TCC authority's agriculture marketing board that provides a stable but insufficient income.

Lack of Market Access Except for Turkey

Relatively few TCC growers "exported" their products, but those that did faced an access problem. The only access for TCC agricultural products was either directly to Turkey or as a pass through to other markets, but this typically raised transportation costs to the point that the products were uncompetitive. Because of this, many TCC growers sold as much product as they could on the island and sent the rest to Turkey...or let it rot in the fields in order to collect a subsidy. Growers had little experience in dealing with other markets and because many did not speak English, Turkey was a close, easy and reasonable access point for their products.

In order to address these challenges, EDGE developed a five-pronged strategy designed to increase competitiveness within the sector. This strategy was based on the results of the agriculture sector assessment report, as well as meetings with associations, cooperatives, and individual growers. The strategy included: 1) Firm Level Assistance (FLA), 2) Initiation of Alternative Crops, 3) Support for the Dairy Industry, 4) Business Association Capacity Building and 5) Initiation of an Agriculture Extension Service.

This strategy was not crystallized quickly, as mountains of information, meeting notes and research had to be processed in order for it to be finalized. Once it was in draft form, EDGE consulted business associations and sector leaders to ensure that it was accurate and demand-driven.

As implementation of the strategy unfolded over the years, it became clear by mid-2007 that even though it was achieving success, its sustainability would be in question until EDGE's initiatives were passed on to an indigenous organization that could carry them forward. In early 2008, with assistance from EDGE's business association advisor, the Agri-business team developed a knowledge transfer strategy in conjunction with the Turkish Cypriot Chamber of Agricultural Engineers (TCCA). This relationship blossomed and by the end of the EDGE project, significant transfer of knowledge between the EDGE Agri-business team and TCCA interns was taking place.

Key Successes and Results

- Launched three alternative crops programs to **utilize arid land and create additional income for growers**. Anticipated revenues from pomegranates alone in 2009 will be **\$410,000 growing to \$1.2 million in 2010**.
- Facilitated **Firm Level Assistance (FLA) and Green Line Trade transactions with 8 clients totaling more than \$240,000** through the end of the project period. More than **30 trade linkages were developed** between these firms and international partners.¹⁰
- Introduced **GlobalGap and other international quality standards** to TCC growers and facilitated the formation of a potato growers group to **pursue GlobalGap certification**. This will be the first group in the TCC to gain international quality standards certification.
- Identified and built the capacity of the Turkish Cypriot Chamber of Agricultural

¹⁰ This figure reflects only Firm Level Assistance (FLA) and only those clients that reported the amount of their transactions. EDGE believes that this amount would be significantly higher if the all the clients reported their transaction amounts.

Engineers (TCCA) to **sustain EDGE's technical assistance to the agriculture sector** through creation of an Agriculture Extension Service.

- Promoted knowledge transfer to the agriculture sector through the **creation of an internship program** through TCCA. The **first two interns were trained** in alternative crop management, GlobalGap, and business development services.
- Assisted EDGE's Trade and Business Association Development Team in facilitating the trade of **citrus and potatoes across the Green Line**, documenting procedures for future replication and eliminating myths regarding regulations and red-tape.
- Created a quarterly Agri-News newsletter to **inform agriculture sector stakeholders about emerging trends in the industry**.

3.1 Firm Level Assistance

As it did in other sectors, EDGE began the initiation of its strategy by offering Firm Level Assistance (FLA) to targeted agri-businesses. In order to identify the firms that most needed assistance, the EDGE Agri-business team initially interviewed 50 TC companies and began work with the ones that fulfilled the selection criteria, which was the potential to increase "exports" and sales over the Green Line, the owner's commitment, the uniqueness of the product, and the ability/willingness to adhere to international standards. After analysis and comparison to the criteria, EDGE selected four dairy producers, a carob producer and a honey producer as candidates for FLA. The team signed an Memorandum of Understanding (MOU) with these companies and began the initiation of activities targeted to engage the companies in income generating business

Dairy Companies

EDGE assisted four dairy producers in the preparation of promotional materials as a first step towards pursuing markets outside the TCC. However, for the dairy sector this included only the international markets rather than the GCC since dairy was not a green-line compliant product. This being the case, there was little progress in establishing GC-TC linkages in this sector. Even so, halloumi cheese was successfully promoted at international exhibitions with the materials we helped our clients prepare. This was especially the case for the Middle East market, which had a high demand for halloumi cheese. With our assistance, the companies established business contacts that culminated in increased product sales.

Cyprus Carob Industries

Cyprus Carob Industries was a major success in terms of sales across the Green Line. The parent company of Cyprus Carob Industries was a large diversified group, which was engaged in both importing and manufacturing. Cyprus Carob Industries was established in 1997 as a wholly owned subsidiary of the larger corporation.

EDGE Agri-business FLA and technical assistance provided

- Akgol Gida, Ltd (Dairy) preparation of promotional materials for GC and international markets.
- Ozlem Sut Mamulleri, Ltd (Dairy) preparation of promotional materials for GC and international markets.
- KOOP Dairy (Dairy) preparation of promotional materials for GC and international market plus consultation on standards and hygiene practices.
- Sutis Gida (Dairy) preparation of promotional materials for GC and international markets.
- Cyprus Carob Industries (Carob) business matchmaking with GC firm.
- Kantara Honey (Honey) assistance in building EU compliant facility and purchasing equipment.

Through our FLA, we brought the company together with GCC carob producers as well as the Limassol Carob Union. We assisted the company in holding regular meetings with these producers, which culminated in one of the GC companies, Araouzos, entering into a business relationship with Cyprus Carob Industries. Thus far, the company has sold one 40 foot container of carobs to Araouzos, which created a sale of almost 9,500 Euro. As important as this sale was the precedent set by linking a TC agriculture producer to a counterpart across the Green Line. Another bi-communal contact was also initiated through our activities involving PARPIS, another GC carob producer.

Along with these activities, we also assisted the company in conducting equipment review for a carob syrup processing facility that they planned to establish. This facility is still in the planning stages.

Kantara Honey

As part of its FLA, EDGE first conducted a market analysis after which it assisted in the preparation of a marketing plan to access both domestic and international markets. As part of a re-branding and labeling initiative, we helped the company develop a new logo for its products as well as European Union-compliant labels in two languages. We also provided technical support for the development of an informational website. Using small grants from the USAID-funded SAVE project, Kantara Honey increased its beehives by 75%, which in turn increased its capacity. As a result, the company successfully participated in international trade exhibitions, including Gulfood, which is the largest event of its kind in the Middle East.

In 2007 Kantara Honey improved its production by building a new facility that is compliant with European Union quality standards. This facility includes a laboratory, which allows the company to independently control the quality of its products. As honey is now approved for trade across the Green Line, Kantara will no doubt find additional sources for sales in the GCC if it can meet European Union phytosanitary standards. To assist in this effort, EDGE provided consulting services for the laboratory's establishment and continues to provide Kantara with assistance in ensuring that its production is compliant with international phytosanitary regulations.

With EDGE's technical assistance and support from other USAID-funded projects, Kantara Honey doubled its capacity, started producing traditional honey and fruit preserves in a modern, automated factory, and began selling its products in a wider array of domestic and international markets. Kantara Honey earned more than \$200,000 in new revenue due to EDGE's capacity building assistance.

As part of its analysis of Firm Level Assistance, EDGE ultimately decided that the level of effort and resources provided to each FLA client was disproportional to the impact it would make on the firms. In addition, it became clear that FLA could not be sustainable without the development of strong chambers and business associations in the agriculture sector to which we could transfer our knowledge. With this in mind, in mid-2007 we transitioned from FLA to business association development as a way to ensure this sustainability. This being said, we continued limited work with existing FLA clients such as Kantara Honey.

3.2 Alternative Crops

The second element of EDGE's agri-business strategy was the identification, implementation and marketing of alternative crops that were consistent with the TCC's climatic, soil and

production conditions. After extensive market research that included more than fifteen different crops, five were selected as having the most opportunity for success: pomegranates, capers, cactus fruit, salicornia, and passion fruit.

We advertised these alternative crops through brochures, leaflets, and the Agri-News (our quarterly newsletter). Through these promotional mechanisms, we formed interest groups within each alternative crop area. The following are the interest groups and the number of growers involved.

Pomegranate:	22 people
Capers:	14 people
Cactus Fruit:	10 people
Salicornia:	5 people
Passion Fruit:	14 people

We elected to begin with the implementation of a pomegranate project as there was significant enthusiasm among the 22 growers that wanted to be involved, as well as growing global demand.

From the outset we knew that implementation of any of the alternative crops projects would not be easy in that they were new additions to a standard, if not stagnant, product mix in a sector that is not known for the flexibility of its growers. In addition, we had to avoid the perception by the GCs that land without clear title, or that was currently in use as citrus orchards, was used for the production of alternative crops.

We addressed the first challenge through a sustained informational campaign. First, we helped the associations and individual growers understand that alternative crops were potential sources of new revenue, not to replace but to augment income from crops already being grown. Once this was done, we conducted an informational campaign for each crop in order to help the growers understand the opportunities that each could afford.

The land issue was more problematic, but with the use of a creative approach born from exhaustive research, we adopted the criteria that the alternative crops could only be grown on unused, arid land. This would ensure that no orchards were destroyed but were instead augmented by income from alternative crops.

Before launching the first alternative crop program, we also developed specific criteria for grower participation. Since the alternative crops would require significant commitment on the part of the growers, we required them to a) sign a Memorandum of Understanding (MoU) that outlined their responsibilities, b) put some of their own monetary resources into the project, which usually came in the form of purchasing the plants, and c) allow EDGE experts access to the alternative crops fields/orchards to inspect the crops and offer advice on how to achieve the best harvest.

As a final preparatory step to launching the first alternative crop program, we identified an international expert in the field, Shlomy Raziell, to visit the growers every six to eight weeks in order to provide on-site technical assistance. While Mr. Raziell had experience in all the alternative crop groupings, he had special expertise in pomegranates. For this reason, coupled with the fact that the world demand for pomegranates was increasing, we decided after consulting the growers that pomegranates would be the first alternative crop launched under this project.

Pomegranates

Our research indicated that there was great potential in growing pomegranates as an alternative to citrus orchards, which had declined mainly due to salination of the ground water and increased global competition. As with all of our alternative crops projects, pomegranates were to be implemented in phases. Phase one, involving 17 growers, was initiated in 2006 with the planting of 18,450 trees on 205 donums¹¹ of unused and arid land. Five additional growers elected to take part in phase two, which was initiated in June 2007, planting 45 additional donums and 3,700 trees.

Because of EDGE's ongoing work with the growers, there was a small initial harvest in 2008, more than a year before the first expected harvest. Based on current pomegranate prices and the fact that TCC producers can supply the European market during a time of year when it cannot ordinarily get pomegranates, it is estimated conservatively that the 2009 harvest will produce at least \$410,000 in revenue for the growers. Once phase two production comes on line in 2010, this number could reach as much as \$1.3 million in additional annual revenue for growers. These revenue figures are based on the sale of the pomegranate fruits only, and could rise significantly if value-added production, such as a juice facility, is brought on line.

In addition to its income generating potential, the pomegranate project provided a model for the development of a sustainable agri-business, as well as of the need for ongoing services that would be provided through an agriculture extension service. In the case of this project, EDGE served as the technical advisors for the project, but in future phases TCCAE will undertake these services using experienced specialists that were trained by the EDGE Agri-business team.

Phases three and four of the pomegranate project will be implemented under BearingPoint's new Promoting Private Sector Development (PPSD) project and will involve the following:

- Phase Three: Establishment of a Fruit Processing Facility – EDGE helped pomegranate growers in establishing a fundraising team to present potential donors their business strategy. A business plan for the fruit processing facility is currently being written and will be presented to interested donor organizations by the group of growers.
- Phase Four: Operating a Sustainable Agribusiness – The pomegranate grower's group is now seen as an asset to the TC economy and thus has created interest from international organizations to support its efforts. This will increase the project's size and scope, as well as lay the groundwork for the creation of a growers' association.

Capers

The **caper** (*Capparis spinosa* L.) is a perennial spiny shrub that bears rounded, fleshy leaves and big white to pinkish-white flowers. It was selected for implementation as the second alternative crop largely because of increasing market demand in the Mediterranean region of Europe.

Based on the lessons learned from the pomegranate project, the capers project was initiated quickly and efficiently, requiring only three months from the first public announcement to the

¹¹ 1 donum of land equals 1,340q/m

planting of the caper seedlings. Fourteen growers planted 25 donums of capers, with planned expansion up to 250 donums. It is estimated that the minimum net income per donum will be \$6,200 from 2010 on. This is a very conservative calculation and considers only the income from raw capers.

Phases two and three of the capers project will be initiated by TCCAЕ and are expected to significantly increase the yield and thus the income potential for growers.

Cactus Fruit

The cactus fruit project was launched in May 2008 with ten growers. Each grower planted approximately ten donums of cladodes (cactus seedlings) that by 2011 should yield an income of \$160,000 annually. Phases two and three will be implemented by TCCAЕ and are expected to significantly increase the yield and thus the income potential for growers.

The final two alternative crops projects, salicornia and passion fruit, will be implemented under the PPSD project in conjunction with TCCAЕ. As a whole, EDGE's alternative crops strategy proved highly successful in that it a) established sustainable agri-businesses, b) provided new income sources for growers, c) established a profitable and ecologically friendly niche market, and d) laid the groundwork for the development of an agriculture extension service through TCCAЕ.

3.3 Dairy Project

The dairy sector is a complex sector involving not only farmers, producers and exporters of dairy products but also the Turkish Cypriot authorities. It is a challenging sector as well, due to industry's inability to meet global quality standards as well as an erosion of the TCC's price advantage on both raw milk and halloumi cheese. Still, the dairy sector has, and could be again, an important agri-business sector if it adapts to market conditions and embraces quality and phytosanitary process that will allow it to access new markets.

EDGE's work in the dairy sector began with an assessment of the industry on both sides of the Green Line, even though dairy products were not allowed to pass from the TCC to the GCC or vice versa. Still, a comparison with the GCC was necessary especially as it related to the price of raw milk and consequently of halloumi, which is a well-branded cheese produced in Cyprus. Thus, the results of "The Farm Assessment of the Dairy Industry within the TCC and GCC" provided the background information for EDGE to develop its strategy. Ultimately, we decided to cooperate with the USAID-funded UNDP-ACT (Action for Cooperation in Cyprus) project and MADAG (Madison Advisory Group) as a way to leverage our technical assistance and achieve greater results. Quite simply, this cooperation was necessary in that none of these organizations on its own had the resources to address the daunting needs within the dairy industry, but together they could make an impact by using their combined experience and financial resources.

One of the assessment's major findings was that additional training for dairy farmers was needed if the quality of raw milk was to be increased to the level necessary for the creation of higher value dairy products. The assessment also found that the TCC's milk marketing board needed to be transformed from a milk collecting and subsidy distributing organization to a true promoter of dairy products. Other findings within the report were also critical in the development of EDGE's strategy for the dairy industry. The following are the most significant of these conclusions:

- The quality of milk should be increased.
- Cold chain should be implemented.
- The number of dairy farmers needed to be reduced
- The number of cows (sheep and goats) per farmer should increase
- Seasonality of milk production needed to be regulated
- New dairy products needed to be introduced
- Marketing of the dairy products needed to be improved

After discussion with UNDP-ACT and MADAG, EDGE began its support of the dairy industry by initiating a "Training of Trainers" (ToT) program in order to train indigenous specialists to prepare curriculum and deliver MADAG trainings to TC dairy farmers. These trainings focused on animal health, phytosanitary standards, and distribution channels. In order to initiate the ToT program, the EDGE Agri-business team cooperated with EDGE's training coordinator to facilitate the creation of curriculum using our curriculum development model (which is described in Section 5.0 of this report). More than 100 farmers attended these training programs, resulting in significant changes in animal care and feeding as well as an upgrade in sanitary conditions on dairy farms.

The MADAG training created trust among the farmers, the TCCAE and other stakeholders in the Turkish Cypriot community. Under the European Union's rural development grant program, the EU support office listed MADAG training as a pre-condition for the farmers to receive grants. This action positively affected our ability to institutionalize this training. Dairy Farmers now ask about MADAG training, call in advance to enroll and show willingness to pay for the training. With more farmers requesting the training it is a great opportunity for TCCAE, our primary partner in this sector, to embrace this as a fee-based service.

On the marketing front, EDGE Agri-business team members regularly met with officials from the authority's "Milk Marketing Board" in order to keep them abreast of activities as well as to promote structural changes within the industry that would lead to increased competitiveness. Overall, EDGE's work in the areas of training and marketing/promotion led to the achievement of significant results, such as the following:

- **Standards and Market Opportunities:** Sheep's and goat's milk is now being collected separately from cow's milk. In the TCC, cow, sheep and goat milk were being collected together until very recently. This resulted in loss of value, since sheep's and goat's milk have a higher market value and can be used as inputs for high value cheese products. In addition, European Union directives do not allow for the mixing of milk.
- **Reduction in farms.** There has been a significant reduction in small and unprofitable farms. In 2004, there were a total of 2,054 cow milk producers. In 2006, this was reduced to 1,195 and it dropped to under 1,000 by the end of 2007. Fewer farms mean more cattle per farm, which allows for increased volume and better return on investment.
- **Increased income and milk volume.** The tables below show the positive changes in the dairy farms since 2004. In order to establish profitable and sustainable dairy farms, the production per farm needed to increase significantly. Small farmers (defined as producing less than 100 liters of milk per farm) could not achieve profitability and they also hindered economical milk collection within the cooling chain. Due to EDGE's efforts and those of other international organizations, there was a significant shift from

small to large farms. Currently large farms are responsible for approximately 65% of the total milk production compared to 25% in 2004.

Table 1. Profile of cow milk producers in 2004				
Daily milk in liter per producer	Producers UNIT	Producers %	Milk Amount %	
500 ltr and more	51	2.48	25.43	

Table 2. Profile of cow milk producers in 2006				
Daily milk in liter per producer	Producers UNIT	Producers %	Milk Amount %	
500 ltr and more	123	10.29	52.96	

Table 3. Profile of cow milk producers in beginning 2008				
Daily milk in liter per producer	Producers UNIT	Producers %	Milk Amount %	
500 ltr and more	149	16.64	64.86	

- The cold chain project moved forward. The establishment of a cold chain is critical to increasing the quality of raw milk, as it provides an unbroken chain of cold from the farm to the consumer. Since 2006, eight cold milk tankers are in operation. This is significant in that prior to EDGE's work in this sector; there was no thought of the establishment of a cold chain. This is one step in the direction of establishing international standards for milk production.
- Milk Pricing: In 2004, milk prices were not based on a quality system. By 2006, however, payment had been linked to quality. The milk price is now based on the amount of fat and protein content; contamination of somatic cells; and, contamination with bacteria. Classification tables based on these parameters were established and the price is calculated according to these tables. As a result of this, payment is higher for milk that is of higher quality. Also, milk that goes through the cold chain achieves a higher price compared to milk collected by the old can system. This incentive supports the implementation of the cold chain project. The impact of pricing on standards culminated in a quantum change within the dairy sector.

3.4. Business Association Capacity Building

As part of our strategy to create a sustainable support network for the agriculture sector, we analyzed various business associations with the goal of identifying at least one that could take over management of an agriculture extension service. After conducting an analysis of a number of potential organizational partners, including a discussed collaboration with TCCC and CTCI, TCCA was identified as the best option. TCCA currently has 250 members and represents one of the largest pools of agriculture-related talent in the TCC, namely agriculture engineers, many of whom have advanced degrees. A memorandum of understanding was signed with TCCA in April 2008, which outlined the scope of the arrangement. In brief, EDGE would help TCCA identify a pool of potential interns, which we would train for four to six months in all the processes that would be undertaken within an agriculture extension

service. These include GLOBALGAP certification, business development services, farmer/grower consulting services, assistance with access to financing, technical consulting (e.g. field/orchard design, pest control, irrigation design, etc.), and research/marketing.

Initially, two TCCAЕ members were nominated to receive technical training from our team and a number of international experts. This training was organized into an internship program that eventually included four TCCAЕ interns. The internship program included field visits, training programs, report-writing, consultation with growers, and other practical initiatives needed for full understanding of programs to be provided within an agriculture extension service. This training included participation in field visits, workshops delivered by our team and other client-related activities. This laid the foundation for the eventual transfer of the agriculture extension service to TCCAЕ. In essence, the EDGE Agri-business team had been serving as an agriculture extension service since it began providing Firm Level Assistance (FLA) within EDGE's KOBИ Center.

The collaboration with TCCAЕ through the internship program and general capacity building paid quick dividends, as in June 2008 20 farmers showed serious interest in moving ahead with the certification process. The team also provided TCCAЕ with assistance in consulting directly with companies relative to GLOBALGAP certification.

3.5 Future Work: Extension Services through the Turkish Cypriot Chamber of Agriculture Engineers (TCCAЕ)

The Agribusiness Team established the first extension service in the TCC under the auspices of the KOBИ Center. Since its inception, the team has worked with more than 250 clients of which 52 successfully started new businesses 20 clients expanded or improved their businesses.

The agriculture extension service mechanism was also felt in the alternative crops initiative with 19 (18 irrigation systems, 1 water tanks) Phase I pomegranate growers receiving technical assistance in their applications to gain access to financing.

As part of this effort, we conducted 56 on-site visits to growers. These included checking the quality and suitability of the fields for selected alternative crops and also providing support to the growers as to orchard designs and crop development. Our technical expert, Shlomy Raziел, provided specific assistance that enhance crop yields and institutionalized the methodology for growing the targeted crops.

After the successful implementation of the pomegranate project, stakeholders from the agricultural community began contacting us with a variety of requests. This highlights the fact that our efforts were noticed and appreciated. The Agri-business team averaged two new inquiries per week (totaling more than 100) over the past two years, in addition to the growers that received technical support through our alternative crops interest groups. While the team took the lead in developing the extension service concept, it realized early on that its sustainability depended on the transfer of this knowledge to an indigenous organization. With assistance from EDGE's senior business association advisor we developed a strategy to transfer our knowledge to one or more agriculture sector associations. The Turkish Cypriot Chamber of Agriculture Engineers emerged as a potential partner and in March 2008 we began work to build its technical capacity.

In addition, the Agribusiness team’s members have written approximately 97 meeting reports about the challenges faced by our partner companies and organizations, as well as on potential projects to build sectoral capacity. For instance, at the end of our pomegranate orchard visits, we sent monthly reports to the pomegranate growers with general orchard maintenance recommendations, a list of specific problems to be addressed in each orchard, such as irrigation, fertilizer application, pruning, weeding, irrigation systems, and pest and disease management. Another success as part of our extension service is that we managed to persuade a majority of our pomegranate growers (16 out of 22) to regularly communicate via e-mail.

Besides servicing clients, the team also began the publication of a periodic newsletter, called “Agri-News”, to inform the public about new trends and practices as well as the team’s activities and services. To date, we published four issues each of which was distributed to more than 2,000 stakeholders.

Agri-business and Alternative Crops Milestones	Month Completed	Year
Pomegranate Project		
Began investigation of pomegranates as an alternative crop	February	2006
Completed pomegranate market research	April	2006
Designed strategy for the pomegranate program	June	2006
Presented the pomegranate program to interested participants	July	2006
Presented more detailed information about the project to the interested growers	August	2006
Signed MOUs with 17 Phase I Growers	September	2006
Conducted 1 st training for growers – Financial Management /Budgeting	September	2006
Conducted 2 nd training for growers – Orchard Establishment	October	2006
Submitted proposal to other donors for the funding of an irrigation system. The proposal was accepted and the system installed in pomegranate orchards.	December	2006
Procured 18,500 pomegranate trees for Phase I	February	2007
Conducted 3 rd training for growers – Tree Planting	February	2007
Facilitated the establishment of 17 orchards – planted pomegranate trees	March	2007
Monitored the installation of irrigation systems in 17 orchards	April	2007
Conducted 4 th and 5 th training for growers – Use of Irrigation Systems in cooperation with Bulancak Ltd.	April	2007
Published first edition of Agri-News newsletter	April	2007
Conducted 6 th training for growers – Irrigation and Fertilization in Cooperation with NETAFIM.	May	2007
Monitored orchard development with alternative crop expert Shlomy Raziel and made recommendations	May-June	2007
Conducted 7 th training for growers – Fertilizer Application	July	2007
Presented Phase II of the pomegranate Program to interested growers	July	2007
Published informational brochures on additional alternative crops -- Capers, Cactus Fruit, Salicornia and Passion Fruit	July	2007
Visited Orchards with Shlomy Raziel and made recommendations	August – September	2007
Attended in the Agri-CY Fair 2007 in Nicosia and presented the alternative crops program.	September	2007
Signed MOUs with 5 Phase II Growers	October	2007
Conducted 8 th training for growers – Winter Pruning of Pomegranate Trees.	November	2007
Conducted 9 th training for growers – Field Marking and Field Preparation	November	2007

for Phase II growers.		
Procured 3,700 Pomegranate Trees for Phase II	December	2007
Organized the establishment of 5 Orchards – planted pomegranate trees	January	2008
Visited Orchards with Shlomy Raziel and made recommendations	January-February	2008
Conducted 10 th training for growers – Pest Management	February	2008
Visited Orchards with Shlomy Raziel and made recommendations	March-April	2008
Capers and Cactus Fruit Projects		
Prepared brochures about production and marketing of alternative crops – capers, cactus fruit, salicornia and passion fruit	August	2007
Established an interest group of growers interested in capers	September	2007
Conducted meetings for the capers interest group outlining the next steps in the establishment of fields.	October	2007
Conducted market research on capers varieties, overseas demand, market prices, potential profitability, where to obtain seedlings, and created a business plan.	November	2007
Contacted the TCC authorities to determine availability of financial assistance to capers growers. As a result, the authorities offered to give \$15 on average per donum of capers to the growers, which wasn't satisfactory at all. They categorized the capers as dry agriculture, which had a fixed amount of incentive. However, since capers were not planted in large volumes, the given incentive amount wasn't satisfactory.	November	2007
Briefed interested capers growers about market research results and obtained their commitment to continue	December	2007
Visited grower fields to assess conditions for capers planting	December	2007
Signed MOUs with 14 capers growers	January	2008
Conducted a study tour to Turkey for the capers growers to witness growing conditions	January	2008
Advertised for cactus fruit growers through Agri-News and other media.	January	2008
Met with interested cactus fruit growers to outline the project steps		
Received import permission from the agriculture authorities to import capers seedlings from Turkey.	February	2008
Brought a consultant from Turkey to assist the growers with field design and planting	March	2008
Conducted training on cultivation of capers and field maintenance	March	2008
Completed planting of 25 donums of capers	March	2008
Conducted market research on cactus fruit and prepared a business plan.	March	2008
Presented the business plan to 10 interested cactus fruit growers	April	2008
Completed field visits for interested cactus fruit growers and signed 19 MOUS for cactus fruit program	April - May	2008
Conducted a study tour to Israel for pear cactus growers to view production, packaging and processing	April-May	2008
Determined that cladodes for cactus fruit could be obtained locally and located productive and healthy donor plans for cladode collection	May	2008
In cooperation with the TCCAE, procured 3,800 cladode pads to be distributed to cactus fruit growers	May	2008
Demonstrated planning of cladodes and completed planting of 35 donums (1 donum is 1338m²) of cactus fruit.	June	2008
Dairy		
UNDP conducted "A Farm Assessment of the Dairy Industry within the TCC and the GCC" to obtain a baseline for assistance to the dairy sector value chain	April	2005
Based on assessment results, EDGE worked jointly with UNDP-ACT and MADAG to developed a work plan to improve the dairy sector	September	2006
Created a formal Training Needs Assessment (TNA) and developed an implementation strategy for training based on EDGE's sustainable	October	2006

training model		
Selected and trained the training program coordinator.	November	2006
MADAG took the role of the training advisory board.	December	2006
Selected 15 veterinarians to participate as core Dairy Sector Trainers	January	2007
Conducted a presentation about the Dairy Training Program for the "Milk Marketing Board" ("MMB") and the TCC Breeders Union	January	2007
Made a presentation about the Dairy Training Program to Turkish Aid	February	2007
Researched certification options for HACCP and presented the HACCP findings to dairy companies	February	2007
Conducted a meeting with UNDP-Act to brainstorm ideas for registering MADAG as an NGO. The decision was to proceed with the registration on the north. MADAG is STILL in the process of registration. It will soon be registered in the north, but the registration in the south will be completed at a later date.	March	2007
Conducted a Training-of-Trainers program for selected dairy specialists	May	2007
Planned the development stages of the participant guide – selected Animal Health and Hygiene as first course for development	August	2007
Completed delivery of 6 MADAG Training Workshops for assisting the trainers to prepare all the course materials.	September	2007
Provided the final training to Hygiene and Animal Health trainers on course development- Module 4 (Presentation and Facilitation Skills), Module 5 (Exam writing workshop)	October	2007
MADAG opened the official TCC Training Farm	October	2007
Conducted first Hygiene and Animal Training at the State Farm	October	2007
Completed delivery of 6 Hygiene and Animal Training courses to ~100 dairy farmers	May	2008
Provided the final training to Animal Feeding and Rationing trainers on course development- Module 4 (Presentation and Facilitation Skills), Module 5 (Exam writing workshop)	May	2008

Financial Market Stability and Capacity Development

In all economies, the financial sector plays a pivotal role in stimulating private sector growth and economic competitiveness. Years of political isolation and dependency on Turkey, however, have had a substantial impact on the development of the financial sector in the TCC and its ability to support trade, investment and economic expansion. Public-sector controlled Turkish Cypriot banks (including the "Development Bank") are lending to the local community, but in a non-market and non-transparent manner and at heavily subsidized lending rates. Private banks often place heavy emphasis on wealth preservation and tax avoidance rather than growth and profitability. Although private banks are lending to small and medium-sized enterprises, their risk-aversion and inefficiency limits credit expansion. As a result, the TCC banking sector needs to be strengthened in order to create a competitive environment that will promote growth and expansion in advance of an eventual settlement of the Cyprus issue.

The attitudes and behaviors of TC enterprises, however, have not provided sufficient incentives for banks to expand their lending volume. The business community's reliance on subsidies has discouraged competitive business practices that would stimulate greater willingness to extend credit. Budget transfers inhibit incentives for tax collection, which, in practice, discourages the maintenance of accurate tax records to present to banks as evidence of creditworthiness. The lack of consistent accounting standards severely hampers a bank's ability to lend on a cash flow basis, which is further complicated by outdated credit reporting. The absence of real estate collateral due to questionable titles discourages long-

term lending. All of these complicating factors inhibit lending to smaller businesses, the primary private-sector drivers of the TC economy.

The commercial banking sector in the TCC remains quite small in aggregate terms, yet is relatively large on a per capita basis when compared with many emerging markets¹². Currently, 24 commercial banks and 14 offshore banks operate within the TCC, although only three commercial banks have pre-1974 licenses. Tied to Turkish financial markets, the commercial banking sector suffered a severe banking crisis in 2000 after which the TCC ushered in a series of financial sector reforms, mirroring those adopted by Turkey, which contributed to the recovery of the sector. Deposits and lending are once again expanding, as are profits and overall capitalization. While financial products offered in the TCC are relatively basic, they generally seem to meet the deposit and credit needs of the local community. The level of financial intermediation in the TCC needs significant improvement, however, as loans represent only 56% percent of deposits in the banking system.

In working with both the "Central Bank" and the commercial banking sector, EDGE learned many lessons throughout the course of the project that have necessitated continuous adaptation and flexibility in our scope and in our staff. Some of these lessons learned are the following:

Aggregate statistics in the banking sector are highly misleading as an indicator of the sector's activity and condition. On the surface, aggregate statistics of the banking sector indicate high liquidity with significant room for loan growth. Loans to public sector entities usually carry a heavily subsidized lending rate, which has created an uneven and unsustainable playing field in the banking sector. As a result, profitability and capital adequacy are inflated, and borrowers are not building sustainable business enterprises. In addition, Turkish branch banks are not lending to the local community and focus only on deposits as a source of funding for investment in Turkish securities. As an example, a Turkish branch bank operating in the TCC, showed in its year end 2006 figures that its loans as a percentage of total assets was 5%, while overseas bank balances were 73%. This showed that rather than lending to the local economy, over 70% of the banks assets were transferred out of the TCC. This leaves private Turkish Cypriot banks to service the majority of the small- to medium-sized businesses. Although some of branches of foreign banks have expressed a desire to lend to TCC enterprises, there has ultimately been very little change. Under EDGE, BearingPoint has focused its attention on training and development on the private Turkish Cypriot banks, as they have been most responsive to the credit needs of the general business public. In EDGE's review of pending banking legislation, we have made recommendations to ensure that Turkish branches have stronger incentives increase TCC financial intermediation.

Privately owned banks are mostly family-owned or closely held organizations. The banking industry is comprised of publicly controlled banks, branches of international banks from Turkey, and closely held, often family-controlled enterprises. Although the privately owned banks are the largest lenders to the small- and medium-sized business market, they tend to be risk adverse in lending, but they often assume more risk by lack of strong risk management practices and internal controls. During the project period, EDGE has helped stimulate a change the culture and attitudes toward human resource management and

¹² Total deposits in the commercial banking sector are approximately \$3 billion, yet this represents 118% of GDP. A figure of 50% of GDP is generally considered advanced, with most of new EU Member States showing figures between 40% and 70%. However, we also must consider that foreign banks operating in the TCC are collecting deposits but not participating in the local intermediation process. Subtracting the amount of deposits taken out of the TCC reduces the deposits to GDP figure considerably.

training within the banking community, as we describe under our section on Commercial Banking Activities. We also helped make initial changes in risk management practices through delivery of training courses, since our experience has revealed that corporate governance practices and risk management skills have languished for years in an isolated environment.

Subsidy schemes have had a negative impact on the banking sector, as has lack of an accounting profession and attention to accounting standards. Subsidy schemes are not designed to build the foundations of a sustainable economy but merely to correct shortfalls in tax collection, resulting in a poorly considered tax policy in the TCC. This short-term, budget-capping focus creates an addiction to the next subsidy rather than stimulates a vision to achieve sustainability. This practice also means that businesses, large and small, do not have reliable tax records to present to banks as evidence of financial standing and have little incentive to prepare true and accurate accounting statements. The lack of accounting standards and principles also severely hampers a bank's ability to lend on a cash flow basis, and there are no credit rating services to indicate borrower creditworthiness. The absence of real estate collateral due to questionable titles and the absence of a long-term source of funding, such as capital markets, discourage long-term lending. All of these complicating factors make private-sector lending extremely difficult. EDGE responded by offering a credit analysis course that trains lenders to create pro-forma financial statements from interviews, physical inventory assessments, bank deposit records and other proxies from which they can construct a reasonable financial analysis. These credit analysis tools will support our new focus on business planning and access to credit services through the Business Development Services (BDS) program initiated by the TCCC and CTCI with EDGE's assistance.

The banking supervisory authority currently is well understaffed. The staff size of the banking supervision function is highly limited through "legislation," which controls the structure and the organization of the banking supervision function. The structure was formed in 1987, before off-site supervision was even contemplated, and remains unchanged to date. According to the "legislation," the total number of supervisors is capped at 15, of which six are used for off-site supervision and six for on-site inspection, who must examine 27 banks on-site every year. This leaves only three positions for senior management, and leaves none for policy development positions. As a result, policy development is a part time function for existing, already over-allocated, staff. EDGE advisors developed recommendations to eliminate legally mandated staffing requirements and to focus more on reasonableness of industry projections, industry quality and budgets to determine staff size.

The TCC "Central Bank" does not have a legal department or a functioning accounting department. The lack of a legal department severely complicates the drafting of critical, and often highly complex, banking "law" amendments to comply with European Union Directives, which we encountered when helping to draft a revised banking law under the EDGE program. The "Central Bank" has a preference to use Turkish laws and regulations verbatim, which causes problems because of the difference of the scale of the financial sectors in the two economies. For instance, the TCC's current financial report for commercial banks was developed by Turkey in response to its 2000 banking crisis and reflects the requirements of a much larger and much more complex banking system. Turkey has subsequently made several changes to its financial reporting package, but the TCC has difficulty keeping pace with these changes with its limited staff. EDGE advisors worked closely with bank supervision officials to develop guidelines and policies that match the needs and the complexities of the local banking sector, yet continue to comply with international standards and European Union directives. This has been evident in our focus on the banking

law and in our series of discussions with both the “Central Bank” and the commercial banking industry.

While the banking sector is not immune to money laundering, we believe the majority of money laundering in the TCC takes place outside of the banking sector. It is our assessment that the high-value sectors of the TCC economy – real estate, cars, jewelry, casinos – represent greater opportunities for money laundering than the banking sector. Nevertheless, lack of effective communication flow between the banking supervision authority and the finance intelligence authority has hindered efforts to combat money laundering in the TCC. Although the legislation for money laundering has been in effect since 1999, no structure exists to date for analysis of reports that the financial intelligence authority collects from commercial banks. EDGE advisors worked closely with advisors from the British High Commission to improve the function of the financial intelligence authority and give proper emphasis to anti-money laundering efforts to various reporting bodies. BearingPoint advisors also designed an effective study tour to illustrate the inner workings of financial intelligence units in two countries of similar size and complexity. In the EDGE follow-on program, we will provide advice in addressing unregulated market players, including “money brokers,” which lend at usurious interest rates and use several accounts in different banks on their daily transactions to avoid cash reporting.

4.0 Bank Oversight

Despite the TCC’s isolation, its “Central Bank’s” supervision function generally complies with the *Basle Core Principles for Effective Banking Supervision* (Basle Core Principles). Banking supervision meets international standards in independence although ties to the Central Bank of Turkey are evident in its governance structure. While banking “legislation” needs significant improvement to conform to international standards, the banking supervision function has demonstrated clear successes in enforcement of legal provisions, including the right to remove a bank’s license when it failed to meet established rules. Nevertheless, the “Central Bank” faces institutional limitations dictated by legislation. It lacks an appropriate legal department, which severely complicates the drafting of critical, and often highly complex, amendments to banking legislation to comply with European Union directives. Financial sector policy is developed as a part time job for existing, already over-allocated, staff.

One of the primary legacies of isolation has been the cumbersome way in which TC banks make international payments and settlements. Shut out from direct membership in the Society for Worldwide Interbank Financial Telecommunication (SWIFT), TC banks must effect international payments through branches in Turkey. Local inter-bank payments are settled manually or through antiquated processes. Lack of modern inter-bank payments systems and a SWIFT code limits the efficiency of bank transfers between the TC and GC communities to support trade across the Green Line. All of these deficiencies discourage the ability of the TC banking sector in supporting trade for private enterprise growth.

Key Successes and Results

- Positioned the TCC to ***align its policies, practices and systems regulating banking and financial markets with those of the Republic of Cyprus and the European Union*** to pave the way for greater future cooperation and ensure stability and sound global citizenship.

- Encouraged the "Central Bank" to adopt **a risk-based supervisory approach to bank oversight**, for which the bank is currently preparing 'regulations' on risk management and internal controls.
- Introduced the 'central bank' to the Basle Core Principles of Effective Bank Supervision and the need to periodically **assess its policies, practices and performance against international standards**. The "Central Bank" improved its score from 126 to 134 (out of a possible 180) during the implementation of the EDGE project.
- Provided technical support for revising a draft to update the banking "law" and its "regulations" to **closely approximate European Union banking directives**. This "law" is currently being considered for passage.
- Promoted **planned procurements in modern, automated payment systems**– a Real Time Gross Settlement System (RTGS) and an Automated Clearinghouse (ACH) system – to improve TCC capacities for Green Line and international trade.
- Encouraged the **creation of a functional "Financial Intelligence Unit" (FIU) to combat money laundering** and improve the TCC's international reputation and capacity for fighting financial crimes.
- Strengthened proposed "legislation" for anti-money laundering and provided training in international regulations and implementation.
- Identified the cumbersome limitations of a standard Chart of Accounts and ways in which TCC accounting "regulations" are not in conformance with International Financial Reporting Standards (IFRS).
- Assisted the Central Bank of the Republic of Cyprus (ROC) and the TC banking sector in introducing procedures to the TC community required for the ROC's conversion to the Euro on January 1, 2008.

4.1 Oversight Capacity Building

To formulate activities to improve bank oversight, the EDGE team conducted an assessment of the TCC "Central Bank's" compliance with the Basel Core Principles. We reviewed TCC banking laws, regulations, banking circulars, and information provided on the "Central Bank's" website. We also conducted discussions with the supervisory management and staff. Although not directly related to the Core Principles Assessment, we also reviewed consistency with European Union directives related to risk-based banking supervision including proposals for a capital adequacy directive as the implementing tool for the new Basle Committee Capital Accord, which would most closely match the needs of bank oversight in the TCC.

Assessment Based on Basle Core Principles. In our assessment, the TCC's bank supervisory department received an initial score of 126 of a possible 180. We also found that the "Central Bank" had made considerable progress in developing effective bank oversight since 2001, the year of the banking crisis in the Republic of Turkey. The TCC passed new banking "laws" in that year, and we found that regulations defining those "laws" had been implemented on an ongoing basis. The organizational structure of the "Central Bank" had been revised to create "bank supervision departments" for both on-site and off-site supervisory activities. Staffing had been increased and guidelines were developed for supervisory activities. Based on our assessment, however, we found areas of general weakness that included deficiencies in: the implementation of risk-based supervision principles, consolidated supervision of financial conglomerates, country risk assessment, information sharing capabilities with other offices of the TCC, legal protection of banking supervisors, anti-money laundering provisions and supervision of off-shore banks.

Additionally, risk management principles and internal governance in the banking industry needed improvement. Throughout the project, we subsequently addressed many areas noted as weaknesses by mobilizing our bank regulatory legal advisor and drafted a completely new banking law that is consistent with relevant European Union Banking directives, particularly for anti-money laundering. In June 2006, we conducted an updated Core Principles assessment and concluded that the TCC "Central Bank" had improved its "score" to 134. Further assessments were not conducted as there have been no changes that would warrant them. However, we continued to provide ad-hoc advice on strengthening the fundamentals of banking supervision and implementation of measures consistent with European Union directives throughout the course of the project.

"Legal" and "Regulatory" Framework. One of the primary areas of assistance identified by the TCC "Central Bank" was in helping to draft amendments to the TCC banking "law." In late 2005, the EDGE team mobilized a short-term regulatory specialist to draft a set of general recommendations for these amendments, which helped build credibility with the TCC "Central Bank", which later requested our full assistance in drafting the "law" itself. In our assessment of the existing "law," we found that it provided an adequate starting point for creating a modern banking supervision function. It specifically required banks to have suitable risk management and internal control systems; gave the "Central Bank" the authority to establish capital adequacy and other prudential standards; and provided the authority for requiring corrective actions where necessary. In certain critical areas, however, EDGE determined that amendments were necessary, particularly with regard to establishing the authority to exercise risk-based supervision. As a starting point, we reviewed the European Union's banking-related directives, especially the Banking Directive and the Financial Conglomerates Directive. In addition, we reviewed the 1997 Republic of Cyprus Banking Law, which was based largely on European Union concepts. In addition, we provided a copy of a banking law currently under discussion at the National Bank of Serbia, which had received positive commentary from the World Bank and IMF. The Serbian law provided critical language to comply with Basle Core Principles and European Union directives that were also of particular importance to the TCC.

In April 2006, our regulatory specialist delivered a detailed assessment of existing banking legislation and prepared a report of possible revisions of the TCC's banking "law" to ensure consistency with European Union directives and international best practices. He also provided commentary on the draft banking "law" directly to its authors. Originally, it was expected that the banking "law" would be amended to make it more compatible with European Union and Basel, but the extensive nature of the amendments necessitated the draft of an entirely new law. Key topics include consolidated supervision (including licensing and change of control of existing banks), bank corporate governance, external audits, and enforcement (including problem bank resolution). We found that the authors of the banking "law" understood its concepts, but had difficulty writing the legal language. Our advisor continued to provide feedback via electronic mail while he was not in Cyprus. Once the draft "law" was completed, our advisor conducted a second assessment to ensure that it also met compatibility requirements. The second report recommended additional changes and included draft "regulation(s)" on corporate governance and risk management/internal controls. The law is currently under consideration by the TCC authorities.

The EDGE team also delivered a banking law course for commercial bankers through the Turkish Cypriot Banks Association (TCBA) to introduce the legal aspects of international banking regulatory standards that formed the basis for revisions to the TCC's "banking law". Local instructors, Ms. Berna Berberoglu from the "Central Bank" and Mr. Zeki Erkut, from the commercial banking sector, assisted the international advisor in delivering the course.

Our legal advisor also recommended amendments to the deposit insurance "law" at the request of the TCC "Central Bank" based on the European Union directive on deposit insurance schemes and international best practice reviews for deposit insurers.

Framework for Bank Oversight. Following our recommendations for the banking and deposit insurance "laws" the TCC "Central Bank" requested our assistance in researching offshore banking laws and making recommendations for improving structure of its bank supervision framework. We provided various examples of offshore banking legislation from several countries and offered guidance for improving the bank's supervisory structure. In the TCC, we found that the Economy and Tourism Authority grants a license and handles enforcement of the offshore banks while the "Central Bank" conducts supervision, which we believed created inefficiencies and the potential to politicize what should be a non-political process. Consequently, we advised that all supervisory functions (licensing, supervision, enforcement and liquidation) of offshore banks should be housed in one entity. The new "legislation" that was recently approved transferred the supervisory functions on international banking units (e.g. offshore banks) to the "Central Bank".

We also outlined steps required to implement a risk-based supervision framework. We completed a draft version of an "internal bank rating system", which formed the basis for much of our subsequent work in the area of on-site supervision and complemented the existing CAMEL focus used by TCC banking offsite analysts. We also completed a chapter on operational risks for the TCC's on-site inspection manual, with a focus on data processing controls.

Risk-Based Supervision. In our assessment of the TCC's supervisory processes, we found that bank supervisors were competent for the size and complexity of the banking industry in the TCC. Nevertheless, the concept of risk-based supervision – the principle that bank supervisors should focus regulatory and enforcement efforts on institutions and processes posing the greatest risk to financial system stability – had not been put in place. As a result, much of our work with the TCC "Central Bank" during the project period focused on strengthening the "legal" framework, "regulatory" processes, and supervisory capacities relative to the implementing best practices in risk-based supervision.

As part of our work on risk-based supervision, we assisted the "Central Bank" in formalizing its existing procedures and modernizing its risk-based supervisory focus. We started with a discussion of an end product for risk-based supervision and an internal bank rating system that would be supported by other off-site and on-site supervisory tools. We developed a draft version of a rating system for the "Central Bank", and requested their commentary. Once the "Central Bank" provided its comments, we created a range of supporting supervisory tools such as an on-site supervision manual, off-site reporting structure, and applicable training programs.

To promote a risk-based approach to banking supervision effort, EDGE provided written risk management review procedures to the TCC "Central Bank". The recommendations proposed in the report enhanced the supervisory approach by making it shorter and more effective as well as shifting the burden of supervision more to the commercial banks' senior management. We provided written risk management review procedures to the TCC "Central Bank" for both on-site and off-site bank supervision, which we addressed simultaneously due to the consolidated structure of TCC supervisory organization. The procedures provided commercial bankers and bank supervisors with guidance in reviewing risk management systems and processes at commercial banks. The overall framework covered the following important areas:

- Corporate Governance and Management and Internal Controls – Strategic Risk and Reputation Risk
- Lending Operations – Credit Risk and Country Risk
- Market Operations and Asset and Liability Management – Market Risk
- Business Operations, Electronic Data Processing and Internal Controls – Operational Risk and Compliance Risk

In late 2007 we expanded our risk-based supervision assistance by coordinating participation of three "Central Bank" staff with authority for policy-making and or influencing in the ARROW (Advanced Risk-Responsive Operating Framework) foundation level course organized by the United Kingdom's Financial Services Authority (FSA). Through participation in this course, the participants were exposed to the risk-based supervision framework, methodologies and techniques used by the UK's financial regulatory authority. The course was designed for international regulators and there were twenty-four participants representing ten different countries. During the course, the TCC participants gained information on the ARROW system and shared their experiences/expertise with other international regulators. The ARROW system has developed a reputation as one of the most effective risk-based supervision models in the world. The FSA provides technical assistance to 115 countries and 12 countries are directly utilizing the ARROW methodology. As a result of our participation, with the TCC "Central Bank" team started discussions on how to adopt a simpler version of the ARROW methodology to develop an effective supervisory approach.

Overall, EDGE's work with the "Central Bank" on risk-based supervision opened the door for a great deal of other assistance, including anti-money laundering. Our work elevated the need for this level of supervision to a high level and the "Central Bank" took full advantage of our expertise, even if it often moved more slowly than we would have liked. The trust developed through our work with the "Central Bank" laid the groundwork for assistance in other areas as well, including our involvement in the establishment of a modern payment system.

4.2 Payment Systems

During our initial assessment of the "Central Bank's" processes, it was determined that lack of an automated payment system was a significant deficiency. The bank employed a manual system for check clearing and inter-bank payments and an overly simplistic system for transferring large payments among local banks. At the bank's request and with concurrence from USAID, EDGE performed a cursory evaluation and found an antiquated system that posed not only barriers to economic growth but also systemic risk to the stability of the overall financial sector. We concluded that a Real-Time Gross Settlement System (RTGS) to effect large payments and an Automated Clearinghouse (ACH) to automate check-clearing and retail payments was necessary. Investment in these systems would significantly modernize the banking system and position it to better support trade and the competitiveness of the TCC economy.

In order to assist the "Central Bank" in determining its needs, EDGE conducted a follow up assessment to determine which system would be most efficient for TCC commercial banks as well as the "Central Bank". As part of this assessment, we ensured that our recommendations were consistent with the payment system used by the Republic of Cyprus central bank. This was essential in order to promote a compatible payment system in anticipation of reunification based on a solution of the Cyprus issue.

As part of this assessment, EDGE's payment system advisor had ongoing meetings with the "Central Bank"; the Turkish Cypriot Bank's Association (TCBA); several commercial banks; the key bank information technology service providers in the TCC; the participants in the TCC

clearinghouse operations; and the ROC Central Bank. He presented a series of recommendations regarding the various bank payment systems in use in the TCC. In addition, he provided follow-up assistance to perform an information technology audit of a representative sample of the 17 local commercial banks in the TCC and assisted the "Central Bank" with the preparation of basic requirements and cost estimates for the RTGS and ACH systems.

Through the assessment, EDGE found that 14 commercial banks used the same banking software, which would aid in system implementation. We found that all the banks understood the importance and use of information technology in their organizations but that each would require additional training in project management, network security, firewalls and system analysis. Some of the larger banks also needed training classes in specific programming languages. In the end, the assessment provided an estimate of the costs and draft technical requirements to prepare a request for vendor proposals for establishment of RTGS and ACH systems.

In its initial assessment of the "Central Bank's" procedures, EDGE informally evaluated the TCC's systemically important payment systems (SIPS) against international standards. However, when conducting the formal payment system assessment, serious concerns were raised regarding the "Central Bank's" readiness to initiate procurement since we found that many items we had previously thought were "ready" were actually only concepts. EDGE's payment system advisor also had concerns about the capacity of personnel to absorb and operate a payment system without significant training and development. Nevertheless, he produced an action plan, detailing material issues which need to be resolved prior to initiating a procurement process. With this assessment in hand, the "Central Bank" developed a committee to explore the issue and determine the best way forward. In March 2008, the committee informally informed EDGE that it would "likely" procure the payment system on its own and would request technical assistance from us. Though no formal request has yet been made, any further assistance in this area will be conducted under BearingPoint's follow on project, Promoting Private Sector Development (PPSD), which officially began on March 1, 2008.

4.3 Anti-Money Laundering

Support to improve the TCC's prevention of money laundering was a primary goal of the EDGE's program in bank oversight. As part of our assistance in the review and drafting of amendments to the banking "law", we provided input for the sections dealing with "know your customer" requirements as outlined in Basle Core Principles and the European Union Anti-Money Laundering directive. Also, we included anti-money laundering measures in our on-site inspection manual. We also undertook a review of the final draft anti-money laundering "law" and reported our findings to the Finance Authority, which spearheads the anti-money laundering efforts. The TCC's new anti-money laundering "law" went into effect in January of 2008.

In addition to providing input on the "law", we organized a study tour to the Isle of Man and Liechtenstein for representatives of applicable TCC authorities. We selected these two areas because of the great number of characteristics they share with the TCC. They are similar because they: (1) were comparable to the TCC in population size, with large banking sectors relative to their population; (2) were known as off-shore banking havens; (3) were members of the Egmont Group, a network of financial intelligence units (FIUs) around the globe; (4) had overcome previously poor reputations in curtailing money laundering. TCC participants representing the "Central Bank", "Customs Department" and the Finance Authority learned first hand about the Isle of Man's and Liechtenstein's systems for combating money laundering and terrorist financing and their implementation of the European Union Money

Laundering directives as well as receiving a general assessment of current trends in this field. The TCC participants benefited from interaction with professionals who had worked to counter money laundering activities, particularly those associated with casinos, offshore banks and offshore companies, and real estate transactions, which were the channels through which most financial crimes were perpetrated in the TCC.

In conducting its work in the anti-money laundering field, EDGE collaborated with other international organizations that were equally active in this area. These included the European Union and British High Commission, with which we met often to compare notes and plan strategy. This led to a synergetic and demand-driven approach to anti-money laundering that used wisely the resources of all the entities involved. Collaboration included a training of trainers program with the British High Commission that focused on representatives from the financial authorities and police. EDGE also cooperated with the European Union to provide technical assistance for the newly established Financial Intelligence Unit (FIU).

In early 2008, our work to combat money laundering took on heightened importance due to negative international publicity related to the TCC's insufficient responses to potential money-laundering activities. After a meeting of the Financial Action Task Force (FATF) in February 2008, the group issued a statement urging all jurisdictions to advise their financial institutions to pay special attention to the risks involved in transactions with TCC financial institutions. As a result, the TCC authorities requested additional assistance from EDGE to combat this negative publicity. After discussion with stakeholders, it was decided that the European Union would take the lead in preparing the TCC's response at the next FATF meeting, which was to be held in June 2008.

EDGE focused its efforts on addressing regulation of the non-bank financial sector, arguably a more important task than regulation of the banking sector given the lack of regulation in the area, as well as working with the TCBA to develop a strategy for combating negative responses its members received from international correspondent banks. EDGE also assisted the TCBA in developing a public policy advocacy strategy to encourage the authorities to follow through on anti-money laundering reforms.

4.4 Cooperation between the TCC "Central Bank" and the ROC Central Bank

Another of EDGE's primary goals was to strengthen the culture of mutual understanding and cooperation between the Turkish Cypriot and Greek Cypriot communities, thereby paving the way for eventual political settlement. One of the primary ways to bypass political tensions was to frame this on economic principles and the adoption by the TCC of international economic standards and practices, particularly those of the European Union. We pursued this strategy by meeting with TCC "Central Bank" officials as well as those from the GCC. These meetings were held to investigate possible topics of discussion and future cooperation that would mutually strengthen the financial stability and integrity of both communities. We identified areas of mutual discussion as bank accounting and reporting standards, Basle II compliance, European Union Capital Adequacy directives, payment systems, anti-money laundering initiatives and sharing of economic data, particularly related to Maastricht Treaty criteria to adopt the Euro. We pursued these discussions transparently, with great care not to present bias or to be overly assertive in our desire to promote cooperation.

Despite positive feedback from both entities and mutual support for activities that would pave the way for settlement, we were unable to arrange direct communication between the two entities. Nevertheless, we were instrumental in pursuing activities designed to bring the TCC's legal and regulatory framework for banking, accounting and anti-money laundering more in line with international standards, which will smooth the transition process for eventual settlement.

Conversion to the Euro by the GCC. In mid-to-late 2007, EDGE determined that the conversion by the Republic of Cyprus (ROC) from the Cyprus Pound to the Euro on January 1, 2008, would also affect the TCC economy. In September 2007, we met with the GC Central Bank to discuss possible cooperation with the Euro changeover process in the TCC. We also met with the TCBA and the TCC "Central Bank" to discuss a plan to inform the public, including small businesses. Following the acceptance of our offer to assist in this area, we launched a successful information campaign to inform the business community and other vulnerable groups in the TCC about the Euro conversion. The result was a successful bi-communal cooperative effort between with the GC Central Bank and our business association counterparts in the TCC.

The TC "Central Bank" provided us with informational materials, in Turkish language, for distribution in the TCC. However, these materials were merely translations of materials to be distribution in the GCC and were overtly branded with the "Republic of Cyprus Central Bank." This made wide distribution in the TCC nearly impossible from a political standpoint. To combat the political issues, we developed informational materials explaining the key dates in the changeover process and key items about which business needed to know. These were widely distributed in the TCC through counterpart associations. We also outlined a logistical plan for physically transferring Cyprus pounds across the Green Line to correspondent banks in the GCC. In addition, we conducted a public presentation on the conversion process. Even after press coverage of this presentation, we determined that certain vulnerable groups (pensioners and small villages) needed additional information. Therefore, we devised a public service advertisement in the largest news publication in the TCC for the Bayram holiday edition. This advertisement seemed to garner the most attention and public awareness, moving banks and other bodies into action.

EDGE's efforts to inform the TCC business community about the Euro conversion were successful, in that the conversion went smoothly on both sides of the Green Line.

4.5 Future Work

Under the follow on project to EDGE, Promoting Private Sector Development (PPSD), BearingPoint will assess the status of banking supervision and the existing regulatory framework, including the status of European Union's aquis harmonization. We will also continue to focus on helping bank supervisors to implement risk-based supervision principles and to more consistently apply international standards such as the Basle Core Principles and European Union directives relevant to the banking sector. In addition, we will continue to encourage an integrated and comprehensive approach to on-site and off-site supervision through the sharing of information, development of 'risk' ratings, and risk-based supervisory strategies for all banks. While we have provided detailed and comprehensive written commentary on draft banking legislation, including anti-money laundering provisions, we will continue to update this analysis.

Under PPSD we will also assist bank supervision experts in drafting and implementing policies and procedures related to the overall inspection process. Our advisors will develop inspection guidance notes, based on international practices, to supplement written inspection procedures and assist bank supervision experts in development and fine-tuning of on-site inspection manuals. We hope to leverage our commercial bank training team for delivering courses in risk-based supervision. In order to be efficient with our resources, we will utilize distance-learning programs such as 'FSI Connect' as a primary training resource, in addition to our commercial bank training programs and the conduct of on-going discussions and working groups with the banking supervisors.

We will also support the Turkish Cypriot banking authorities in building their capacity to identify and combat money laundering. The local offices of the British High Commission have taken the lead role for assisting the development of the Financial Intelligence Unit, and its general constituent bodies while the European Union is focusing on other aspects of anti-money laundering in the banking sector. We will therefore focus our efforts on regulation of the non-bank financial sector, which has not been addressed as yet in the TCC. This will include:

- Review of the current regulatory regime on insurance companies, cooperative companies, off shore banks, lending companies, leasing and factoring companies.
- Analysis and assess the non-bank financial sector's current status and needs.
- Meetings with various authorities to discuss the oversight capabilities within the non-bank financial sector. Particular emphasis will be placed on international standards and European Union directives relevant to the non-bank financial sector.
- Development of an assessment report including a reform guideline and an action plan.

Bank Oversight Milestones	Month	Year
Performed first Basle Core Principles Assessment Score: 126	August	2005
Identified the gaps with International Financial Reporting Standards of the commercial bank chart of accounts and created training on International Accounting Standards	April	2006
Delivered a Banking Law review to the 'central bank' to assist in the revision of the current banking law towards international standards	April	2006
Delivered a seminar on the concepts and application of risk-based supervision and consolidated supervision of financial conglomerates	April	2006
Facilitated central bank participation to 'Mortgage Finance in Southeastern Europe: Heading Toward International Practice' workshop in Romania	April	2006
Conducted study tour on Anti Money Laundering to Liechtenstein and Isle of Man with a special focus on offshore banks and casinos	May	2006
Performed the second Basle Core Principles Assessment Score: 134	June	2006
Developed a proposal for the modernization of the payments systems in the TC banking sector	July	2006
Conducted 'Corporate Governance' briefing presentation	January	2007
Delivered a review on Draft Banking Law with a comparison to EU Directives	May	2007
Conducted 'Cooperation Between Financial Intelligence Units and their Critical Stakeholders' presentation to the staff of finance authorities, 'central bank' and police force	June	2007
Conducted a formal assessment of payment systems	December	2007
Facilitated the cooperation between the Central Bank of Cyprus and the 'authorities' to achieve a seamless conversion from Cyprus Pounds to the Euro	December	2007
Submitted written risk management review procedures to 'central bank' to be used as a base for the introduction of risk based supervision.	February	2008
Conducted study tour for regulation and supervision specialists to the Arrow Risk Based Supervision Course organized by FSA in UK to introduce best practices	March	2008

5.0 Commercial Banking

Since the beginning of the project, EDGE has provided systematic, strategic and demand-driven support to the TC banking sector. To help stimulate increased access to finance for TC businesses and strengthen the role that banks play in supporting private sector growth, we focused on encouraging the development of the private, TC-based banks. Our work with the commercial banking sector took two primary forms: a) developing the capacity of the Turkish Cypriot Banks Association (TCBA) to become a driving force for strengthening the banking sector and b) implementing a sustainable model for the design and delivery of high-quality courses in banking designed and delivered by Turkish Cypriot instructors. Over time, this training program became a cornerstone of the TCBA's fee-based services initiative, as it generated non-dues revenue in addition to creating a sustainable model for future technical assistance. In fact, EDGE's training models for course design and instructor development were recognized as so successful that they were adopted by the United Nations Development Programme (UNDP) to train veterinarians to teach dairy farmers how to improve milk and cheese production.

Key Successes and Results

- Built the capacity of the TCBA to formalize its organization including the **hiring of a full-time General Secretary** and support staff able to manage the development and implementation of a wider range of services to TCBA members.
- Strengthened the **TCBA's strategic planning and operational capabilities** to support planned investments and participation in: establishment of a credit bureau and a modern payment system; creation; Anti-Money Laundering initiatives; and implementation of advocacy programs to improve financial market growth.
- Provided the **foundation for the TCBA's creation of a sustainable bank training institute** with the ongoing capacity to develop, update and deliver training that bank members are willing to pay for.
- Enabled the TCBA to take **ownership of the design and content of bank training curriculum**, currently comprised of 10 courses specifically targeted to the needs of the Turkish Cypriot banking sector,
- Created a sustainable **model for the development of a cadre of sophisticated, Turkish Cypriot training course instructors** using international best practices in adult instructional design and delivery.
- Developed a **pool of 21 indigenous instructors** who designed, developed, and delivered courses in banking sourced primarily from within the banking community.
- Created and implemented a methodology **for monitoring and assessing the long-term impact of training** on individual capacity and its contribution to bank performance objectives.
- Stimulated the **formation of human resources departments within 2 of the TCC's 24 commercial banks** that were previously managing human resources functions without formal structures and practices.
- Created a **training culture within the banking community**, from little prior investment in staff development, evidenced by the training of 172 bankers and the TCBA's initiation of a contract with the Banks Association of Turkey to deliver two-day training sessions each month on general topics. In addition, under our guidance, one

commercial bank implemented an in-house training program using the EDGE model.

5.1 Implementation of the EDGE Sustainable Training Model

The EDGE project launched its commercial bank assistance strategy through initial meetings with the Turkish Cypriot Banks Association (TCBA), which was identified as the primary counterpart for sector assistance. One of the TCBA's chief requests was for assistance in the development of a bank training institute. We determined, however, that the best way for the TCBA to pursue a strategy along this line would be to initially lay the institute's foundation through development and delivery of a locally produced bank training program. As a result, EDGE presented its model for developing sustainable, locally driven training programs, which BearingPoint had successfully implemented in several emerging markets and improved upon for the implementation of a training institute for the legal profession in Bulgaria. The primary characteristic of our Sustainable Training Model was the development of a set of training materials designed and delivered by a pool of local instructors under EDGE's supervision. As an initial step, we created a Training Advisory Board consisting of TCBA directors and hired a local Training Coordinator, with the goal of transferring her TCBA in the future. The Training Coordinator was provided technical assistance in the Instructional Systems Design (ISD) methodology by international experts and was then given the responsibility for supervising indigenous trainers to ensure that their courses were designed, developed and delivered according to EDGE's methodology. To enable our new Training Coordinator to see the model in action, we sent her to Bulgaria to observe a successful, sustainable training program. Such a training program had never before been implemented within the TCC and over the EDGE project's term it became one of the most visible and utilized training modules in the TCC.

The model consisted of specific steps designed to produce a high-quality training experience. It was based on experiential learning according to a proven process of assessment, training of trainers, curriculum design, course delivery and evaluation. The following is detailed information on each of the program's processes:

Training Needs Assessment. To implement the training model, EDGE conducted a Training Needs Assessment (TNA) in August 2005 to evaluate TC bank functions and the need for training, particularly in the areas of credit to small and medium enterprises. It included individual interviews, focus group discussions and survey questionnaires of the four largest TC banks. Findings showed that the most desired course was in human resources management. Other priority topics included: accounting, banking laws and regulations, basic banking, business English, information technology, marketing/customer service, and basic software. After review the assessment's results, the Training Advisory Board selected priority courses to be developed over the coming months.

Selection of Trainers. Once the TNA was completed, 15 instructor candidates were identified to participate in the training course development and delivery process. This was done through a competitive process during which 40 applicants were considered. Ultimately, 11 bankers, 2 banking and finance professors and 2 individuals with a general background in training were selected. These candidates then embarked on a comprehensive training-of-trainers program that enabled each to develop, design and deliver the training courses identified as priorities in the TNA.

Training Course Design and Delivery. The first group of instructors, working in teams, created seven new courses. The EDGE team trained the instructors to develop courses using Instruction Systems Design (ISD), the international standard for adult education. ISD

included the course design methodology called ADDIE (Analysis, Development, Design, Implementation and Evaluation). The process of course development through course delivery took from three to six months during which the instructors attended a series of workshops to achieve maximum effectiveness. These included a Presentation and Facilitation Skills workshop taught two weeks prior to delivery of each course. A key component of the model, and one of its key success factors, was the establishment of periodic deadlines throughout the course development phase in which instructors would submit their material for review by the EDGE team. Periodic reviews included submission of learning objectives; course outlines; course content (including participants' manuals and Power Point slides); course examination questions/answers; and course evaluation forms. The first "pilot" training course was conducted in February 2006, with the others following at a frequency of one per month. The following table outlines the courses offered during the term of the EDGE project, as well as the number of participants:

Name of Course	Dates of Delivery	Total Number of Bankers Trained
Basic Principles of Human Resources Management	February 06 and December 07	23
Introduction to IAS/IFRS for Bank Accountants	March 06 and April 07	24
International Banking Laws and Regulations	April 06 and May 07	21
Strategic Marketing and the Banking Sector	May 06 and March 07	20
Credit Management and Risk Analysis	June 06	11
Customer Oriented Service	November 06 and April 08	24
International Trade Finance	January 07	12
Bank Accounting and Reporting	October 07	12
Problem Solving and Decision Making	November 07	12
Basic Banking	June 08	13

In March 2006, EDGE recruited and trained six additional instructors who worked in teams to design three new courses: bank accounting and reporting, problem solving, and basic banking (for new hires in the banking industry). The first Basic Banking training was delivered in June 2008 and contained thirteen students.

During the project period, EDGE augmented its indigenous instructors with international subject matter experts such as Diana Osinski (training and human resources), Gary Gegenheimer (international banking, banking regulation) and Gary Fechtmeyer (bank accounting). The information provided by these experts played an essential role in the bank training program's success. However, it became apparent that the TC banking sector responded better to local experts, due to factors including the language barrier and the applicability of instruction to the local situation. The exception to this barrier was BearingPoint's Kent McNeil, who worked with two local experts to develop the Credit

Management and Risk Analysis course. One of the main reasons behind his success was the time he spent in the TCC working with the local bankers.

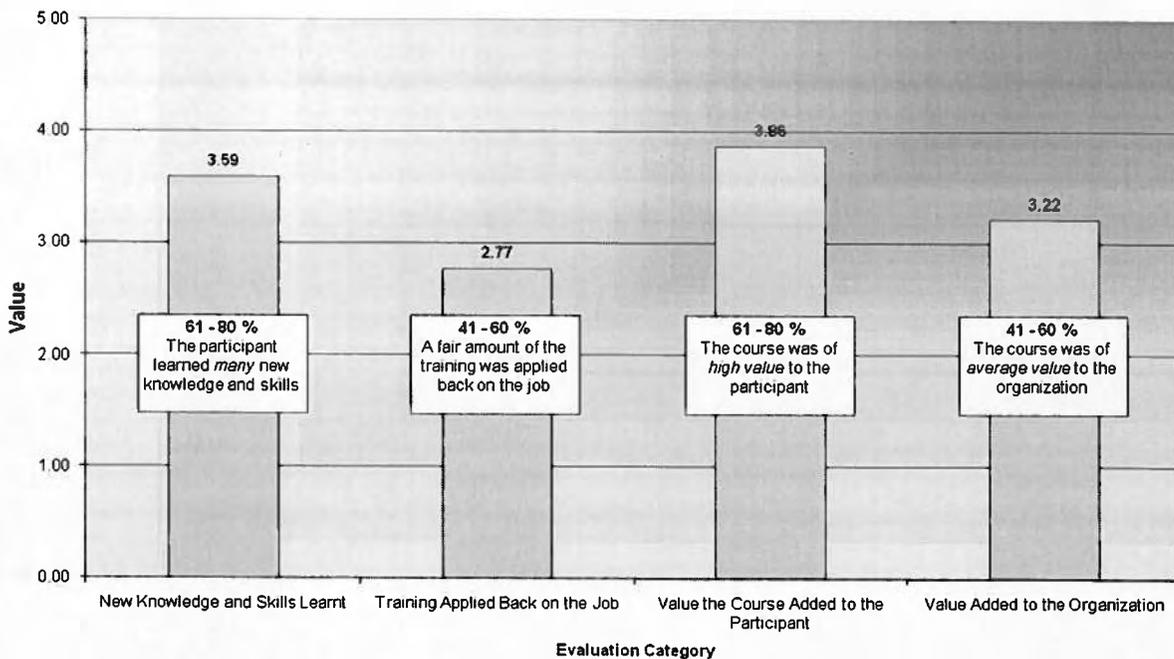
Evaluating Training Effectiveness. In evaluating the results generated from training course participation, EDGE implemented a process for evaluating the effectiveness of courses on four levels: reaction, learning, behavior and results. We collected reaction data at the end of the course since participants were more likely to remember accurately how well the training aided their understanding of banking concepts.

'In the early days of the EDGE training courses, people would grumble about being singled out to attend a training course, now people want to know what they have to do to be selected to be sent to an EDGE training course.'

EDGE training course participant

Also as part of the evaluation, we measured how much participants learned through pre- and post-course examinations. To measure changes in work behavior and the application of training concepts on the job, EDGE conducted interviews and focus groups with participants 60 to 90 days after training, and periodically conducted meetings with the course participants' supervisors in order to verify knowledge retention by determining what participants are currently doing differently in the performance of their jobs. To determine the ultimate impact on the organizational performance, we also conducted interviews and focus groups as much as a year following the completion of training. The following graphs summarize our findings from the implementation of our training evaluation process:

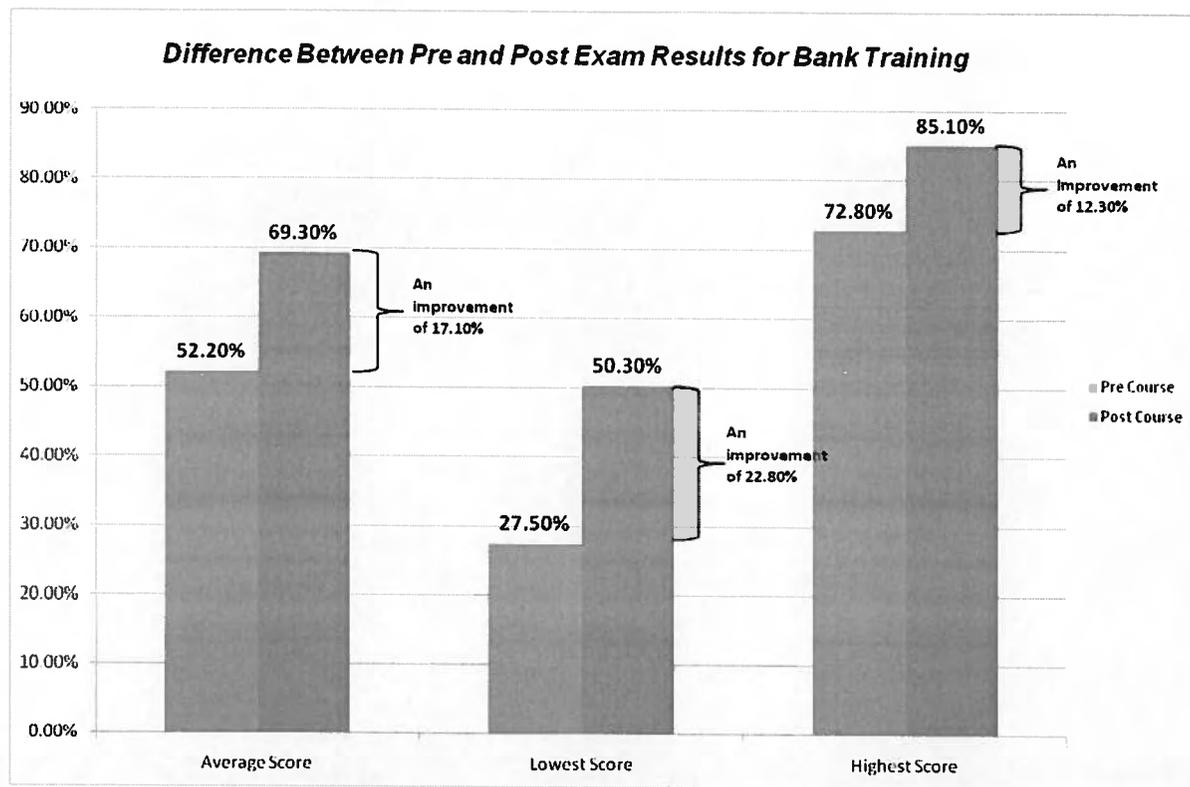
Performance Monitoring and Evaluation Plan Overview



The graph above shows the average results for the PMEP (Performance Monitoring and Evaluation Plan). At the end of a course, EDGE instructors asked the participants to tell them how much new knowledge and skills they have learnt as a result of the course. Three months after the course, they were asked how much of the new knowledge and skills they have been able to apply back on their job. Six months and twelve months after they were asked to tell us the value the course added to the participant as an individual and to the bank, respectively.

The graph reflects the magnitude of the increased capacity of the participants. However, many found it challenging to apply the acquired knowledge on the job and they did not feel that their banks were utilizing their new found knowledge effectively.

An initial evaluation of acquired knowledge was developed through a baseline indicator provided through a pre-test. Each participant took a test on the first day of the course, which was scored and compared to their results on the same test, which was taken on the last day of the course. The following graph shows the magnitude of the knowledge acquired and therefore the skill of the instructors in outlining course concepts.



By using a scientific method called the Modified Angoff Method, EDGE’s Training Coordinator and advisors helped the instructors write examination questions for the course. The participants were tested before and after attendance. Results were developed by taking the average class score, as well as the highest and lowest scores into account. Instructors then evaluated the difference between the pre and post-test results as a measure of how much knowledge the participants gained.

The chart above shows the difference between the pre and post examination results for the courses. The first result is the average score for the course, the second and the third result shows the lowest and the highest scores respectively. These results were the greatest testimonials to the knowledge gained by course participants.

Reference Library. To help instructors write high-quality content for each training course, EDGE established a Banking Reference Library, which will eventually be transferred to the TCBA. The library continued to grow over the project period, finally culminating in the collection of more than 250 volumes on banking and finance. Many of the books were

obtained free of charge or at substantial discounts through contacts that EDGE advisors had with bank training organizations in the United States. We also purchased training materials from the American Society for Training and Development (ASTD) which was valuable in helping the trainers develop exercises, case studies, role play exercises, and other essential activities for interactive learner-centered training.

Over the project period, EDGE learned a number of lessons that culminated in the development of a list of "success factors" that contributed to the training program's sustainability. The following table outlines those factors:

Key Success Factors of the EDGE Sustainable Training Model

- **Engage a Local Institutional Counterpart to Assume Ownership of the Training Program:** Institutional buy-in is critical to the long-term sustainability of a training program, particularly if it is to contribute to building institutional or association credibility. Sometimes, it can be difficult to obtain committed buy-in up-front, but results produced by the program have been so strong that institutional commitment will eventually materialize. Under EDGE, the TCBA initially lacked conviction in the program but eventually became a committed promoter when it witnessed the long term contribution to the industry and its applicability as a fee-based service.
- **Recruit a Training Coordinator:** It was essential to hire a local person that possessed knowledge of the sector, had a background in training, and had information technology skills. The Training Coordinator was trained in all aspects of the ISD methodology in order to develop the skills to supervise the course design, development and delivery, as well as to mentor the instructors. Creation of this position ensured that a direct contact between the TCBA and the banks, as well as groomed a specialist, with the knowledge and skills necessary to implement a successful and sustainable training model.
- **Create a Training Advisory Board and Ensure its Ongoing Engagement:** Establishing an advisory board was an essential step in ensuring the cooperation and active participation of the local institutional counterpart, in this case, the Training Advisory Board was appointed by the TCBA's board of directors. It had the authority to make decisions on behalf of the TCBA. This enabled us to work more quickly and efficiently. With EDGE's counsel, the Training Advisory Board approved and helped prioritize the list of training topics that the TNA identified.
- **Conduct a Training Needs Assessment (TNA):** Conducting interviews and surveys of participants is important to meet market demands for training services. TNAs must not only determine the training needs of participating individuals and institutions but also provide information on the content level and instructional format. The TNA provided a basic road map for designing and delivering the course quality and content that TCBA members were willing to support.
- **Invest in the Design and Delivery of Courses through local Instructors:** EDGE determined early on that the development of local subject matter experts to provide instruction was the key to the creation of a sustainable training program. It was also critical that the course materials were designed and produced locally. The local instructors understood local "laws", "regulations", practices and culture and could deliver courses and produce materials in the local language. This saved interpretation and translation costs, as well as avoided any sector specific translation problems. While the process to develop local instructors and materials took almost 6 months, participant and stakeholder evaluations of program effectiveness made this investment well advised. All of our instructors and course designers were Turkish Cypriots, thus providing the TCBA with a pool of local instructors and course materials that meet the TCC banking community's specific needs.
- **Utilize Short-Term International Experts as Resources to Local Instructors in Course Design:** For courses that are designed to introduce international standards and practices, international experts can provide guidance in the preparation of course materials and contribute to the capacity development of local instructors. This can often be coupled with short-term advisors who are mobilized to provide technical assistance, helping to defray some of the development costs. The EDGE project utilized international advisors, as needed, to enhance the already substantial capacity of local instructors in their course designs.
- **Recruit Instructors through a Competitive Process:** Recruiting instructors through a competitive process built prestige in program participation. EDGE initially selected 15 trainers from an applicant

pool of 40, which helped establish a core group of instructors and supported their continued commitment to the program. The instructors were volunteers and were paid a small stipend only for the hours they spent designing curriculum. They charged no instruction fee or honorariums, but rather viewed their participation as a way to give something back to the sector.

- **Provide Workshops in Curriculum Design, Presentation and Facilitation Skills, and Examination Writing:** In many emerging economies, local instructors tend to be recruited from academia, yet sector practitioners generally make better instructors than professors who may focus on theory rather than practice. Practitioners, however, do need to be trained in how to design and deliver courses for adult learners. EDGE's instructors attended a rigorous training-of-trainers program that gave them confidence in their abilities to design and deliver courses to their peers. While several instructors were professors, they acknowledged that they wished they had received such training prior to embarking on their academic careers. The training-of-trainers program consisted of three different courses, and consisted of much more than a focus on presentation skills.
- **Build Course Review Sessions into the Course Design and Development Process:** To ensure the delivery of high-quality course materials, review sessions were established to analyze the curriculum prepared by the local instructors. The instructors were paid only successful completion of course development milestones. EDGE's Training Coordinator was instrumental in ensuring that courses met quality and content standards by requiring instructors to meet deadlines to keep course development on track.
- **Implement a Multi-Stage Course Evaluation Process:** Evaluating the impact of training not only builds training program sustainability by justifying stakeholder investment in human capital development but also provides essential information for program improvement. Although difficult to measure, the impact of training can be evaluated on four levels using Kirkpatrick's method of evaluation: reaction, learning, behavior and results. EDGE obtained reaction data immediately upon the close of a training program and measured how much participants learned through baseline examinations conducted both before and after course participation. We then conducted interviews and focus groups with a sample of participants 60-90 days after training to measure the changes in behavior that took place on the job, followed by similar interviews one year after training to assess the long-term institutional results generated from training participation.

Training Course Legacies. EDGE's training model successfully changed the training and human resource management culture within the banking community. This compelled banks to request that we widen the scope of training by adding a broader range of training that would reach more bankers. The model was further recognized by a Limassol Turk Cooperative Bankasi (LTKB), which requested that EDGE help it implement its training model within the bank. This was the first time the model was used in an individual bank setting. The bank then identified 10 subject matter experts, who obtained training from the EDGE team on course design, presentation and facilitation skills and examination writing.

The training program also had a profound affect on the Turkish Cypriot Banks Association (TCBA). It requested continued assistance in ensuring the sustainability of the training program under its tutelage as a means to provide greater services to its member banks and a source of revenue to support continued association development. As such, the training model laid the foundation for the formation of a formal bank training institute, which was one of the TCBA's primary goals at the EDGE project's outset. The training program's success also convinced the TCBA to collaborate with the Turkish Banks Association to provide basic, classroom-style training for TC bank employees that would otherwise not qualify for instruction under EDGE. This not only established an overall learning culture within the banking sector but also provided the TCBA with yet another fee-based service.

5.2 Capacity Building for the Turkish Cypriot Banks Association (TCBA)

When EDGE began working with the TCBA in August 2005, the association was a volunteer organization with a Board of Directors comprised of seven bank general managers. With a nominal budget, its only full-time staff was an administrative assistant who rotated with the association's volunteer presidency. Despite the absence of a strategic plan, it did provide a valuable service to members by managing a manual check clearing system, which was conducted each day in a rented apartment building. Nevertheless, it did not communicate effectively with members and wielded little advocacy power with TCC authorities.

The EDGE's first assistance to the TCBA was to arrange a study tour for board members to visit the Egyptian Banking Institute where they observed first hand an organization with a defined strategy. It also allowed them to observe a training institute in real time, which reinforced their belief that such an entity should be developed within the TCC. This demand for training ultimately led to the development of EDGE's bank training program, as described above. Near the end of the EDGE project period, TCBA began to assume greater management of the program, which positioned it to eventually develop it into a full-fledged training institute. In the future, the TCBA will take over full management of the program and EDGE's Training Coordinator will transition to the TCBA team.

Implementation of the bank training program also stimulated the TCBA's interest in improving its institutional capacity in other areas as well. To assist in this effort, EDGE facilitated a strategic planning session for the board of directors at which they created a long-term vision, mission and goals. These included not only the development of a bank training institute, but also initiatives to improve the banking sector's payment and check clearing system. Upon the arrival of EDGE's senior business association advisor in September 2007, we initiated several activities to improve the TCBA's ability to function as a modern, effective business association, including the following:

- Completed a review of bylaws to ensure consistency with international best practices.
- Recommended a code of ethics for both the association and its member banks. The code of ethics established the desired behavior that members should uphold in inter-bank relationships and in working with association leadership and staff. The code of ethics also established a set of common expectations regarding bank treatment of its customers, fair business practices and transparent competition between member banks.
- Researched communications tools used by similar associations in other locations, including newsletters, magazines and customer-oriented publications.
- Explored alternatives for the creation of fee-based programs and services, which were consistent with the organization's mission.
- Initiated discussions concerning the development of a tiered membership dues structure that would focus on a "fee-for-service" model.

With the formation of a formal strategic plan, the TCBA came to understand that increasing its capacity was contingent on hiring a full-time paid General Secretary (equivalent to the title of Executive Director). EDGE provided ongoing assistance in this regard, including facilitating the development of a job description, advertisement and interview process. In February 2008, the TCBA hired its first General Secretary and by May 2008 had also secured permanent office space.

The hiring of a General Secretary and the securing of office space generated both visibility and excitement within the organization. Using EDGE's thirteen step public policy advocacy

model, the TCBA became active in promoting the needs of its members. This led to highly visible roles in issues such as the establishment of a modern payment system, anti-money laundering, and "regulatory" reform. The association's increased visibility led the head of an international development organization to proclaim that "It (the TCBA) is heading in the right direction and making all the right moves". Bulent Berkay, the TCBA's former President, credits the EDGE project with much of the TCBA's success. "Our work with EDGE transformed our organization from a volunteer-led club to a fully-functioning, visible organization", he said in a recent presentation to EDGE bank training program graduates.

By the end of the EDGE project, the TCBA was pursuing a number of other initiatives identified through its strategic planning process. One of these was its ongoing involvement in public policy initiatives. As stated earlier, the TCBA began to play a greater leadership role in the commercial banking sector's interaction with the TCC "Central Bank" and other entities while at the same time beginning implementation of a sweeping public policy advocacy strategy on issues such as Anti-Money Laundering (AML) and the passage of banking "law" in which EDGE had significant input. As an example of its newly generated advocacy strategy, the association compiled and distributed an informational packet concerning international best practices in anti-money laundering and participated in "Central Bank" workshops on the topic. The TCBA also provided advice to the "Central Bank" on the procurement of an automated retail payment system and on the formation of a credit bureau. Several members of the TCBA board are now serving on TCC committees to address some of these issues. As noted above, the TCBA's visibility, as well as its involvement on committees, has helped increased its image to both its members and international stakeholders.

5.3 Future Work

Under the Promoting Private Sector Development (PPSD) project, we will develop at least three new courses per year for the banking community, including full-week courses in overall banking risk management, basic asset and liability management, advanced asset and liability management techniques, and operational risk. We will also continue to refine existing courses, particularly those related to credit risk, to improve the banking industry's impact on economic growth through intermediation. We will deliver at least six new or existing courses per year utilizing our group of active instructors that have completed the training of trainers program as well as new instructors who will participate in another train-the-trainer program. In line with training objectives, we will consider the delivery of targeted study tours for commercial banks, possibly in conjunction with bank supervisory personnel, that will cover the latest trends in banking relevant to the TCC (for example, Basle II for a small European Union Member State, operational risk techniques for banking organizations including informational technology controls, and small business lending techniques.)

EDGE's future work will also include continued assistance to improve the TCBA's capacity. This will include the development of responsive by-laws, an organizational structure and sub-committees to manage the TCBA's expanding roles in the areas of payment systems, public policy endeavors and a heightened focus on servicing members. The TCBA's new President of the TCBA is fully supportive the need to initiate strategic and tactical planning. In doing so, we will ensure TCBA's sustainability as a vital advocate for the TCC banking sector.

Commercial Banking Milestones	Month	Year
Conducted Training Needs Assessment and Training Institute Feasibility Study	August	2005
Set up Training Advisory Board at TCBA	August	2005
Identified and contracted fifteen bankers for first training of trainer program	September	2005
Conducted training of trainer workshops	October	2005
Completed survey on 'The Credit Needs of Small and Medium Sized Businesses in the TCC'	December	2005
Course 1: Conducted Basics Principles of Human Resource Management	February	2006
Conducted Study Tour for the Board of Directors of the Turkish Cypriot Banks Association to the Egyptian Banking Institute	March	2006
Course 2: Conducted Introduction to IAS/IFRS for Bank Accountants	March	2006
Course 3: Conducted International Banking Laws and Regulation	April	2006
Identified and contracted six volunteers to begin the second TOT program	April	2006
Conducted strategic planning workshop with TCBA board on topic of establishment of a bank training institute	April	2006
Course 4: Conducted Strategic Marketing and the Banking Sector	May	2006
Course 5: Conducted Credit Management and Risk Analysis	June	2006
Completed Sustainable Bankers Training Institute Feasibility Study	July	2006
Established Banking Reference Library with over one hundred volumes	July	2006
Course 6: Conducted Customer Oriented Service	November	2006
Course 7: Conducted International Trade Finance	February	2007
Collaborated with UNDP and KOBI to deliver TOT program to 15 veterinarians for training to dairy farmers	April	2007
Conducted strategic planning session with board of directors of TCBA on the future goals of the association	May	2007
Course 8: Conducted Bank Accounting and Reporting	October	2007
Course 9: Conducted Problem Solving and Effective Decision Making	February	2008
Facilitated the hiring of a full-time General Secretary for the TCBA	March	2008
Developed collaboration between TCBA, TCCC and CTCI on the delivery Business Development Services	April	2008
Course 10: Conducted Basic Banking	June	2008

6.0 EDGE Programs, Consultants and Deliverables 2005-2008

Programs: The following table lists the programs/trainings conducted and/or facilitated by the EDGE team during the project period:

Program/Training Name	Date	Duration	Type of Participant	No. of Participants	Instructor Name
TRADE TEAM					
From Potatoes to Chips - Public Presentation	November 2005	2 hrs	Public, businesspeople, Chamber executives and staff	70 people	Alf Monaghan, International Consultant
Voices from the Marketplace - Public Presentation	February 2006	2 hrs	Public, businesspeople, Chamber executives and staff	70 people	Kate Thompson, Bulent Kanol, Kent McNeil
E-Commerce and Virtual Trade - Public Presentation	March 2006	2 hrs	Public, Businesspeople, Chamber executives and staff	35 people	Elizabeth Vasquez
E-Commerce and Virtual Trade Training	April 2006	8 hrs	TC Businesspeople	20 People	Elizabeth Vasquez
introduction to e-commerce and virtual trade training	April 2006	4 hrs	TC Businesspeople	10 People	Elizabeth Vasquez
That's Show Business - Public Presentation	May 2006	2 hrs	Public, Business people, Chamber executives and staff	60 People	Russell Fergusson
"Building Your Brand on an International Stage" - Public Presentation	June 2006	2 hrs	Public, Business people, Chamber executives and staff	100 People	Russell Fergusson
International Fair Attendance Training	May – June 2006	2 hrs	TCC Dairy producers and chamber staff	25 People	Russell Fergusson
Branding Training	June – July 2006	2 hrs each, 7 sessions	TCC SME Managers/representatives	2 participants in each session	Russell Fergusson
"A New Beginning for an Old Trade" - Public Presentation	March 2007	2 hrs	Public, tourism sector, handicraft producers	200 People	Ayse Donmezer, Sertac Barkin, Ayzer Mungan
Cyprus in the World of Today / New trends in institutionalization - Public Presentation	March 2007	2 hrs	Public, Businesspeople, Chamber executives and staff	100 People	Larry Milner
two intensive seminars addressing Online Marketing, Reservation Management Systems and Customer Relationship Management Systems	March 2007	4 hrs	Tourism Sector	30 People	northern Cyprus Hotel Operator Association, EDGE IT Team and Bryan Topliss
GDS Presentation	June 2007	2 hrs	Public, Businesspeople, Chamber executives and staff, tourism sector	25 People	Brian Topliss
Trade Mission Training	November 2007	2 hrs each	4 Construction Materials Producers, 3 Fresh fruit and vegetable producer companies	15 People in total	Gordon Studebaker, Trade Team Consultants
"Euro Changeover" - Public Presentation	December 2007	2 hrs	Public, Businesspeople, Chamber executives and staff,	10 People	Bryan Stirewalt
Exhibition Training	November 2007, January 2008, April 2008	3 hrs each, 3 separate sessions	Construction materials producer and Fresh fruit and vegetable producer company representatives, CTCI and TCCC staff, Hoteliers	25 People in total	EDGE Trade Team consultants, CTCI staff,
IT Survey Presentation	July 2008	2 hrs	IT Association, members, representatives from authorities, IT companies	50 People	Prologue, Hilmi Kansu - IT Association President, Ayhan Gurel – President of ECDL Center, Turkey
AGRI TEAM					
DAIRY					
Conducted a presentation about the Dairy Training Program to MMB/ and to the TCC Breeders Union	January 2007	1hour	Authorities	4	Mr. Gerhard Zechner and Nazife Canitez

Made a presentation about the Dairy Training Program to Turkish Aid	February 2007	1 hour	Authorities	3	Mr. Gerhard Zechner and Nazife Canitez
Conducted a Training-of-Trainers program to selected Dairy Trainers	May 2007	2 days	Trainers who are Veterinarians, Agriculture Engineers etc.	14 trainers, 1 UNDP-Act representative, 1 EDGE representative	Senfer Uzun and Kent McNeil, translator Fatma Tuna
MADAG Training WORKSHOP	Started in May 2007 until October 2007 and delivered 6 of these training workshops	2 hour on Thursdays at UNDP-ACT premises	The Dairy Trainers	For the first 2 session it was 14 dairy trainers, for the last 2 session it was 3 dairy trainers since we have done it specific for the "Hygiene and Animal Health" trainers.	EDGE Team and the Training Coordinator from the UNDP-Act
Provided the final training to Hygiene and Animal Health trainers on course development- Module 4 (Presentation and Facilitation Skills), Module 5 (Exam writing workshop)	October 2007	2 days	Veterinarians and Agriculture Engineers	3 Dairy Trainers (Hygiene and Animal Health topic trainers)	Senfer Uzun and Kent McNeil, translator Fatma Tuna
Delivered the Hygiene and Animal Health Training I	22-24 October 2007	3 days	Dairy Farmers	24	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
Delivered the Hygiene and Animal Health Training I	22-24 October 2007	3 days	Dairy Farmers	24	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
Delivered the Hygiene and Animal Health Training III	15-17 January 2008	3 days	Dairy Farmers	17	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
Delivered the Hygiene and Animal Health Training IV	22-24 January 2008	3 days	Dairy Farmers	20	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
Delivered the Hygiene and Animal Health Training V	25-27 March 2008	3 days	Dairy Farmers	16	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
Delivered the Hygiene and Animal Health Training VI	13-15 May 2008	3 days	Dairy Farmers	15	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
Provided the final training to Animal Feeding and Rationing trainers on course development- Module 4 (Presentation and Facilitation Skills), Module 5 (Exam writing workshop)	May	2008	Veterinarians and Agriculture Engineers	3 Dairy Trainers (Animal Feeding and Rationing course trainers)	Deniz Solyali Elif Vanci Cagansoy Mehmet Demirpence
Animal Feeding and Rationing Training I	3-5 June 2008	3 days	Dairy Farmers	21	Deniz Solyali Elif Vanci Cagansoy Mehmet Demirpence
ALTERNATIVE CROPS POMEGRANATES					
Public Seminar: Introduction of the Pomegranate Project	July 2006	2 hours (4 times)	Farmers	60	Tugberk Emirzade
Introductory Presentation: Pomegranate Project	August 2006	2 hours	Interested Growers	24	Gerhard Zechner Meliha Kaymak Tugberk Emirzade
Financial Budgeting in Pomegranate Production	September 2006	2 hours (20 times)	Pomegranate Growers	18	Tugberk Emirzade
Orchard Establishment (theoretical)	October 2006	3 hours	Pomegranate Growers	18	Tugberk Emirzade
Orchard Establishment (practical)	December 2006 January	2 days (20 times)	Pomegranate Growers	20	Shlomy Raziel Tugberk Emirzade

Pomegranate Tree Planting	2007 February 2007	1 hour (4 times)	Pomegranate Growers	20	Tugberk Emirzade
Irrigation (practical)	April 2007	3 hours (2 times)	Pomegranate Growers	20	Bulancak Ltd Tugberk Emirzade
Irrigation (theoretical)	May 2007	4 hours	Pomegranate Growers	20	NETAFIM Ltd. Shlomy Razieli Tugberk Emirzade
Fertilizer Application (practical)	June 2007	3 hours (2 times)	Pomegranate Growers	20	Bulancak Ltd. Tugberk Emirzade
Introductory Presentation: Pomegranate Project Phase II	July 2007	2 hours	Interested Growers	25	Gerhard Zechner Shlomy Razieli Tugberk Emirzade
Winter Pruning of Pomegranates	November 2007	1 hour (17 times)	Pomegranate Growers	20	Shlomy Razieli Tugberk Emirzade
Orchard Establishment (practical)	November 2007	1 day (5 times)	Pomegranate Growers Phase II	7	Tugberk Emirzade
Presentation: Establishment of the Pomegranate Processing Facility	February 2008	2 hours	Pomegranate Growers	22	Berna Berberoglu Shlomy Razieli Tugberk Emirzade
Pest Management	February 2008	1 hour	Pomegranate Growers	22	Shlomy Razieli Tugberk Emirzade
Flower Thinning Training	May 2008	½ hour (17 orchards)	Pomegranate Growers	15	Shlomy Razieli Tugberk Emirzade

ALTERNATIVE CROPS CACTUS FRUIT

Introductory Presentation: Cactus Fruit Project	January 2008	2 hours	Interested Growers	30	Gerhard Zechner Simge Ozsuer Seda Yorgancioglu Tugberk Emirzade
Presentation: Market Research for Cactus Fruit Project	April 2008	2 hours	Interested Growers	10	Gerhard Zechner Simge Ozsuer Seda Yorgancioglu Tugberk Emirzade
Field Preparation and Planting Training	June 2008	1 hour	Cactus Fruit Growers	19	Sema Sisman Tugberk Emirzade

COMMERCIAL BANKING

TOT (Curriculum Development) – No 1	Oct 05	2 days	Bankers training to be Instructors	15	Diana Osinski
Basic Principles of Human Resources Management	Feb 06	5 days	Commercial Bankers	11	D Osinski, D Baha, S Tuncel, I Seytanoglu,
Introduction to IAS/IFRS for Bank Accountants	Mar 06	5 days	Commercial Bankers	12	B Berberoglu, E Kiresci, G Fechtmeyer
International Banking Laws and Regulation	Apr 06	3 days	Commercial Bankers	10	B Berberoglu, Z Erkut, G Gegenheimer
Strategic Marketing and the Banking Sector	May 06	3 days	Commercial Bankers	11	D Besimlir, E Tulek
Credit Management and Risk Analysis	Jun 06	5 days	Commercial Bankers	11	M Feridun, T Cagakan, Kent McNeil
Customer Oriented Service	Nov 06	4 days	Commercial Bankers	11	D Besimlir, E Tulek
International Trade Finance	Jan 07	2 days	Commercial Bankers	12	I Dirgen, Y Rasimoglu
TOT (CD) – No 2	Mar 07	2 days	Veterinarians	6	Kent McNeil
Strategic Marketing and the Banking Sector	Mar 07	4 days	Commercial Bankers	9	D Besimlir, E Tulek
Introduction to IAS/IFRS for Bank Accountants	Apr 07	5 days	Commercial Bankers	12	B Berberoglu, E Kiresci, G Fechtmeyer
TOT (CD) – No 3	Apr 07	2 days	Bankers training to be Instructors	6	K McNeil
TOT (CD) – No 4	May 07	2 days	Veterinarians	9	K McNeil
International Banking Laws and Regulation	May 07	3 days	Commercial Bankers	11	B Berberoglu, Z Erkut, G Gegenheimer
Bank Accounting and Reporting	Oct 07	5 days	Commercial Bankers	11	B Berberoglu, N Soydan
TOT (CD) – No 5 at Limasol Coop Bank	Nov 07	2 days	Limasol Bank Instructor Trainees	9	K McNeil
Problem Solving and Decision Making	Nov 07	3 days	Commercial Bankers	11	I Barlas, S Kirmizi

Basic Principles of Human Resources Management	Dec 07	5 days	Commercial Bankers	10	T Cagakan, D Besimler, S Tuncel
Customer Oriented Service	Apr 08	3 days	Commercial Bankers	13	D Besimler, S Uzun
Basic Banking	Jun 08	4 days	Commercial Bankers	13	B Muhtaroglu, G Sik
TOT (Examination Writing Workshop) (Delivered 12 times since Oct 06 to each group of trainers)	Oct 06 – Jun 08	1 day (each time)	EDGE trainers and EDGE trained veterinarian trainers	24 (total)	D Osinski, K McNeil, S Uzun
TOT (Presentation and Facilitation Workshop) (Delivered 12 times since Oct 06 to each group of trainers)	Oct 06 – Jun 08	2 days (each time)	EDGE trainers and EDGE trained veterinarian trainers	24 (total)	D Osinski, K McNeil, S Uzun

BANKING OVERSIGHT

AML Study Visit to Liechtenstein and Isle of Man	May 2006	6 days	central bankers, and members of finance authority	5 + 1 EDGE consultant	Various
Basel II + Corporate Governance and Consolidated Supervision	April 2006	1 day	Central bankers	10	Bryan Stirewalt +Gary Gegenheimer
AML Workshop organized by British High Commission	May 2007	1 day	central bankers, and members of finance authority	14	Bryan Stirewalt +Gary Gegenheimer+ Berna Berberoglu
Euro Changeover	December 2007	2 hours	General public	30	Bryan Stirewalt
ARROW Foundation Course	March 2008	4 days	central bankers	3 + 1 EDGE consultant	Lyndon Nelson

TOURISM TEAM

Crete, Eco Village Study Tour and work shops	September 2006	6 Days	EDGE Consultants, President of Turkish Cypriot Tourism Travel Agencies Association, Members of Büyükkonuk Village Committee	7	Crete's Culinary Sanctuaries, Nikki Rose
Eco Village Project Study Tour To TCC	September 2006	1 Day	EDGE short term consultant, Büyükkonuk Village Residents.	10	
Simple Accounting and Company Registration	October 2006	½ Day	Micro Businesses and Potential B&B Owners of Büyükkonuk and the Karpaz Region	12	Official from the "Companies Registrar Authority" and Eral Erdal (
Training on Managing and Marketing Events for Special Interest Tourism	March 2007	½ Day	Büyükkonuk Village Residents and the residents of the Karpaz Region	15	Keith Sproule and Arzu Çağın
Conducted "Logo Launch" event and a photographic exhibition '+ seasons of Büyükkonuk' in Büyükkonuk	April 2007	1 Day	EDGE consultants, representatives of Tourism related Associations and journalists, members of Photographers Association of the TCC and the GCC and people from both GCC and TCC:	350	Organizers: EDGE Tourism Team, Photographers Association, Büyükkonuk Local Authority and Büyükkonuk Eco-tourism Committee
"What's Happening to Cyprus" by Strategic Planning Expert	May 2007	1 Day	EDGE consultants, TCCC, TCCI, Turkish Cypriot Chamber of Artisans and Craftsmen, Turkish Cypriot Tourism Associations and Management Centre	100	Larry Milner
Global Distribution Systems-Hoteliars Association	May 2007	1 Day	Turkish Cypriot Hoteliars Association	25	Brian K. Toplis
Eco Village Project Study Tour To GCC	June 2007	2 Days	EDGE consultants Büyükkonuk Villagers, Villagers from Karpaz Villages and B&B Owners and Managers of the Region	9	
Eco Village Project Public Presentation	June 2007	3 Hours	EDGE Consultants Tourism Coordinator of	55	Ismail Cemal (president of

			Karpaz Region Village residents Villagers from Karpaz Villages		Büyükkonuk Eco-Tourism Assoc.), Zekai Altan (Karpaz Tourism Coordinator), Ayşe Dönmezer (EDGE Tourism Team Leader)
Special Interest Tourism (SIT), focus groups	July 2007	2 Days	EDGE Consultants Special Interest Activity Providers, relevant NGO representatives, botanists, representative from Tourism and Travel Agencies and representatives from Tourist Guides Association, Restaurateurs Association and Hoteliers Association.	21	Facilitated by the Management Center and Keith W. Sproule, and translator Arzu Çağın
Seminar on Managing and Marketing Events for Special Interest Tourism	10 th July 2007	2 Hours	EDGE Consultants, Participants from other USAID Projects, Turkish Cypriot Tourism Associations' Representatives, Representatives Tourism Planning Authority, Academicians, Students, Local Authorities	65	Keith W. Sproule
Training on Managing and Marketing Events for Special Interest Tourism	July 2007	½ Day	Büyükkonuk Village Residents and the residents of the Karpaz Region	12	Arzu Çağın
ECO DAY Event (one day festival in Büyükkonuk, bi-communal)	October 2007	1 Day	EDGE consultants, representatives of Tourism related Associations and journalists, members of Photographers Association of the TCC and the GCC and people from both GCC and TCC, foreign tourists, bi- communal environment camp.	1100	Organizers: EDGE Tourism Team, Büyükkonuk Eco- tourism Committee, Büyükkonuk Local Authority.
ONCE UPON A TIME Event (one day festival in Büyükkonuk with local and bi- communal activities)	May 2008	1 Day	EDGE consultants, representatives of Tourism related Associations and journalists, members of Photographers Association of the TCC and the GCC and people from both GCC and TCC, foreign tourists. ,	2500	Organizers: EDGE Tourism Team, Büyükkonuk Eco- tourism Association, SAVE

Short Term Technical Advisors: EDGE used a number of short term technical advisors (STTAs) during the project period. The following is a comprehensive list of the advisors and their areas of focus:

Advisor Name	Area of Expertise	Dates of In-Country Assistance	Deliverables Submitted
TRADE TEAM			
Bryan Crosswhite	Information Technology	November 2005; February-April 2006; May – July 2006	Trip Report (don't have it, got this information from his/her SOW) Contribution to preparations for the CTCI mini CD.
Alf Monaghan	Trade Advisor, Business Service Centers and Business Service Providers	August – November 2005	Monthly reports (don't have any of these, got this information from his/her SOW)
Elizabeth Vasquez	Virtual Trade	April 2006	Trip Report (don't have it, got this information from his/her SOW)
Russell Fergusson	Marketing and Trade Exhibitions	May 2006, June 2006, November 2006	Building your brand notes, Exhibition training delegate notes, International marketing strategy notes, Promotion Notes
Larry Milner	Business Association Development and Strategy Consultant	March 2007	Cyprus Turkish Chamber of Industry - Strategic Plan, Turkish Cypriot Chamber of Commerce – Strategic Plan, Cyprus in the World of Today / New trends in institutionalization - Public Presentation
Bryan Topliss	IT – GDS and Web Technologies	April 2007	weekly progress reports and short report on the conclusion of the assignment (don't have any of these, got this information from his/her SOW)
Gordon Studebaker	Trade and International Trade Exhibitions	November 2007	Report on Guidelines for Inward and Outward Trade Missions, Draft Company Profiles for 8 TCC Companies
COMMERCIAL BANKING			
Diana Osinski	Training SME		Training of the Training Coordinator, and initiating the training program for Cyprus. Design, Development and Delivery of Basic Principles of Human Resources Management Course.
Gary Fechtmeyer	Accounting		Design, Development and Delivery of Introduction to IAS/IFRS for Bank Accountants Course
Gary Gegenheimer	International Laws and Regulation		Design, Development and Delivery of International Banking Laws and Regulation Course
BANKING OVERSIGHT			
James J. Hightower	Banking	August 2005	Basel Core Principles Assessment
Gary Gegenheimer	International Banking Laws and Regulations	April 2006	Banking Law Review
Gary Gegenheimer	International Banking Laws and Regulations	May 2007	Draft Banking Law Review
Ken Pfeifer	Payment Systems	December 2007	Minimum Requirements for Setting up a Payment System in TCC
John Sloyka	Payment Systems	December 2007	Minimum Requirements for Setting up a Payment System in TCC
TOURISM			
Keith Sproule	Eco Tourism and Special Interest Tourism	Jul 2006 (15 Days)	- Site visits and introduction to the Village residents and the Karpaz Region. - Büyükkonuk Village Residents Questionnaires
Keith Sproule	Eco Tourism and Special Interest Tourism	14–27 September 2006	- Tourism Enterprises Check List, Questionnaire - Coordinated the Study Tour and Assisted Crete Study Tour Team During

			the trip - Initiated Büyükkonuk and Special Interest Tourism Work Plan
Keith Sproule	Eco Tourism and Special Interest Tourism	25 November – 10 December 2006	Prepare a draft proposal for -ECO DAY event in Büyükkonuk -Photo Competition and Logo launch - Provided technical assistance to B&B Enterprise Development on business plan development, proactive feedback on room quality and service, marketing assistance. -Finalize Büyükkonuk and Special Interest Tourism Work Plan
Brian Keith Toplis	Reservation Management Systems (RMS), and Customer Relationship Management (CRM) Systems and Global Distribution Systems Specialist	26 th March-13 th April 2007	- 2 seminars in Cooperation with the TCC Hoteliers Association and - 12 small hotels visited - Seminar at Eastern Mediterranean University for Hotel management Department Students and For Academicians
Keith Sproule	Eco Tourism and Special Interest Tourism	24 March-6 April 2007	-Training on Managing and Marketing Events for Special Interest Tourism -Provided technical assistance for work plan project preparations for Büyükkonuk.
Keith Sproule	Eco Tourism and Special Interest Tourism	3 – 12 May 2007	- Assistance to the Special Interest Activities Focus Groups Meetings' documentation - Assisted to proceed the Landscape Level Resource Illustration Project for Büyükkonuk - Supported the Büyükkonuk Village Center Enhancement Project to gain momentum.
Keith Sproule	Eco Tourism and Special Interest Tourism	27 June –13 July 2007	- Facilitated Special Interest Activities Focus Groups Meetings - Handout and Guidelines, Managing and Marketing Events for Special Interests - Managing and Marketing Events for Special Interests Public Presentation
Keith Sproule	Eco Tourism and Special Interest Tourism, Community Based Tourism	14-30 October 2007	- Assistance for ECO DAY Event preparations. - Drafted special interest tourism strategy, based on Tourism Team's focus group report

Deliverables: EDGE produced substantial deliverables in each of its target sectors during the project period. The deliverables can be found on the compact disc that is included with this report. An electronic link provides instant access to each deliverable when the compact disc is placed in a computer. The lack of a link means the deliverable is not available electronically but is available in hard copy by contacting serif.kir@edge-bearingpoint.com. The following is a comprehensive list:

Deliverable Title	EDGE Team	Submission Date	Author(s)
TRADE TEAM			
<u>Opinion Research on a Trade Center in Cyprus</u>	EDGE Project	January 2006	RAI Consultants Public Ltd.
<u>Green Line Constraints Report</u>	Trade Team	March 2006	Costas Apostolides, Ayse Donmezer
<u>Transportation Process Mapping Report – Dairy Products Middle East</u>	Trade Team	April 2006	Selcuk Benter
<u>Transportation Process Mapping Report – Dairy Products Turkey</u>	Trade Team	April 2006	Selcuk Benter
<u>Shipyard Famagusta business plan 2006-2010.</u>	Trade Team	April 2006	Ilke Mollaoglu and Adrian Rouse
<u>Marketing Action Plan For Dagli Trading Ltd.</u>	Trade Team	April 2006	Ilke Mollaoglu and Adrian Rouse
<u>Green Line Trade Process Mapping Booklet (the Green Line brochure)</u>	Trade Team	May 2006	Derya Beyatli
<u>Comparative Country Analysis Report: Middle East and North Africa</u>	Trade Team	June 2006	Ilke Mollaoglu and Adrian Rouse
<u>Greek Cypriot Community Market Research Report</u>	Trade Team	August 2006	CYMAR Market Research Ltd. Simge Ozsuer and Adrian Rouse
<u>Assessment Report for Sanat Bag/luggage Company</u>	Trade Team	October 2006	Sertac Barkin
<u>Market Action Plan Prepared for Greek Cypriot Community Market Entry Ahmet Ozerman Ltd.</u>	Trade Team	October 2006	Simge Ozsuer, Adrian Rouse
<u>Marketing Action Plan for Chan-ser Ltd.</u>	Trade Team	November 2006	Ilke Mollaoglu and Adrian Rouse
<u>Marketing Action Plan for Cyprus Hand-Made Center</u>	Trade Team	November 2006	Ayzer Mungan, Bob Byers
<u>Phase One Report / Marketing Action Plan for Gursan Design Studio</u>	Trade Team	November 2006	Ayzer Mungan, Bob Byers, Adrian Rouse
<u>Report on Comparison of Internet Payment Options for TCC Companies</u>	IT Team	February 2007	Sertac Barkin
<u>Cyprus Turkish Chamber of Industry – Organizational Logo</u>	Trade Team	February 2007	Cherry Red
<u>Cyprus Turkish Chamber of Industry – north Cyprus International Branding and Materials</u>	Trade Team	February 2007	Cherry Red and Trade Team
Cyprus Turkish Chamber of Industry – mini CD	Trade Team	February 2007, November 2007,	Trade Team and CTCI staff, Quick Wasp
<u>Cyprus Turkish Chamber of Industry - Strategic Plan</u>	Trade Team	March 2007	Larry Milner, Trade team consultants
<u>Turkish Cypriot Chamber of Commerce -Strategic Plan</u>	Trade Team	March 2007	Larry Milner, Trade team consultants
<u>Cyprus Turkish Chamber of Industry – Membership Satisfaction Survey</u>	Trade Team	March 2007	Prologue Consulting
<u>Greek Cypriot Community Print Media Appraisal</u>	Trade Team	May 2007	Cherry Red Advertising Agency, Bob Byers, Ayzer Mungan
<u>Guidelines and procedure for trading potatoes according to the Green Line regulation</u>	Trade Team	June 2007	Meliha Kaymak
<u>Report on Regulations for the Goods in Possession of the Persons Crossing the Green Line</u>	Trade Team	July 2007	Ayzer Mungan Ilke Mollaoglu Meliha Kaymak
<u>Historical Buyuk Hamam Operational Business Plan</u>	Trade Team	August 2007	Ayzer Mungan

<u>Gloria Jean's Master Franchisee Agreement Business Plan</u>	Trade Team	August 2007	Ayzer Mungan, Adrian Rouse
<u>Turkish Cypriot Chamber of Commerce-Membership Satisfaction Survey</u>	Trade Team	September 2007	Kadem Consulting and Trade Team
<u>Governance Documents for Capacity Building of Cyprus Turkish Chamber of Industry</u>	Trade and Business Association development Team	Sept 2007-June 2008	Mark McCord, Meliha Kaymak, Ilke Mollaoglu, Ayzer Mungan
<u>Governance Documents for Capacity Building of Turkish Cypriot Chamber of Commerce</u>	Trade and Business Association development Team	Sept 2007-June 2008	Mark McCord, Meliha Kaymak, Ilke Mollaoglu, Ayzer Mungan
<u>Halloumi Report</u>	Trade Team	October 2007	Meliha Kaymak
<u>Exhibition Training Manual and Presentation</u>	Trade Team	November 2007	Ilke Mollaoglu, Meliha Kaymak
<u>Turkish Cypriot Chamber of Commerce - IT Upgrade Project</u>	Trade Team	January 2008	GigaByte
<u>Guidelines and procedure for trading citrus according to the Green Line regulation</u>	Trade Team	February 2008	Meliha Kaymak
<u>Business Association Guidebook (300 pages) in Turkish and English)</u>	Trade and BA Development Team	February 2008	Mark McCord
<u>Guidebook to Business Association Advocacy</u>	Trade and BA Development Team	June 2008	Mark McCord
<u>Turkish Cypriot IT Survey</u>	Trade and IT Team	May 2008	Prologue and the Trade Team
<u>Business Development Services Training Materials</u>	Trade and BA Development Team	July 2008	Ayzer Mungan Bema Berberoglu Simge Ozsuer

AGRI TEAM

DAIRY

<u>Hygiene and Animal Health Course Design Worksheet</u>	Agribusiness Team (together with UNDP-Act)	June 2007	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
<u>Hygiene and Animal Health Participant Guide</u>	Agribusiness Team (together with UNDP-Act)	October 2007	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
<u>Hygiene and Animal Health Power point Slides Handbook</u>	Agribusiness Team (together with UNDP-Act)	October 2007	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
<u>Hygiene and Animal Health Exam Questions Handbook</u>	Agribusiness Team (together with UNDP-Act)	October 2007	Kamil Aktolgali Huriye Horoz Kaya Mehmet Demirpence
<u>Dairy Leaflet</u>	Agribusiness Team	October 2007	Gerhard Zechner Nazife Canitez
Animal Feeding and Rationing Course Design Worksheet	Agribusiness Team (together with UNDP-Act)	June 2007	Deniz Solyali Elif Vanci Cagansoy Mehmet Demirpence
Animal Feeding and Rationing Participant Guide	Agribusiness Team (together with UNDP-Act)	May 2008	Deniz Solyali Elif Vanci Cagansoy Mehmet Demirpence
Animal Feeding and Rationing Power point Slides Handbook	Agribusiness Team (together with UNDP-Act)	May 2008	Deniz Solyali Elif Vanci Cagansoy Mehmet Demirpence
Animal Feeding and Rationing Exam Questions Handbook	Agribusiness Team (together with UNDP-Act)	May 2008	Deniz Solyali Elif Vanci Cagansoy Mehmet Demirpence

ALTERNATIVE CROPS - POMEGRANATES

<u>Orchard Visit Report</u>	Agribusiness Team	April 2007	Tugberk Emirzade
<u>Orchard Visit Report, Irrigation and Fertilizer Information Handout</u>	Agribusiness Team	May 2007	Tugberk Emirzade

<u>Orchard Visit Report, Wind Protection, Pest Management and Fertilizer Programme Handout</u>	Agribusiness Team	June 2007	Tugberk Emirzade
<u>Orchard Visit Report, Recovery Pruning Handout</u>	Agribusiness Team	July 2007	Tugberk Emirzade
<u>Orchard Visit Report</u>	Agribusiness Team	August 2007	Tugberk Emirzade
<u>Orchard Visit Report, Orchard Planning Instructions</u>	Agribusiness Team	September 2007	Tugberk Emirzade
<u>Orchard Visit Report, Winter Pruning Handout</u>	Agribusiness Team	November 2007	Tugberk Emirzade
<u>Orchard Visit Report, Correct Pruning Techniques Handout</u>	Agribusiness Team	January 2008	Tugberk Emirzade
<u>Orchard Visit Report, Pest Management Handout, Fertilization Training Handout</u>	Agribusiness Team	February 2008	Tugberk Emirzade
<u>Orchard Visit Report</u>	Agribusiness Team	March 2008	Tugberk Emirzade
<u>Orchard Visit Report, Irrigation of Young Pomegranate Trees</u>	Agribusiness Team	April 2008	Sema Sisman Tugberk Emirzade
<u>Orchard Visit Report, Pest Management, Fertilizer Application Handouts</u>	Agribusiness Team	May 2008	Sema Sisman Tugberk Emirzade
<u>Orchard Visit Report, Record Keeping and Marketing Information Handout</u>	Agribusiness Team	June 2008	Tugberk Emirzade
<u>Orchard visit reports</u>	Agribusiness Team	July 2008	Sema Sisman
<u>ALTERNATIVE CROPS - CAPERS</u>			
<u>Capers Production Booklet</u>	Agribusiness Team	June 2007	Tugberk Emirzade Gerhard Zechner
<u>Financial Analysis</u>	Agribusiness Team	January 2008	Simge Ozsuer
<u>Market Analysis Results</u>	Agribusiness Team	January 2008	Simge Ozsuer
<u>Capers Study Tour Report</u>	Agribusiness Team	March 2008	Tugberk Emirzade
<u>Field Report, Pest Management Handout</u>	Agribusiness Team	June 2008	Sema Sisman Tugberk Emirzade
<u>ALTERNATIVE CROPS - CACTUS FRUIT</u>			
<u>Cactus Fruit Production Booklet</u>	Agribusiness Team	July 2007	Tugberk Emirzade Gerhard Zechner
<u>Cactus Fruit Study Tour Report</u>	Agribusiness Team		Tugberk Emirzade
<u>Field Preparation and Planting Handout</u>	Agribusiness Team	June 2008	Sema Sisman Tugberk Emirzade
<u>Orchard Visit Reports</u>	Agribusiness Team	June 2008	Sema Sisman
<u>OTHERS</u>			
<u>Seed Sector Report</u>	Agribusiness Team	January 2006	Gerhard Zechner
<u>Kantara Honey Marketing Plan</u>	Agribusiness Team	October 2006	Meliha Kaymak
<u>Citrus Report</u>	Agribusiness Team	February 2007	Gerhard Zechner
<u>Samphire Production Booklet</u>	Agribusiness Team	July 2007	Tugberk Emirzade Gerhard Zechner
<u>Passion Fruit Production Booklet</u>	Agribusiness Team	July 2007	Tugberk Emirzade Gerhard Zechner
<u>Alternative Crops leaflet</u>	Agribusiness Team	October 2007	Gerhard Zechner Tugberk Emirzade
<u>GLOBALGAP Leaflet</u>	Agribusiness Team	October 2007	Gerhard Zechner Nazife Canitez
<u>KOBI Calendar</u>	Agribusiness Team	December 2007	Gerhard Zechner, Simge Ozsuer, Nazife Canitez, Tugberk Emirzade
<u>AgriNews I</u>	Agribusiness Team	April 2007	Gerhard Zechner, Simge Ozsuer, Nazife Canitez, Tugberk Emirzade
<u>AgriNews II</u>	Agribusiness Team	August 2007	Gerhard Zechner, Simge Ozsuer, Nazife Canitez, Tugberk Emirzade
<u>AgriNews III</u>	Agribusiness Team	December 2007	Gerhard Zechner, Simge Ozsuer, Nazife Canitez, Tugberk Emirzade
<u>AgriNews IV</u>	Agribusiness Team	April 2008	Gerhard Zechner, Simge Ozsuer, Nazife Canitez, Tugberk Emirzade

COMMERCIAL BANKING

Course Design Worksheet (CDW), Participant Guide (PG), PowerPoint Slides (PPT) and Examination Questions (Exam) for the Basic Principles of Human Resources Management Course	Commercial Banking	February 2006	D Osinski, D Baha, S Tuncel, I Seytanoglu,
CDW, PG, PPT and Exam)for the Introduction to IAS/IFRS for Bank Accountants Course	Commercial Banking	Mar 06	B Berberoglu, E Kiresci, G Fechtmeyer
CDW, PG, PPT and Exam)for the International Banking Laws and Regulation Course	Commercial Banking	Apr 06	B Berberoglu, Z Erkut, G Gegenheimer
CDW, PG, PPT and Exam)for the Strategic Marketing and the Banking Sector Course	Commercial Banking	May 06	D Besimler, E Tulek
CDW, PG, PPT and Exam)for the Credit Management and Risk Analysis Course	Commercial Banking	Jun 06	M Feridun, T Cagakan, Kent McNeil
CDW, PG, PPT and Exam)for the Customer Oriented Service Course	Commercial Banking	Nov 06	D Besimler, E Tulek
CDW, PG, PPT and Exam)for the International Trade Finance Course	Commercial Banking	Jan 07	I Dirgen, Y Rasimoglu
CDW, PG, PPT and Exam)for the Bank Accounting and Reporting Course	Commercial Banking	Oct 07	B Berberoglu, N Soydan
CDW, PG, PPT and Exam)for the Problem Solving and Decision Making Course	Commercial Banking	Nov 07	I Barlas, S Kirmizi
CDW, PG, PPT and Exam)for the Basic Banking Course	Commercial Banking	Jun 08	B Muhtaroglu, G Sik

BANKING OVERSIGHT

Basel Core Principles Assessment	Central banking	August 2005	Bryan Stirewalt+ James J. Hightower
Banking Law Review	Central banking	April 2006	Gary Gegenheimer
Draft Banking Law Review	Central banking	May 2007	Gary Gegenheimer
Minimum Requirements for Setting up a Payment System in TCC	Central banking	December 2007	Ken Pfeifer and John Sloyka
Risk Management Procedures	Central banking	February 2008	Bryan Stirewalt

TOURISM TEAM

Büyükkonuk Village Residents Questionnaires	EDGE/ Tourism Team	July 2006	Keith Sproule
Tourism Enterprises Check List, a Questionnaire used during Crete Study Tour	EDGE/ Tourism Team	September 2006	Keith Sproule and Arzu Çağın
Tourism Sector -Handicraft Survey Report	EDGE/ Tourism Team	November 2006	KADEM Surveying Company, Ayşe Dönmezer, Sertaç Barkın, Ayzer Mungan
A paper for International conference, ESS, 'Community-Based Tourism: A Critical Component for Sustainable Destination Development'	EDGE/ Tourism Team	February 2007	Ayşe Dönmezer, Arzu Çağın and Keith Sproule
Strategic Plan for the Hoteliers Association	EDGE/ Tourism Team	March 2007	Larry Milner, Ayşe Dönmezer.
Branding Büyükkonuk, Village's Logo was selected democratically by the Village Residents	EDGE/ Tourism Team	March –April 2007	Professional Graphic Designer, Engin Şevket designed the Logo
Landscape-level Resource Illustration and Village Center Enhancement Project Report	EDGE/ Tourism Team	June 2007	Homeland Construction Company and Dr. Derya Oktay and EDGE Tourism Team
Interest Activities Focus Group Report	EDGE/ Tourism Team	July 2007	Management Center, Seran Tahiroglu
Handout and Guidelines, Managing and Marketing Events for Special Interests	EDGE/ Tourism Team	July 2007	Keith W. Sproule
Strategic Plan for the Tourist Guides Association	EDGE/ Tourism Team	August 2007	Arzu Çağın, Ayşe Dönmezer, Seran Tahiroğlu
Strategic Plan for the Tourism and Travel Agencies Association	EDGE/ Tourism Team	August 2007	Arzu Çağın, Ayşe Dönmezer
Visitor Expenditure and Motivation Survey	EDGE/ Tourism Team	October 2007	Keith Sproule and Arzu Çağın

(VEMS)			
Büyükkonuk Trail Network Illustrative 'Map'	EDGE/ Tourism Team	May 2008	Cem Kara and Senih Çavuşoğlu
Büyükkonuk Brochure	EDGE/ Tourism Team	May 2008	EDGE tourism Team and Senih Çavuşoğlu (Graphic Design)
Installed nature trail signage along 4,5 kilometers in Büyükkonuk Region Trail Network	EDGE/ Tourism Team	May 2008	Büyükkonuk Local Authority Staff, EDGE Consultant, and the president of the Büyükkonuk Eco-tourism Association.
Documentation to convert Büyükkonuk Committee to registered association approved	EDGE/ Tourism Team	July 2008	Arzu Çağın, Seran Tahiroglu

