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RCI REVIEW OF 2005-2009 OPERATIONS

July 2009

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BACKGROUND AND HISTORY

The Regional Competitiveness Initiative (RCI) was launched in 2005 to support economic growth in post-transition countries in the Europe and Eurasia (E&E) region. The initial premise or hypothesis of RCI was that by encouraging regional linkages between bilateral projects – particularly at the industry and sector level – market opportunities both intra-regionally and between the region and external markets could be enhanced. The initial Scope of Work called for the creation or strengthening of “*communities of practice*” built around the following themes: regional industry clusters, value/supply chains, and corridors, as well as a broad-based community of practice on the subject of competitiveness overall.

The activity began with a series of discussions at the mission/project level to identify the industries most suitable for enhancing the cluster and value chain initiatives on a regional basis. By consensus of participating missions and projects, three sectors were chosen in 2006: agriculture/agribusiness, information technology, and rural/cultural tourism. RCI then launched separate more focused efforts to identify specific programmatic activities within each of the three target sectors.

The geographical coverage of RCI is based on countries supported by the E&E Bureau. The list of countries has evolved based on graduation from USAID assistance (Bulgaria and Romania), the shift of one country, Kazakhstan, to the Asia Bureau, and the addition of newly-independent countries (Kosovo and Montenegro). Currently, the project is active in **11 countries: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Moldova, Montenegro, Serbia and Ukraine.**

CHRONOLOGY: COMMUNITIES OF PRACTICE AND EVENTS

From 2005 to 2009, RCI has supported the regional Competitiveness Community of Practice by organizing about 30 events attended by a total of over 1700 participants, among which representatives of the private sector (over 40%), of local governments, USAID projects and missions.

Sector-specific Communities of Practices developed through these conferences and workshops include:

- ICT: 5 events, in addition to trainings in CMMI/IT Mark Certifications trainings
- Agribusiness: 7 events, in addition to regional information sharing
- Tourism: 4 events, in addition to regional information sharing
- General Competitiveness Community of Practice: 4 Annual Competitiveness Conferences, with an increasingly wider audience and 10 Regional Workshops

Table 1 lists the events supported by RCI over the years.

TABLE I - RCI EVENTS 2005-2009

YEAR	MONTH	TOPIC	CITY	COUNTRY	PARTICIPANTS
2005	June	2nd Regional Conference on Competitiveness	Sofia	Bulgaria	65
2005	June	Regional Cross-Border Trade Facilitation Conference	Sofia	Bulgaria	89
2005	October	Regional Wine Tour (RO, BG, MK, SR and CG)	Regional	Regional	30
2005	November	SEE Regional Competitiveness Conference	Belgrade	Serbia	48
2006	May	New Path For Regional ICT Success	Zagreb	Croatia	93
2006	June	Regional Economic Integration in Southeast Europe	Belgrade	Serbia	43
2006	July	Regional Wine Tour (HR, CG, AL and BiH)	Regional	Regional	30
2006	October	SEE Trade Local Focal Point: Identifying and Eliminating Non-Tariff Barriers to Trade	Bucharest	Romania	19
2006	November	Regional Competitiveness Annual Forum "Profile form Knowledge and Networks"	Bucharest	Romania	101
2007	March	2nd Meeting, SEE Trade Local Focal Point: Identifying and Eliminating Non-Tariff Barriers to Trade	Skopje	Macedonia	16
2007	May	Expanding Regional ICT Competitiveness	Skopje	Macedonia	79
2007	April	Best Practices - Business Service Provider Services in Kazakhstan	Almaty	Kazakhstan	56
2007	April	Forum on Economic Growth and Competitiveness in Kazakhstan	Astana	Kazakhstan	109
2007	September	Stability Pact eSEE Initiative Workshop on eGovernance	Skopje	Macedonia	30
2007	September	5th SEEITA Conference of IT Businesses and Associations from SEE	Skopje	Macedonia	60
2007	September	MASIT Open Days: FDI in the Macedonia and Regional IT Industry	Skopje	Macedonia	98
2008	January	Regional Competitiveness Round Table: Competitiveness - Past, Present, Future	Belgrade	Serbia	20
2008	January	Regional USAID Agribusiness Projects Workshop	Skopje	Macedonia	27
2008	April	AMIS and Online Products Value Workshop	Skopje	Macedonia	21
2008	May	3rd Regional Competitiveness Conference	Budva	Montenegro	170
2008	June	South Caucasus Workshop	Yerevan	Armenia	77
2008	September	RCI Regional Tourism Meeting	Ohrid	Macedonia	21
2008	September	RCI Regional Agribusiness Meeting	Tirana	Albania	16
2008	November	RCI Regional Agribusiness Meeting	Belgrade	Serbia	22
2009	February	National Geographic Regional Familiarization Trip	Regional	Regional	50
2009	February	Regional Tourism Round Table	Tirana	Albania	22
2009	March	Regional Workforce Development Workshop	Skopje	Macedonia	36
2009	April	Belgrade Regional Agribusiness Round Table	Belgrade	Serbia	28
2009	May	Regional Tourism Round Table	Sarajevo	Bosnia and Herzegovina	34
2009	June	4th Regional Competitiveness Conference	Kiev	Ukraine	190

OUTPUT MEASURE: STRATEGIES AND PRODUCTS

The following is a list of representative RCI activities, and their result expressed through the measure of outputs, articulated under four main strategies.

Promoting Standards and Certifications

RCI seeks to enhance competitiveness at the enterprise and industry level by encouraging the use of standards and certifications in key sectors. The goal is to promote harmonization through internationally recognized certification processes that are more understandable to outsiders than fragmented national grading systems, and to increase the quality and acceptability of regional industries by bringing them up to international standards.

CMMI and IT Mark Certifications

RCI encourages the implementation of Quality Models through its support of local software companies toward the IT Mark and Capability Maturity Model Integration (CMMI) implementation and certification, which enhances the competitiveness of the companies, the sector in the countries and the region itself. The activity also assists companies to win more projects with global companies and eGovernment tenders.

- About 15 companies have achieved advanced stage of CMMI and IT Mark Premium training in Bulgaria, Romania, Macedonia, Armenia and Serbia.
- 42 companies have either completed (22) or are in the process of completing (20) IT Mark Training in Armenia, Bulgaria, Macedonia, and Moldova.
- 1,034 from 306 companies in the region have attended CMMI and IT Mark Training, enhancing capacity in 13 countries.

Quality Mark Manual for Authentic Tourism

RCI is introducing a Quality Mark program to all countries in SE Europe, designed to help increase the competitiveness of their tourism sector. While each country will develop its own Mark, all Marks in the region will reflect the same disciplines and standards that are recommended in the program so they become recognizable and credible endorsements to travelers in the region. A Quality Mark Manual has been developed.

- 730 copies of the Manual have been disseminated to 9 countries

Enhancing Regional Trade in Targeted Sectors

RCI continues to undertake activities that encourage intra-regional trade (e.g. – Caucasus and Western Balkans), as well as trade between E&E Countries and EU, by publicizing regional products.

Regional Agribusiness Companies Database

The AgriDataBase, compiled by RCI with the collaboration of other USAID-funded projects in Southeast Europe, is meant to encourage business linkages and regional cooperation. It presents a searchable list of agricultural producers and processors, as well as general country and regional information.

- It contains information on products of over 800 companies from 7 countries in South East Europe

Regional ICT Business Solutions Catalogue

The RCI ICT Team analyzed the potential of the ICT firms in the SEE and CIS regions to provide ICT solutions that can increase the competitiveness of other economic sectors. The information is used in the development of a business-needs-oriented ICT catalogue and in the planning of a number of relevant activities.

- 79 products and services from over 30 companies from 12 countries included (in development)

National Geographic Supplement

Insert to National Geographic Magazine presenting the Western Balkans; target date of publication, spring 2010.

- To be disseminated to 120,000-205,000 subscribers in Europe

Microsoft Innovations Centers (MICs)

After the successful model of establishing a MIC in Croatia (subsequently in Slovenia, Romania and Bulgaria), RCI supports the analysis, feasibility study, strategic planning and start up of such centers in the RCI region.

- Process engaged in 5 countries

Research on Strategic Interests of Active FDI in SEE Region

The overall goal is to increase the level of successful business development initiatives in the region by matching promising projects with interested investors, ensuring positive results for all stakeholders. The first stage is to produce an overview of investment funds that are still active in the region following the financial crisis.

- Conducted extensive desk research to evaluate the situation in the region
- Identification and Selection of potential partners among the existing funds
- 13 funds interviewed at this stage

Advancing Competitiveness Analysis

RCI contributes to the ongoing dialogue on the definition and implementation of competitiveness by sponsoring research on topical issues:

Overview of USAID-Supported Competitiveness Projects Europe and Eurasia Region

Report identifying trends in USAID projects' approach to Competitiveness. First produced in 2008, the report was updated in 2009.

Regional Workforce Development Research

RCI has examined the relationship between Workforce Development and Competitiveness, with a particular focus on Southeast Europe.

The result was the publication of 6 country overviews in the Balkans, and 1 in-depth assessment report about workforce competitiveness in Macedonia. Next steps include the support of a pilot project in Workforce Development in Serbia

Sharing Knowledge and Information

As a regional project, RCI acts as a link between actors in the different countries it covers, using the following tools:

Newsletter

The quarterly publication allows information sharing between the USAID projects in the region.

- 14 issues since 2007, distributed electronically, and in hard copies at events
- Sent to over 1000 recipients

Regional Information Sharing Networks for Agribusiness and Tourism

Relevant articles and documents sent biweekly to targeted stakeholders.

- over 80 recipients for Agribusiness, 132 documents shared and counting
- 110 recipients for Tourism, 138 documents shared so far

Economic and Financial Crisis E&E Tracker

RCI produces a weekly compilation of relevant articles and figures tracking the impact of the current crisis on the region for the E&E Bureau.

- 21 trackers to date

Website

Currently in development, the RCI Website will serve as a repository of information on competitiveness in the region and will include all the RCI studies, reports and other deliverables.

Table 2 below summarizes how the strategies employed have been used to address the different sectors.

TABLE 2 - RCI STRATEGIES ACROSS SECTORS

	AGRICULTURE	TOURISM	ICT	OTHER/GENERAL
Promoting Standards and Certifications		Quality Mark	CMMI/IT Mark	
Enhancing Regional Trade	AgriDatabase	National Geographic insert Research on Regional Routes	ICT Catalogue Microsoft Innovation Centers	Research on FDI
Advancing Competitiveness Analysis				Overview of USAID projects Workforce Development Research
Sharing Knowledge and Information	Regional Information Sharing Network	Regional Information Sharing Network		Newsletter Tracker Website

PERCEPTION SURVEY: LESSONS LEARNED AND RECOMMENDATIONS

The last segment of this paper assesses how the brand of “RCI” has been perceived by its “clients” in the region, from Mission personnel to USAID projects staff. The source of this section is twofold: 1) feedback received at various events throughout the life of the project, and 2) informal interviews conducted at year 4 of the project of a sample of 12 key stakeholders about RCI past performance and suggested improvements. While not a scientific evaluation, those two sources give a picture of lessons learned and recommendations for the future.

Events Evaluation Forms 2005-2009

This is the aggregated data from the responses to evaluation forms distributed at 9 RCI events.

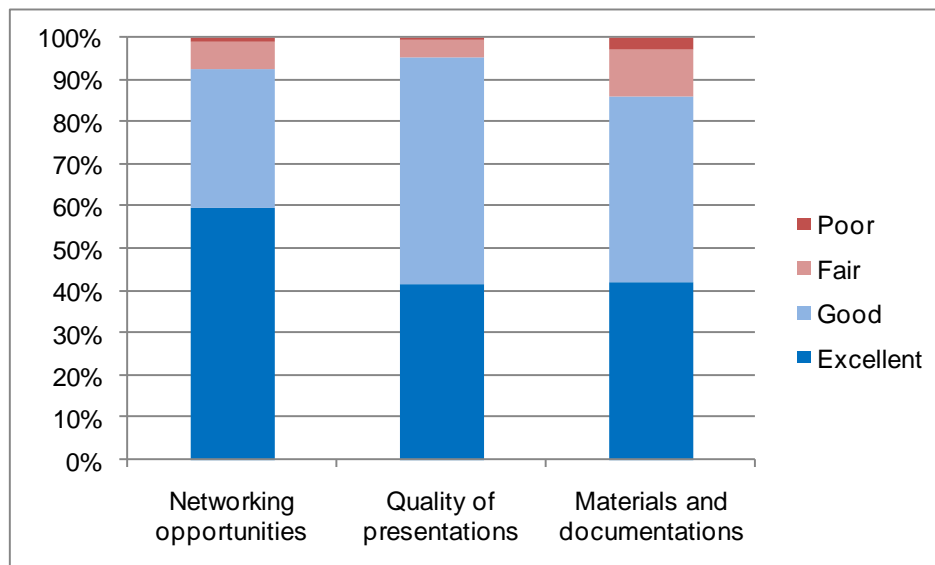
When asked to give a general assessment of the usefulness of RCI events, the responses of attendees are overwhelmingly positive.

- Relevance: 96 to 100% indicated that they found RCI events relevant to their work
- Meeting expectations: 92 to 100% of attendees said that events have met their expectation
- Continued interest: 93 to 100% of respondents likely to attend RCI events in the future

Participants have also been asked to rate different aspects of RCI meetings. While all of them get a positive grade (excellent or good at a rate of 86-96%), those grades allow us to rank them and determine what participants value the most about RCI events:

- 1) Networking opportunities: RCI events are first and foremost a rare opportunity to meet face-to-face with partners and counterparts in the region
- 2) Quality of presentation: good technical content makes the meeting worthwhile
- 3) Materials and documentation: the participants are able to take away valuable materials from the meetings

FIGURE I – FEEDBACK FROM PARTICIPANTS TO RCI EVENTS

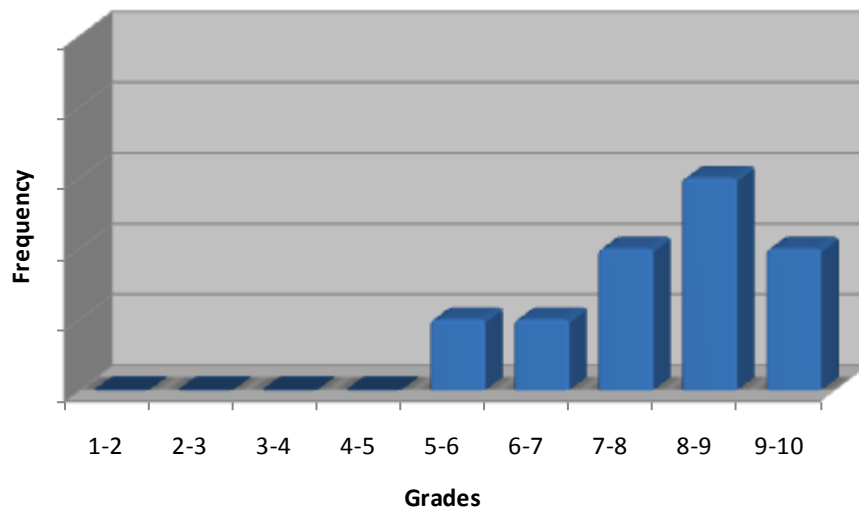


Survey of key stakeholders 2009

The 2009 survey was conducted with 12 regional stakeholders, 5 of which representing EG offices within USAID Missions, and the other 7 were Chiefs of Party for USAID-funded projects, from 7 different countries. Their familiarity with RCI varied widely, since of them attended an RCI event for the first time, while others had attended up to 6 RCI events over the years. In general, the interviewees were aware of specific RCI activities within their country and sector, but didn't have a complete picture of the project.

The sample of stakeholders gave an average grade of 7.6 out of 10 to the RCI program in general, with grades ranging from 5 to 9.5 (see distribution graph below). This reflects overall satisfaction about RCI, but leaves room for improvement.

FIGURE 2 – DISTRIBUTION OF GRADES GIVEN TO RCI BY STAKEHOLDERS



In particular, the interviewees singled out the following successes:

- Annual Conferences (with one respondent noting that each conference has shown an improvement over the previous one)
- RCI products (Overview of Competitiveness paper, QM Manual) which can be used by each country
- The CMMI/IT Mark activities

No respondent indicated any major failure by RCI. Suggestions for improvement include:

- Give quarterly sector events more technical, demand-driven content to justify cost of attending
- Should have more products (papers) to share, more country comparison, material that can be used for SOW
- Necessity to follow-up with clear timeline of decision once a commitment has been made
- Should sponsor B2B meetings and road shows for companies
- Should have a website as a repository of information, make it sustainable beyond the life of the project

- Expand current activities to Caucasus
- Sponsor activities between 2 countries, instead of regional or sub-regional

When asked what sectors RCI should support, beyond the 3 focus sectors (ICT, Agribusiness and Tourism) and information sharing, the interviewees mostly indicated that those sectors are relevant to them, and that they would like to see the following added in the future:

- Workforce (follow up analysis with pilot projects),
- Wine (help improve perception of sub-region, similar to tourism – regional wine tours?)
- Energy / Sustainable Development and Climate Change
- E-Government (specific comments: Macedonia example could be shared with others, Serbia has an IT Ministry and is therefore interested, relevant to Georgia)
- Balkans: supply chain from ex-Yugoslavia (light manufacturing, apparel, and workforce redeployment from those sectors)

Finally, the survey posed the question of possible channels of communication to better publicize RCI within USAID. The respondents suggested the following:

- Get the country desk officers informed and involved about RCI
- Make awareness of RCI part of training of EG officers about the be deployed to the region
- Make more systematic visits of the Mission by RCI staff, to inform EG officers and Mission Directors of ongoing activities and also elicit feedback about needs for other initiatives
- Direct communication from USAID Washington to senior Mission management to encourage Mission personnel to participate in RCI events
- Contribute to other projects' communication (the same way they contribute to RCI newsletter)

The overall perception was positive. The main challenge when analyzing feedback is that clients tend to see RCI as a service provider for the specific interest of their country and/or their sector. Competition between adjacent missions seems to be the norm and regional cooperation remains the exception, as there is no incentive to collaborate and share best practices. The interviewed stakeholders rarely identify spontaneously the regional dimension of issues, so they are likely to suggest activities that only should be bilateral in nature. An overall articulated RCI long term strategy would help make the project more readable, and provide a framework to organize the input from the region.

**RCI Assessment Questionnaire – Following the Kyiv Conference
June 2009**

1) How many RCI events have you attended since 2005? Which ones?

2) What RCI activities in your mission are you aware of or have you participated in? Please indicate which ones are the most successful, and the least successful, in your opinion, and why?

3) If you had to rate RCI's activities in general (not just the Annual Conference) on a scale of 1 to 10, with 1 being poor and 10 being outstanding, what grade would you give RCI?

Feel free to comment on the reasons for the grade

1 2 3 4 5 6 7 8 9 10

4) Besides the 3 sectors RCI has focused on (ICT, Agribusiness, Tourism), and the information sharing, what other sector/field do you think it should be active in?

5) What communication channels would you suggest for RCI activities to be better publicized within USAID (both Washington and within the missions)?