



REGIONAL COMPETITIVENESS INITIATIVE VOL. 5 ISSUE 1 JANUARY 2011

HIGHLIGHTING SUCCESSES OF USAID COMPETITIVENESS PROJECTS THROUGHOUT THE E&E REGION



RCI In Brief

REGIONAL EVENTS AND CONFERENCES

TOURISM

USAID Promotes Regional Partnership and Cooperation in the Western Balkan and Black Sea Regions

November 16 - RCI organized the second Regional Tourism Steering Committee, at which five USAID countries from the Western Balkans discussed and finalized joint next steps in tourism activity implementation and regional tourism promotion. One key decision at the meeting was

to move forward with the implementation of a Western Balkans National Geographic Geotourism website.

In its effort to enhance bilateral and multilateral cooperation, RCI supported tourism representatives from seven USAID countries in the Black Sea region to participate in the Regional Black Sea Tourism Conference – ARGO. This business-to-business event included countries from all over the world and offered unique opportunities for business networking.

RCI collaborated with UNDP on this activity.

USAID Promotes Regional Cooperation and Quality Standards in Tourism in the Western Balkans

November 25 - RCI presented at the Regional Tourism Conference on Sustainable Tourism, organized by the Albanian Ministry of Tourism and Culture and the UN World Tourism Organization (UNWTO).

The event had over 100 participants with representation from all of the South East Europe countries. RCI promoted regional collaboration and the enhancement of quality standards for authentic hotels in the region.

The need for regional partnerships was confirmed in the opening speeches by the Prime Minister of Albania, the Minister of Tourism and Culture and the Secretary General of the UNWTO.

UPCOMING EVENTS

JANUARY 31

Regional Agribusiness Working Group meeting
Podgorica, Montenegro
Host: RCI

FEBRUARY 2-3

Day 1: Regional Workshop of Regional Promotion and FAM trips
Day 2: Authentic QM and 3rd Regional Tourism Steering Committee
Podgorica, Montenegro
Host: RCI

MARCH 23-24

U.S.-Balkans Summit
Baltimore

MARCH 31

Regional Cooperation Council Economic Growth Forum
Brussels, Belgium

APRIL 4-6

Regional Trade & Investment Conference
Dubrovnik, Croatia

MAY 17-19

Annual RCI/PFS Event
Budapest, Hungary
Host: RCI & PFS

Welcoming PAIGE ALEXANDER

RCI would like to welcome Paige Alexander as the new Assistant Administrator for the E&E Bureau. A former Senior Vice President of IREX, Ms. Alexander brings extensive experience in the region and deep familiarity with USAID, as she returns to the Bureau in which she served for eight years.

WOOD TECHNOLOGY CENTER IMPROVES COMPETITIVENESS

BOSNIA & HERZEGOVINA

The ARTECO Wood Technology Center is a state-of-the-art wood manufacturing center, whose mission is to design and develop new products, educate small and medium enterprises (SMEs) from the wood sector, and manufacture difficult-to-produce furniture. The objective of ARTECO is to raise the competitiveness of SMEs in the wood industry in Bosnia and Herzegovina. The Excellence in Innovation (EI) Project, which is financed by USAID and the Norwegian Ministry of Foreign Affairs, partnered with Artisan, a local company, to establish ARTECO. ARTECO receives financial and technical support from the EI Project.

The Bosnian wood sector SMEs rely on ARTECO's services in areas of design, prototypes creation, manufacturing of complicated furniture parts, wood drying, assistance in exporting final wood products, education, and training. The training programs offered by ARTECO are based on actual models of applying new technologies under the real working conditions of a wood processing company. ARTECO also acts as an agent for a number of BiH wood manufacturing companies, selling their furniture to European customers.

Since its creation, ARTECO has serviced more than 40



ABOVE The ARTECO manufacturing center

SMEs, developed more than 15 prototypes, involved more than 15 SMEs in work on various contracts, established commercial collaboration with 11 renowned international and domestic designers, and trained 15 companies to use computer-aided drawing technologies. ARTECO will assist in establishing a new and revived BiH furniture industry that will be known for its quality and its competitiveness in high-end markets. As an example, ARTECO is producing prototypes of designs made by designer Karim Rashid, that will be exhibited at the IMM 2011 furniture show.

For more information, please contact Mr. Sanscho Ramhorst at sramhorst@edc.org or visit www.arteco.ba.

PERMIT CENTER STREAMLINES NEW BUSINESS PROCESS

UKRAINE

USAID helped establish a new “one-stop shop” in the Autonomous Region of Crimea, which streamlines the process of obtaining permits, approvals, signatures, and clearances.

Representatives from 26 Crimean agencies, which issue 86 types of permits, will work together under one roof at the new Crimean Republican and Simferopol City Permit Center. The Simferopol Center is one of the few centers in Ukraine that unites municipal and regional permit-issuing authorities. USAID supplied office equipment and trained staff on organizing and operating a one-stop shop.

“We are positive that this center will accelerate business growth and entrepreneurial activity in Crimea,” said



ABOVE Crimean Republican and Simferopol City Permit Center

Chief of Party of the USAID Local Investment and Competitiveness Project Howard Ockman. “Thanks to the expedient opening and availability of the full spectrum of services, it can become an excellent example of how a permitting office can boost business growth in Ukraine.”

The one-stop shop also ensures the transparency of issuing permits and increases staff expertise. By reducing the number of individual encounters between entrepreneurs and government officials, opportunities for corruption are diminished.

The Crimean Republican and Simferopol City Permit Center is the fourth center to open in the region with USAID assistance. Since the Permit System Law was adopted in 2005, permit-issuing one-stop shops have been established in 681 municipalities in Ukraine.

DEVELOPMENT FOUNDATION EXCEEDS \$18 MILLION IN LOANS

MACEDONIA



ABOVE SME loan recipient

In December 2010 the Crimson Development Foundation (CDF) surpassed \$18.5 million in loans to small and medium enterprises (SMEs) in Macedonia. CDF is supported by USAID, Norfund, and Crimson Capital. CDF is the principal provider of Purchase Order Finance (POF) in Macedonia.

FREE TRADE AGREEMENT CONFERENCE

MACEDONIA

Macedonia's business integration into Europe depends on the ability of local companies to meet EU product standards, as well as on the ability of the Government of Macedonia (GoM) to create an environment that supports a fully functional market economy similar to that of Europe.

Macedonia has signed five trade agreements that provide significant opportunities to expand overall exports, including products from the wine, fresh vegetables and processed vegetables value chains supported by USAID's AgBiz Program.

To assist AgBiz customers in utilizing the benefits of existing trade agreements, AgBiz, in cooperation with the Secretariat of the Regional Rural Development Standing Working Group and the Macedonian Ministry of Agriculture, Forestry and Water Economy (MAFWE), organized the "Implementation of Central European Free Trade Agreement (CEFTA)–Free Movement and Barriers on Trade of Agricultural Goods" conference, that was

To date, CDF has disbursed 253 loans, totaling more than \$18.63 million to Macedonian SMEs. CDF's loans have created over 2,000 new permanent jobs and have generated over \$73.8 million in new exports. CDF targets all regions of Macedonia and all major sectors of the economy, including underfinanced sectors such as agriculture and food processing. About 35 percent of CDF's loan portfolio is to the agriculture sector, and through its lending to SME customers, CDF has indirectly supported more than 9,000 local farmers, 7,000 domestic buyers, almost 200 collection points, 2,600 domestic suppliers, and nearly 900 foreign suppliers. In addition, CDF has supported 42 women-owned and 54 minority-owned businesses, and seven start ups.

CDF has recently secured an additional \$1.1 million in lending capital and will introduce two new loan products in 2011: Accounts Receivable (A/R) Financing and a Revolving Framework Purchase Order Finance (POF) Product. The new funding and loan products will allow CDF to further support underfunded and underserved Macedonian SMEs that have difficulty in obtaining the financing they need to grow their businesses and create new employment.

Crimson also operates the Crimson Finance Fund in Kosovo, and has worked to improve access to finance in over 20 countries, facilitating over \$6 billion in debt and equity finance, foreign direct investment, privatization and public-private partnerships.

followed by business-to-business (B2B) meetings. The conference was part of the 60th International Trade Fair for Consumer Goods–Agrofood 2010, and provided an overview of the positive achievements of CEFTA, as well as regional trade challenges.

"The CEFTA market is only open for those agriculture-based products that can comply with EU quality requirements," said MAFWE Minister Dimovski.

The conference brought together many key players from the region such as the Slovenian Minister of Agriculture, Forestry and Food; the Macedonian MAFWE Minister; representatives from the governments of Bulgaria, Turkey, Serbia and Croatia; delegates from regional Chambers of Commerce; and over 50 agribusiness representatives from Macedonia.

The B2B meetings resulted in Macedonian companies signing 550,000 Euro worth of orders for exporting fresh fruit and vegetables, making this event an outstanding success.

TRAINING PROGRAM HELPS ENHANCE ACCESS TO FINANCE

BOSNIA & HERZEGOVINA

A new program to train and certify qualified business finance consultants (QBFC) in Bosnia and Herzegovina will address a major obstacle for small and medium-sized businesses (SMEs) in the country: access to finance. The FIRMA Consortium's QBFC Program was launched in November 2010, with a three-day program in Teslic, resulting in 25 trained and certified QBFCs.

The QBFC program aims to train and mobilize competent business finance consultants who will serve as intermediaries between BiH SMEs and financial institutions, in order to expand access to finance for BiH companies. Once certified, these consultants will act as financial advisors and advocates for FIRMA-targeted companies. Consultants will identify suitable sources of finance, help companies complete their business plans and loan applications, and facilitate their communication with financial institutions.

Slavisa Ceranic from Sarajevo was a member of the first

group to successfully complete the training.

"I am grateful for the opportunity to participate in FIRMA's QBFC training program," Ceranic said. "It helped me finally clear up some issues related to accessing sources of financing in the country and to directly exchange experiences with colleagues coming from other parts of the country and from different institutions." Ceranic is now a certified QBF consultant.

The FIRMA Consortium is addressing both the demand and supply sides of access to finance. The Consortium, a collaboration of the USAID-Sida FIRMA Project and its implementing partners, works to improve SMEs' creditworthiness, identifies new options for finance, and works with business development service providers to promote sustainability. FIRMA also works with banks and other financial institutions to encourage the design of new and more innovative financial products.

For more information, see www.firmaproject.ba or e-mail qbfc@firmaproject.ba.

RECYCLING CENTER ADVANCES PRODUCE TRANSPORTATION

MACEDONIA

In 2005 Alexandar Markovic founded Hartija Ko, when he bought an old paper mill and converted it into one of only two mills in Macedonia that recycle paper. In 2009 three partners joined him to expand the business into the production of cardboard boxes, after identifying a need for locally-made boxes to transport fruits and vegetables grown in Macedonia.

Markovic was not sure they wanted to enter the market for specialized shipping cartons. There were production constraints because of the installation of machinery for corrugated cardboard.

Hartija Ko turned to a Financial Platform consultant from the USAID Macedonia Competitiveness Project to evaluate the development of a new business line.

"We needed a consultant to better understand the business we'd just gotten into," said Kiril Ivanov, a Hartija

Ko partner. "We needed an honest assessment of the market and what we could do, not just some fanciful ideas. The assessment our advisor came up with was very honest. [...] And although the plan we came up with did not help us to get a loan, the plan succeeded in attracting a new partner."

The new equity partner is a Croatian company that is one of the biggest fresh fruit and vegetable suppliers in the Balkans. It is investing \$1 million in Hartija Ko to buy new machinery for the specialized produce boxes.

This financing will create 158 new jobs and result in exports of over \$1.6 million within the company. The investment will also have an effect on the wider agribusiness sector in Macedonia. Good quality, locally-produced shipping cartons will be more affordable for Macedonian farmers. Using these cartons will increase farmers' sale prices because they improve the quality of produce.

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