

REGIONAL COMPETITIVENESS INITIATIVE VOL 3 ISSUE 3 AUGUST 2009

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



ABOVE Participants at the Fourth Regional Competitiveness Conference listen to a speaker. The conference took place in Kyiv, Ukraine and attracted more than 200 stakeholders.

FOURTH ANNUAL RCI CONFERENCE IN KYIV, UKRAINE

The USAID Europe and Eurasia Bureau's Economic Growth Office (EE/EG) held the "4th Regional Competitiveness Conference in Southeast Europe – Financial Crisis and the Effects on the Competitiveness of the Region" in Kyiv on June 16-17, 2009. The EE/EG Regional Competitiveness Initiative attracted more than 200 stakeholders working in 17 different countries in the regions of South East and Central Eastern Europe, North America and the Caucasus.

Representatives of private businesses, government and non-government sector, USAID Missions, Implementers and other International Donors shared best practices and lessons learned that enhance the competitiveness of each country and region. The conference concluded on June 18 with an internal meeting for USAID Missions and Projects to discuss the values of the regional work, as well as to plan future initiatives.

Conference topics focused on the impact of the global economic downturn, its impact on the developing countries, as well as its influence on the level of competitiveness in the regions. Scholars and practitioners shared their views of development trends under the newly created conditions of changing globalization. Follow-up discussions offered practical suggestions and solutions to the common challenges of the business communities.

Small group discussions covered key areas for improvement and regional work, such as policy measures, workforce development, access to finance and FDI attraction, international standards and certification, and the usage of regional tourism attractions.

For more details, please contact us at rci@bcserdon.com. Highlights of the conference can be found on the last page of this newsletter.

UPCOMING RCI EVENTS

October 1

Regional Tourism Round Table

Podgorica, Montenegro

October 7-8

Regional Workshop – Building A Regional Sustainable IT Training & Certification Network

Sofia, Bulgaria

Regional ICT stakeholders will gather to develop a concept for increased regional competitiveness by establishing a sustainable regional network for ICT training and certification, through the creation of regional ICT training and certification centers. The regional network will not only further develop the good practices already implemented on the country level, but will also directly contribute to the positioning of South East Europe, Central Eastern Europe and the Caucasus as developed ICT regions. The joint efforts of the relevant stakeholders in the region will result in important synergies, facilitate know-how transfer, and promote regional cooperation.

KPEP BREAKS DOWN BARRIERS FOR FARMERS

KOSOVO

In an ideal trade environment, the sale of potatoes to a neighboring country should be routine and simple. When the USAID-funded Kosovo Private Enterprise Program (KPEP) opened its doors in October 2008, potatoes became the first challenge: there were plenty of producers, but too few buyers.

Kosovo has a comparative advantage in the production of late potatoes. KPEP was able to identify buyers in a neighboring country for 1000 MT of potatoes valued at over €150,000. What could have been a success story about the benefits of trade turned into something more.

Even though the neighboring country may not have the same advantage as Kosovo, farmers raised concerns about the new competition, fearing that imports would reduce the price for their product. In response, the government blocked trade by raising the customs valuation at the border by more than 400 percent and then levied a tax on the inflated amount.

With the help of KPEP, the Government of Kosovo contacted the relevant trade authorities and the barriers were dropped.

The \$17.8 million USAID-funded Kosovo Private Enterprise Program (KPEP) is a four-year initiative launched in October 2008. Its goals are to promote improved quality and efficiency of locally produced goods and services, expand



ABOVE Workers unload potatoes. KPEP identified buyers for 1000 MT of potatoes.

employment for all of Kosovo's citizens, including youth and minorities, reduce Kosovo's trade imbalance, and further Kosovo's integration into regional and international markets.

KPEP has four primary components:

- Private sector development in targeted sectors and value chains
- Improving the business enabling environment
- Workforce development and training
- Support for business services

Although still relatively new, KPEP has already achieved some notable results including increased exports of vegetables, introduction of dairy practices that improve efficiency and quality, the launch of a promising new tourism campaign, and measures to increase the recycling of plastic waste. Even in today's tough economic climate there are still opportunities to expand the economy and create jobs.

MACEDONIA COMPETITIVENESS PROJECT HELPS COMPANIES GAIN FINANCES

MACEDONIA

In April TTK Bank approved a €100,000 (\$134,000) loan that will allow Bams Trejd to move forward on a €200,000 investment that will improve its positioning in the regional construction materials market.

The investment involves the construction of a new warehousing and exhibition facility near Bitola, strategically positioned between Greece and Albania, where the company exports most of its goods. With the new facility, Bams Trejd expects exports of \$125,000 within the next eight to nine months and \$250,000 in annual exports starting in 2010. The investment is expected to generate eight full-time jobs.



Although conditions in the global construction industry are difficult, Mirjana Trpcevska, managing director at Bams Trejd, felt it was important to move forward on this investment, as construction continues to thrive in the region, especially in Albania, Montenegro, Kosovo and Greece.

Bams Trejd is one of 11 companies that already received financing from local financial institutions to expand their businesses with the assistance from one of Macedonia Competitive Project's (MCP) Financial Platform Facilitators. Established in the spring of 2008, the MCP Financial Platform engages Macedonian financial advisors who collaborate with companies to

clearly formulate business expansion strategies and investment plans.

'SITTING GREEN' DESIGN COMPETITION WINNERS ANNOUNCED



ABOVE Jovac Jelovac, chairman of Belgrade Design Week, announces the overall winners of the competition, Jugoslava Kljakić and Nataša Ilinčić. The competition promoted sustainable design.

As part of the Belgrade Design Week, USAID Serbia Competitiveness Project organized a competition for Serbian furniture designers to produce ecologically friendly chairs. The winners of the competition "Sitting Green" were awarded with production of prototypes of their designs worth up to \$5,000. The prototypes will then be manufactured in Serbian furniture production facilities, placed in boutiques, and marketed to international customers to promote direct sales by Serbian furniture designers.

INTERVIEW: 'FILM IN SERBIA' BROADENS ITS SCOPE, VALUE

SERBIA

Miloš Đukelić, a young director and owner of "Red Production," along with around 20 industry colleagues, is part of "Film in Serbia," an initiative of the USAID Serbia Competitiveness Project. In this interview, Đukelić discusses the project. Portions of his answers were edited for length.

Q: How did the collaboration with USAID come about, what exactly is "Film in Serbia," and why have you decided to take part in it?

A: "Film in Serbia," in a way, is an attempt to integrate the information defining the comparative advantages of Serbia as a filming destination and to create a guide for someone who would come here to film. Someone thinking of working in Serbia would just have to visit www.filminserbia.com online and see right away the way the industry itself is organized, as well as gather information regarding the prices and what the locations look like.

Q: With the "Film in Serbia" project, you and your colleagues, production and post production houses, took part in the AFCI Locations Trade Show held in California, where Serbia was presented for the first time. What were the reactions you received from the producers of major American movie and television studios?

The winning entries varied greatly. Miloš Jovanović, Best Student Design winner, channeled nature in his leaf-

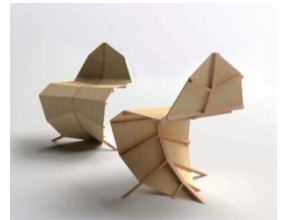
like design. The winner of Most Sustainable Design, Branko Nikolić, opted for a traditional slatted seat, painted brightly. The overall winners, Jugoslava Kljakić and Nataša Ilinčić, had a modern viewpoint, pairing minimal design with functionality: a seat with a built-in ledge.

While the winners took different design cues, there was a sense that the one commonality – sustainable design – was immensely important.

"Sustainability has to be a way of thinking, it has to be set as a standard,"

Kljakić said. "It is great that at last this competition confirms that this makes sense here and has to be model of thinking."

RIGHT Winner for Best Student Design; winner for Most Sustainable Design; winner for Overall Best Design.



GRAPE PRODUCERS TOUR CALIFORNIA, LEARN COMPETITIVENESS LESSONS

MACEDONIA

On March 10 participants from six Macedonian grape producers and marketers visited their colleagues in South and Central California, USA. California is one of the largest grapes exporters in the world. During the 10 days of this highly technical study tour, AgBiz participants investigated and now understand the modern, integrated production and post-harvest systems that can be applied to their enterprises and existing grapes varieties. This learning experience included subjects to increase participants' knowledge of responsible agrichemical use, and the stringent post-harvest residue requirements of sophisticated markets. The Tour combined class room training with on-site visits that allowed participants to learn about and observe advanced pack-house operations and lay outs for fresh grape handling, as well as the objectives and means of establishing grape marketing and trade organizations.

AgBiz, in partnership with the University of California Davis, College of Agricultural & Environmental Sciences, provided learning experiences and extensive materials to participants that will significantly enhance their knowledge and understanding of the production and post harvest handling technologies applicable to their operations which, if properly applied, will increase their competitiveness.

“We received detailed information about the whole process in the form of literature, practical experience and in-the-field demonstrations by UC-D Advisors,” Dr. Krum Boshkov said, from the Macedonian Faculty of Food and Science. “We had an opportunity to follow the entire cycle from root stock for planting through to packaged products marketing.”

Macedonia's largest grape exporters had the unique opportunity to visit one of the largest wholesale produce



ABOVE Tour participants visit a vineyard in California to learn about advanced grape producing techniques. The tour combined classroom training with on-site visits.

markets in Los Angeles, as well grape operations in Palm Springs and Bakersfield, well-known for their high standard of grape production. AgBiz customers observed the application of modern grape production methods with an accent on green pruning techniques. The group recognized these measures as being especially important for transfer to Macedonia to increase grape quality, and thus improve competitiveness and achieve better prices on export markets.

As a follow-up to the study tour, AgBiz conducted a one day roundtable where the lessons learned in California were presented, discussed and shared with 22 participants from nine Macedonian grape

producers and traders, the Association of Fruit Producers and academics, including 13 individuals that did not participate in the Study Tour. Roundtable participants identified opportunities to use the lessons learned from the Study Tour to enhance their grape operations. AgBiz is planning a demonstration program to confirm and illustrate the application of these modern practices.

LINKS

MISSIONS

Albania: albania.usaid.gov

Armenia: armenia.usaid.gov

Azerbaijan: www.usaid.gov/az/

Belarus: belarus.usaid.gov

BiH: www.usaid.ba

Central Asia: centralasia.usaid.gov

Croatia: <http://zagreb.usembassy.gov>

Georgia: georgia.usaid.gov

Kosovo: www.usaid.gov/missions/kosovo

Macedonia: macedonia.usaid.gov

Moldova: moldova.usaid.gov

Romania: romania.usaid.gov

Serbia and Montenegro: serbia-montenegro.usaid.gov

Ukraine: ukraine.usaid.gov

Highlights

FOURTH ANNUAL RCI CONFERENCE



“What is competitiveness? It is not what industries a nation or region competes in that matter for prosperity, but how firms compete in those industries. The productivity of ‘local’ industries is of fundamental importance to competitiveness, not just that of traded industries.”

Goran Radman, SenseConsulting



“Venture capital funds can help to promote growth by providing capital for investing into modern technology and equipment; focusing on sustaining profitability and fundamental operational improvements, with less emphasis on revenue growth; and identifying those investment cases that are built to withstand the cycle.”

Natalie Jaresko, Horizon Capital



“Eastern Europe’s prior growth model was mostly externally-generated by FDI. This model is unsustainable – globalization will slow and so will the capital for investments. Eastern Europe must rely on internally-generated sources of productivity and competitiveness.”

Paul Marer, Central European University



“Financial links emerged as a main channel of transmission of the financial stress to emerging markets. Countries with larger external liabilities (especially in the banking sector) will suffer more from the stress at the global financial markets. More financial openness may lower capital volatility only if financial integration is strengthened by the institutional sophistication and credibility of the local financial sector. The quality of the local financial market, friendliness of the business environment and robustness of the regulatory policies greatly reduces the risk of capital flow reversals or sudden stops.”

Edilberto Segura, SigmaBleyzer

