

USAID - Europe and Eurasia Bureau Regional Competitiveness Initiative (RCI)



Promoting Competitiveness Through IT, Investment, Trade,
Agriculture, Tourism, and Regional Integration

Kosovo Building Agricultural Trade Linkages

Over an 11-day period in May, the Marketing and Trade Linkages team from the USAID Kosovo Cluster Business Support project in Kosovo promoted products from over a dozen KCBS clients throughout 14 cities, resulting in 45 individual linkage meetings (with chambers of commerce, alliances, associations, donor projects, importers, traders, retailers, processors, and producers). The primary purpose of the trip was to increase trade linkages (sales) between all KCBS clients with export capacity and buyers/markets in Albania and Montenegro. Second, they conducted a marketplace assessment for the three KCBS clusters: Fruits and Vegetables, Livestock and Construction.



KCBS's Musil Berisha and Todd Kirkbride in discussion with Edi Aleksa (center), manager of Extramarket in Durres, Albania.

Due to cultural similarities, regional proximity, and slightly different growing seasons, KCBS targeted Albania and Montenegro as key export markets where their clients might expand their distribution and sales. For the Fruits&Vegetables/Livestock clusters, KCBS targeted primarily coastal cities where Kosovars spend their summer holidays and have demonstrated a strong purchasing power. Moreover, these are the same cities experiencing the largest construction booms. Both capital cities were also visited since they serve as central distribution centers for most products.

The initial response has been very positive; 10 linkages appear very promising, while one is already under price negotiations. An extensive list of next steps has been prepared and will be implemented throughout the remainder of the year to ensure maximum impact and follow-up by KCBS clients from these initial meetings.

For more information, please visit: www.usaid.gov/missions/kosovo

The Montenegro Competitiveness Project Helps Revitalize the Island of Sveti Stefan

There is no location as iconic of Montenegro as the fisherman's village-turned-resort-island of Sveti Stefan. At the invitation of the Ministry of Tourism, the USAID Montenegro Competitiveness Project (MCP) provided a broad range of expert advisory services in assuring the successful completion of a 30-year lease agreement with Amanresorts of Singapore for the island of Sveti Stefan as well as for two adjacent properties, the Hotel Milocer and the Queen's Beach Hotel. Amanresorts, which will make an investment of over \$55 million dollars in the properties, has an unsurpassed reputation around the world as a premier operator of one-of-a-kind luxury resorts that reflect the character and culture of their location. Montenegro will retain full title to the improved properties, which will revert at the completion of the lease, thereby maintaining Montenegrin ownership of these flagships of national heritage.



This transaction is one of the largest to date in the tourism sector and has the potential to transform Montenegro's tourism assets into facilities able to flourish in a very competitive international market. With revenue levels projected to surpass \$700 million dollars during the term of the lease, this agreement is an historic event in Montenegro's privatization efforts in a sector that already comprises over 17% of Montenegrin GDP. The design and implementation of this agreement demonstrates the real value of a well-structured public/private partnership. The USAID Montenegro Competitiveness Project worked closely in partnership with the Government of Montenegro throughout the process, providing them with technical assistance that made sure that the transaction was fair, open and maximized the potential benefits for the Montenegrin people who own this cultural icon.

Moldova Project Enhances Competitiveness in Key Sectors

The USAID-sponsored Competitiveness Enhancement and Enterprise Development (CEED) project seeks to enhance the competitiveness of Moldovan private sector enterprises within the global market with an emphasis on: 1) textile and apparel; 2) information and communications technology; and 3) winemaking. CEED Moldova has recently implemented a number of successful programs to help local businesses improve their competitiveness and access much needed working capital:



A Dana employee works on a clothing pattern using the company's new CAD system. (Photo by Marina Kaim)

In the northern Moldovan town of Soroca, the Dana apparel company is reaping the benefits of a CEED-sponsored productivity enhancement program. Dana, one of Moldova's oldest companies, produces women's clothing, employing more than 400 people, 90 percent of whom are women. As part of CEED's effort to improve the competitiveness of the Moldovan apparel industry, the project helped Dana optimize workflow and introduce a performance monitoring system that allows seamstresses to track their productivity and helps managers identify and eliminate bottlenecks. Investment in pattern design automatization equipment reduces the time needed to process new styles received from clients. As a result of these improvements, Dana's productivity in the design phase has increased by 26 percent; it now takes on average four fewer days to complete an order. Armed with faster delivery time and new technologies, Dana has attracted a new client, Dutch fashion retailer M&S, and is in initial discussions with H&M and Candy.

Moldova's long winemaking history is little known in the West. Until early 2006, this fact did not worry many Moldovan wine producers since they sold most of their wine to Russia; but difficult trading relations with Russia have now forced producers to search aggressively for new markets. However, lack of awareness of Moldova and its winemaking potential have hampered these efforts. With encouragement from CEED, seven Moldovan wine producers organized themselves as the Moldova Wine Guild. The Guild is the first of its kind in Moldova, established to maximize members' marketing efforts for greater results and impact in international markets. The Guild exhibited at the ProWein trade show in Germany and then at the London International Wine and Spirits Fair. As expected, the Guild's unified approach has attracted attention, with several journalists already taking notice and helping the industry to "discover" Moldova.

For Moldovan companies, obtaining credit used to take several weeks and required hard collateral, limiting their ability to quickly fill new orders and to grow and compete. To help businesses succeed, a new financial product, Purchase Order Finance (POF), was introduced with the assistance of CEED and was recently launched at two Moldovan banks. Project experts assisted the banks to implement the new form of finance by providing full support during product development and marketing, and offering hands-on training for the banks' loan officers and management. The purchase order contract serves as collateral in a POF loan, reducing the need for businesses to pledge real estate or other fixed assets. POF loans allow businesses to buy raw materials, packaging, and inputs needed to fill larger or more frequent orders. Eight pilot loans injected more than \$850,000 worth of working capital into reliable businesses, proving that alternative loans can be a profitable new market for banks.

ESI Center Bulgaria Expands Software Process Improvement to Armenia and Moldova

As part of RCI's on-going IT initiative, ESI Center Bulgaria continues activities aimed at developing the IT competitiveness of South and Eastern Europe through software process improvement using the international quality standards ITMark and CMMI certification. In Armenia and Moldova, new activities were launched to promote software process improvement as a key factor in the sustainable development of their national IT sectors. As a result, three to four companies in each country have launched software process improvement initiatives. The projects, supported by the USAID Competitiveness projects CAPS and the SRA/USAID Program in Armenia and CEED in Moldova, are based on the know-how and experience already gained in the successful implementation of the IT pyramid concept in Bulgaria, Romania and Macedonia. Representatives of the IT sectors from Albania, Bosnia and Herzegovina, Serbia and Kosovo have expressed interest in implementing similar software process improvement initiatives.

Links

Albania: <http://albania.usaid.gov>
Armenia: <http://armenia.usaid.gov>
Belarus: <http://belarus.usaid.gov>
BiH: www.usaid.ba
Bulgaria:
www.usaid.gov/locations/europe_eurasia/countries/bg
Central Asia:
<http://centralasia.usaid.gov>
Croatia: www.usembassy.hr/usaidd
Georgia: <http://georgia.usaid.gov>
Kosovo: www.usaid.gov/missions/kosovo
Macedonia:
<http://macedonia.usaid.gov>
Moldova: <http://moldova.usaid.gov>
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www.usaid.gov/locations/europe_eurasia/countries/si
Ukraine: <http://ukraine.usaid.gov>
SEE Online:
<http://southeasteurope.org>
SEE Portal: <http://seeoneworld.net>
ERD in SEE: <http://seerecon.org>
SET: <http://setimes.com>

See Your Events Here!

The RCI Team would like to thank the following individuals for their contributions to this edition of the RCI newsletter: Todd Kirkbride (KCBS Kosovo); Doug Griffith (CEED Moldova); George Sharkov (ESI Center); and Andrija Draskovic (Montenegro Competitiveness Project). All USAID projects and missions in the region are invited to send reports about recent projects or information about upcoming events to rci@bcserdon.com.

Upcoming Events

RCI Regional IT Conference, September 27 in Skopje, Macedonia

The "Regional IT Conference: IT Community of Practice," a USAID RCI-sponsored IT business-to-business event for South East Europe (SEE), will be held on September 27, at the Aleksandar Palace Hotel, in Skopje, Macedonia. Building on the success of the regional IT event held in May in Skopje, this event offers continuing opportunities for IT companies, associations and clusters from SEE to meet, hold discussions and develop partnerships. RCI hopes to hold additional IT-focused events in the next year as well.

As in the past, RCI is organizing this event with the close collaboration and support of USAID / Macedonia and our local partners from the Macedonian IT Chamber of Commerce (MASIT). The event is also in collaboration with the 5th SEEITA Conference of MASIT. The event continues the tradition of having thought-provoking presentations in the morning, followed by break-out discussions and networking opportunities in the afternoon with participants including:

- NEVEQ (www.neveq.com), an IT Venture Capital Fund that is looking for innovative ideas and IT companies from SEE;
- VELTI (www.velti.com), a US / EU IT company that is looking for partners in SEE;
- EuroServices Network (<http://www.eurooffice-services.eu/>), which is looking for partner organizations from SEE, such as innovation centers, incubators or clusters;
- Municipality of Indjija, Serbia, which will present lessons learned on developing a technology park and using it for investment attraction and improving eGovernment solutions to help business growth;
- IT companies, associations and clusters from SEE;
- Representatives of USAID Washington and the regional SEE USAID Missions, the Stability Pact for South East Europe, the EU and other donors.

Participants will also have the opportunity to actively participate in discussions on important topics such as:

- Global Opportunities for Innovations, Networking and Investment Attraction: The Role of Innovation Centers, Incubators and Technology Parks;
- Regional IT Workforce Issues and Opportunities for SEE
- Quality Assurance for National and International Projects

There will also be two roundtable discussions on next steps, future activities, opportunities and events. One will be for the representatives of USAID Missions and Projects, where the discussions will focus on identifying regional IT partnership opportunities, how to continue building on the successes so far and how to include more countries from the region. The second round table will be for IT associations and clusters from SEE to discuss how they might partner in the future, what they will do in 2008 and who will be responsible for which activities.

For more information about this event or to register online, please visit the website: <http://www.registration.bcserdon.com/index.php>

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Other Upcoming Events for Fall 2007:

- CEED Macedonia Launch Event, Sept 24, Skopje
- eGovernance Workshop with the Stability Pact for SEE, Sept 25-26, Skopje
- MASIT Open Days, Sept 28, Skopje
- Competitiveness Forum in Georgia, Nov 12-14