

Standard Summary Project Fiche – IPA centralised programmes

Project 4: Supporting SMEs to become more competitive in the EU Market by providing high quality services in modern management, innovation and technology transfer

1. Basic information

1.1 CRIS Number: 2007/19353

1.2 Title: Supporting SMEs to become more competitive in the EU Market by providing high quality services in modern management, innovation and technology transfer

1.3 Sector: 02.20

1.4 Location: Albania

Implementing arrangements:

1.5 Contracting Authority (EC)

Delegation of the European Commission, Tirana on behalf of the Government of Albania

1.6 Implementing Agency:

Component I: Delegation of the European Commission in Albania

Component II: Joint management between the Delegation of the European Commission in Albania and the European Bank for Reconstruction and Development (EBRD)

1.7 Beneficiary (including details of project manager):

Ministry of Economy, Trade and Energy (METE), ALBINVEST, the yet to be established Business Innovation and Relay Centre (BIRC), SMEs in Albania

1.8 Overall cost: 3.4 Million Euro

1.9 EU contribution: 100%

1.10 Final date for contracting: 3 years following the date of conclusion of the Financing Agreement.

1.11 Final date for execution of contracts: 2 years following the end date for contracting

1.12 Final date for disbursements: Disbursements will continue for up to one year after the end date for the execution of contracts

2. Overall Objective and Project Purpose

2.1 Overall Objective:

Maintain sustainable growth and increase competitiveness of the private sector and provide a healthy business environment for investment and employment.

2.2 Project purpose:

This project will contribute to strengthening the ability of the Ministry of Economy, Trade & Energy and ALBINVEST to develop, implement and monitor the Albanian SME policy,

which will enable them to perform the entrepreneurship and innovation program in support of SME growth and competitiveness (Component I). Under the Turn Around Management (TAM) programme, this project will also bring industry-specific management expertise to SMEs through former CEOs from economically developed countries, assisting them to operate successfully and develop new business skills at the senior management level (Component II).

2.3 Link with AP / NPAA / EP / SAA

In the framework of the Stabilisation and Association Agreement (Article 93), the Ministry of Economy, Trade and Energy has included as priorities, within the National Plan for the implementation of the SAA, the approximation of legislation as well as several measures to approach the European standards of SME developments.

The European Partnership outlines the short and medium term priorities for Albania in the process of European Integration. With regard to this target area – Small and medium-sized enterprises - the project is in line with the priorities outlined in the European Partnership document. These priorities aim at removing the administrative barriers to investment and ensure proper, non-discretionary, non-discriminatory implementation of business-related legislation, rules and procedures.

In the framework of the EU Charter for Small Enterprises, which is a European instrument to orientate the government's SME policy and implementation, METE has taken over very important goals and tasks to improve particularly the areas of entrepreneurship training as well as innovation and technology transfer.

2.4 Link with MIPD

One of the objectives of the Albanian Multi-annual Indicative Planning Document for 2007-2009 to keep stable economic growth for the next coming years through establishment of a positive climate for business development aiming at growth and strengthening SME, encouraging FDI in Albania and promoting Albanian Export goods in the region and elsewhere.

2.5 Link with National Development Plan (where applicable)

METE has already drafted the basic Strategy of Business and Investment 2007-2013. This strategy emphasises that the sustainability of the macro economic indicators could no be guaranteed unless Albania has a clear government programme oriented towards development of the private sector, which will particularly increase the productivity and competitiveness of the Albanian Economy.

2.6 Link with national/ sectorial investment plans (where applicable)

The project is in compliance with other government sectorial strategies such as investor target strategy, export promotion, tourism strategy, agro-processing plans, regulatory reform, etc., contributing to enabling a positive business environment, particularly for the benefit of SMEs, and with the common national strategy for development and European integration process document, to be finalised by the GoA in 2007.

3. Description of project

3.1 Background and justification:

The private sector plays an important role in the Albanian Economy. The private sector contribution is estimated around 80 % of GDP, while in employment it is over 70 % of the total number of employees. The SME sector contribution is estimated around 64 % of GDP and 66% in employment. Above 99 % of the active enterprises in Albania are SMEs. However the SME performance is still weak for the time being, as it must cope with an increase of regional openness and competitiveness. The existing free trade agreements in the region, and the next implementation of interim agreement for free trade with the EU, make imperative that the government takes quick steps and measures focusing on the most critical factors and areas for SMEs, such as:

- Entrepreneurship and Business innovation,
- Implementation of EU standards and indicators for measuring the SMEs performance.

According to METE analyses and surveys, the current shortcomings and problems related to SME internationalization and global competition have been identified, such as:

- The adequate management skills and know-how,
- Effective performance management system to monitor, analyze and introduce regular change into business processes,
- Update technologies,
- Implement ongoing management and personnel development programmes,
- Proactively identify new trends in customer behaviour which may effect their product or service positioning,
- Enable continuous improvement in quality and efficiency of production to adequately address competitiveness and globalization issues and benefit from market opportunities.

Foreign direct investment (FDI) in Albania has grown at steady rate in 2000-2006, reaching approx. 350 million USD in 2006. However, compared to other countries from the South East European (SEE) region the net FDI remains low (less than 5% of a total of 10 billion EUR). There is still an absence of large privatisations or greenfield investment.

Albania is currently focusing on a limited number of sectors for investment:

- Textile/garment
- Shoe making
- Other consumer goods (e.g. electronics, toys)
- Building materials (only for domestic investment)

Additional areas under development are:

- Tourism
- Business services (e.g. call centres)

There is a lack of investment in higher added value sectors.

To improve this situation, METE is looking to create better instruments which will make possible that business in Albania is much closer with the rhythm of Entrepreneurship

Innovation & Technology developments in the EU, better cooperation between FDI and SMEs, and more investment in HR Development.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

The project will enhance the competitiveness of SMEs in the region. The free trade and business cooperation in the region, Europe and elsewhere will be better addressed by Albanian companies in the next coming period. Among many factors and issues which influence the business integration of Albanian companies in the open market, high-level priorities are HRD and Technology. Such approach aims at supporting SMEs' preparation towards globalization and a knowledge-based economy and their harmonization with competitive cycles in the open economy.

This project will focus on ensuring effective achievements and progress in the areas of entrepreneurship training, as well as developing a national system of innovation and technology transfers.

The improvement of business environment and innovation will create synergy with other areas of business support such as finance access through more viable investment plans or joint ventures with participation of FDI by offering more productive capital and resources.

The Government of Albania will increasingly invest in the future, especially in promoting innovative technologies, and will accelerate the reforming process of all the legal and institutional assets, thus providing a continuous policy drive and investment in the future in these areas.

3.3 Results and measurable indicators:

The main results that this project will aim are:

1. Elaboration of government support policy and development programme for sustaining SME growth and competitiveness. This in turn will provide:
 - Functional Business Innovation and Relay Centre (BIRC) in Albania
 - Delivered expertise to conduct Training Needs Analyses (TNA) for SMEs
 - Delivered training, advisory and other services for SMEs through the National Competitiveness Programme
 - Developed Strategy for Innovation and Technology
 - Functional SME Development Programme
2. Restructuring and introduction of new management culture into enterprises, leading to improved business performance through:
 - Business advisory service provided to Albanian SMEs through TAM (Turn Around Management Programme of the EBRD)

These results will be assessed against the following indicators:

- Number of companies supported

- Number of beneficiary companies assisted with the relevant information on how to approach innovation and technology transfer
- Report delivered on TNA
- Number of Training Modules, number of training hours, trainees and companies trained
- Adoption by the Albanian government of the Business Innovation Strategy
- Adoption by the Albanian government of a concise and pro-active programme to boost competitiveness of Albanian firms
- Number of new SME projects developed
- Number of Albanian SME assisted
- Assisted SME financial performance
- New starts –up
- Impact on the informal economy
- Percentage of generated investments
- Increase of competitiveness index
- Increase of Albanian SME exports

3.4 Activities:

(including **inputs** = precise list of **contracts** to be deployed in relation to it / including where applicable national funded contracts concurring to the activity as well as identification of source of co financing funding and its availability)

The SME project will be implemented through a series of activities and will be administered through one tendering procedure, i.e. service contract, for elaborating the Albanian Government support policy and development program for sustaining SME growth and competitiveness through innovation, technology transfer and modern business management training, and the other one through a Contribution Agreement with EBRD for supporting around twenty Albanian SME companies through the TAM programme.

Component 1

Elaboration of government support policy and development program for sustaining SME growth and competitiveness through innovation, technology transfer and modern business management training.

Activity 1.1: Establishment of the Business Innovation and Relay Centre (BIRC) in Albania

Albania has as top priority the elaboration of appropriate policies to support SME growth and competitiveness in the next period of regionalization and Europeanization of its economy and of its private sector. In this regard, a new institution for providing business innovation and technology support, known as BIRC Centre, is very much required as an instrument to implement this policy. For the implementation of this activity is needed:

- technical assistance in drafting of the legal, organizational and financial arrangements
- TA regarding the development of the strategic and operational plan of BIRC
- TA in capacity building of the BIRC staff to deliver services

The rationale for establishing a new structure, i.e. the BIRC, is the need to align with a new integrated network of business and innovations centres in Europe which DG Enterprise of the European Commission is currently setting up. The BIRC will therefore not overlap with

ALBINVEST. Albania will ensure that the BIRC is in line with the Terms of Reference of the newly to be established network. Building on the strengths and achievements of the current Euro Info Centres and the Innovation Relay Centres, this new network aims to enhance the competitiveness and innovation capacity of European companies, in particular SMEs. Whilst the network will receive funding through the Competitiveness and Innovation programme (CIP), countries which are not yet included in CIP, can benefit from the European network according to art 21.5 of the CIP.

Activity 1.2: Training Needs Analyses (TNA) for SMEs

The TNA system in Albania is part of the EU Charter indicators and remains an important target of policy evaluation. ALBINVEST needs to develop annual TNA in order to ensure a regular overview and a guiding framework for the current and future perspectives of business training needs. Through this system, ALBINVEST could better perform its own activities to upgrade and coordinate efficiently training services for the benefit of SMEs. TNA will also ensure a monitoring framework as well as an evaluation tool to measure progress and future needs.

The assessment of training needs as well as the audit of existing training projects will serve to build a strategic fit between different donor resources and SME training needs for their internationalization. In this regard assistance is needed in:

- organizing the National Survey of SME on Training Needs
- data processing of the information
- elaborating the data in a report, and its publication

Activity 1.3: Establishment of National Competitiveness Programme for SMEs

METE and ALBINVEST will develop a national system to support the growth and competitiveness of SMEs to get prepared to internationalization and become competitive in the EU market. This will include a full diagnostic of the competitiveness and size of current sectors in the Albanian economy and the development of a database of SMEs by selected manufacturing sectors (e.g. items could include geography, number of workers, sales, product focus). A selected number of companies in selected segments will be identified (e.g. based on interviews) and a plan will be prepared on how to increase competitiveness for these companies and through which instruments. Between 20 and 50 Albanian companies will receive the required assistance in the implementation phase, depending on the specific requirements of the companies and the available budget. These will include companies in the traditional sectors of the Albanian economy and companies in new sectors of the economy with higher added value.

For the implementation of this activity is needed:

- assistance by developing training modules for SME
- training of the trainees and advisors
- assistance for training of the SME companies
- assistance in monitoring and evaluation of the training and advisory process

Activity 1.4: Development of Innovation and Technology Strategy

METE, in collaboration with other entities, will develop a set of policies and strategies for the promotion of innovation, creation of technology incubators, attraction of the newest technologies, as well as for the introduction of bio technologies which will be a supportive instrument in improving SME competitiveness and productivity. For the implantation of this activity is needed:

- assistance in elaboration of a current analysis of the innovation and technology situation
- assistance in formulating future perspectives for SME
- assistance in formulating future steps and strategies/policies to be taken

The strategy will be formally adopted by the Albanian government

Activity 1.5: Technical Assistance for SME Development Action Plan

Based on the Strategy for SME Development in Albania for the period 2007-2009, METE and ALBINVEST will finalize an action plan. For the implementation of the action plan is needed:

- technical assistance to develop new projects for SME entrepreneurship, competitiveness and financial support
- provide assistance to METE during negotiation processes for possible assistance with donors

Component 2

TAM (Turn Around Management), an EBRD model of business advisory service.

TAM aims at supporting economic reform by transferring management and technical know-how, conveying the principles of responsible corporate governance and sharing relevant commercial experience directly with potentially viable enterprises, resulting in the restructuring and introduction of new management culture into enterprises, leading to greatly improved business performance.

3.5 Conditionality and sequencing:

The project requires a wide base of policy partners and stakeholders (public institutions, Business organization, Universities, schools, R&D, NGO, other), which means a strong coordination role from the Ministry of Economy, Trade and Energy.

Multi partnership cooperation among all partners is very much required to achieve the success of the project.

The sustainability of this project depends on the implementation of the foreseen programmes and strategies. The Government of Albania is expected to formally adopt such policies and to provide the necessary means for their effective and efficient implementation.

This will rely very much on the stability of the Albanian public administration. Previous assistance has been compromised by a weak public administration, high turn over among the staff and poor financial resources. It is expected that the Government of Albania will support this project by securing financial resources and the stability of the staff within the beneficiary institutions. EU funded support should be suspended if these conditions are not met.

The two Components are separate projects which can be implemented in a parallel way. The main concerns for TAM assistance are to ensure 1) a transparent selection of SMEs; 2) their commitment to the programme; 3) the Government of Albania's support once the assistance is finalised. The selection of SMEs is based on a screening report assessing the potential attitude of pre-selected SMEs towards the future programme. Throughout the programme

implementation, the EBRD conditions the continuation of the programme to the selected SMEs managers' commitment to programme activities.

3.6 Linked activities

ALBINVEST is developing a wide arrange of Business support services which include the database of Trainers and Consultants, export development programme, and cost-sharing grant scheme. ALBINVEST is the coordinator of the EU Charter for Small Enterprises and will make sure that such a project gets in harmony with other enterprise support services, such as e-learning, trade liberalization and export promotion, micro-credit and other.

3.7 Lessons learned

EC Progress Report 2006 for Albania has shown that the trade deficit widened to 24.1% of GDP in 2005, compared to 21.7 % of GDP in the previous year. Export base in Albania remained very low, narrowed and undiversified, mainly due to a lack of non-price competitiveness, resulting from poor infrastructure and uninviting business environment. Due to deterioration in the trade balance, the current account deficit recorded an increase to 7.8 % of GDP in 2005 compared to 5.5 % in 2004.

Albania's progress in implementing the EU Charter for Small Enterprises has been relatively slow. There is little evidence of business training system and there has been no mainstreaming of business innovation. No development has been reported on business incubators and industrial parks.

As regards Component II, as at June 2007, TAM has carried out 10 projects in Albania committing over €70,000 of Donor funding having been provided by the EU (PHARE 2001), the Netherlands, Japan, Canada (CIDA), the United Kingdom and the EBRD (Western Balkans Fund). A "lessons learned" has been the need to ensure sufficient commitment from SMEs to TAM activities (see section 3.5 on conditionality).

IV. Indicative Budget (amounts in €)

| Activities | TOTAL COST | SOURCES OF FUNDING | | | | | | | | |
|--|---------------|--------------------|------------|---------------|----------|------------------------------|----------|----------|----------|----------|
| | | EU CONTRIBUTION | | | | NATIONAL PUBLIC CONTRIBUTION | | | | |
| | | Total | % * | IB | INV | Total | % * | Central | Regional | IFIs |
| Component 1 - Contract 1 | | | | | | | | | | |
| Support to increase SME Competitiveness | 2.4 ME | 2.4 ME | 100 | 2.4 ME | 0 | 0 | 0 | 0 | 0 | 0 |
| Activity 1.1 | | | | | | | | | | |
| Business Innovation and Relay Centre(BIRC) | 0.8 ME | 0.8 ME | 100 | 0.8 ME | 0 | 0 | 0 | 0 | 0 | 0 |
| Activity 1.2 | | | | | | | | | | |
| Training Needs Analyses for SME-s | 0.3 ME | 0.3 ME | 100 | 0.3 ME | 0 | 0 | 0 | 0 | 0 | 0 |
| Activity 1.3 | | | | | | | | | | |
| National Competitiveness Programme for SME-s | 0.5 ME | 0.5 ME | 100 | 0.5 ME | 0 | 0 | 0 | 0 | 0 | 0 |
| Activity 1.4 | | | | | | | | | | |
| Innovation and Technology strategy | 0.4 ME | 0.4 ME | 100 | 0.4 ME | 0 | 0 | 0 | 0 | 0 | 0 |
| Activity 1.5 | | | | | | | | | | |
| TA for SME Development Programme | 0.4 ME | 0.4 ME | 100 | 0.4 ME | 0 | 0 | 0 | 0 | 0 | 0 |
| Component 2 - Contract 2 | | | | | | | | | | |
| Turn Around Management | 1.0 ME | 1.0 ME | 100 | 1.0 ME | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 3.4 ME | 3.4 ME | 100 | 3.4 ME | 0 | 0 | 0 | 0 | 0 | 0 |

* expressed in % of the Total Cost

5. Indicative Implementation Schedule (periods broken down per quarter)

| Contracts | Start of Tendering | Signature of contract | Project Completion |
|--|------------------------------|------------------------------|------------------------------|
| Contract 1 | 1 st Quarter 2008 | 2 nd Quarter 2008 | 1 st Quarter 2011 |
| Contract 2 (Contribution Agreement) | | 2 nd Quarter 2008 | 1 st Quarter 2011 |

6. Cross cutting issues (where applicable)

6.1 Equal Opportunity

All other government Institution, SMEs, Business support organizations, NGO, will be informed and invited to contribute to this project.

6.2 Environment

N/A

6.3 Minorities

Minority and vulnerable groups' concern will be taken into account throughout the implementation of the activities identified in this fiche.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations

- Law No. 8957, dated 17.10.2002, "On small and medium enterprises"
- Law No.9107, dated 17.07.2003, "On some amendments to Law No.8636, dated 06.07.2000 "On free areas" amended by Law No. 8725 dated 26.12.2000.
- Law No.7804, dated 10.03.1994, "On commercial and industrial chambers"
- Law No.9396, dated 12.05.2005, "On finance lease"
- Law No.7764, dated 2.11.1993 "On foreign investments "
- Law No.9497, dated 20.03.2006 "On the creation of the Albanian Business and Investment Agency ";
- DCM No.57, dated 2.02.2001, "Small and Medium Enterprises Development Strategy"
- DCM No.518, dated 24.10.2002, "On the approval of the Albanian Exports Promotion Strategy and its implementation";
- DCM No.34, dated 16.01.2003, "On the approval of the regulation on the functioning of the Free Area";
- DCM No.438, dated 02.07.2004, "On some addenda and amendments to the DCM no. 43 dated 17.01.1998, "On the organisation of fairs and commercial exhibitions";
- DCM No.246, dated 21.04.2005, "On the approval of the Action Plan "Reduction of informal economy" and its implementation
- Prime Minister Order no.180, dated 11.11.2004, "On the creation of the central group for the drafting and implementation of the action plan on the reduction of informal economy";
- DCM No.326, dated 13.05.05, "On the approval, in principle, of the agreement between the Council of Ministers of the Republic of Albania and the Italian Government for the realisation of the "Programme for the development of the private sector through an assistance credit to the support of small and medium enterprises as well as the provision of technical assistance to them".
- Law No. 9527 and Law No. 9528 dated 11.05.2006 "On the ratification of the government and financing agreement between the Council of Ministers of the Republic of Albania and the government of Italia for the realisation of the "Programme for the development of the private sector through an assistance credit to the support of small and medium enterprises as well as the provision of technical assistance to them";
- DCM No.157 dated 15.03.2006, "On the approval of the Action Plan of the regulatory reform to the function of improvement of business environment" and Order no.170 dated 31.10.2005, implementing it, on the creation of the Task Force "On the conduction and monitoring of the regulatory reform to the function of improvement of business environment";
- Prime Minister Order No. 22 dated 23.01.2003, "On the reorganisation of the Business Consultative Council";
- Prime Minister Order No.192 dated 12.12.2005, "On the reorganisation of the inter-ministerial working group on the compact of investment in the framework of the stability pact".

Reference to SAA

ARTICLE 93

Small and medium-sized enterprises

Cooperation between the Parties shall be aimed at developing and strengthening private sector small and medium-sized enterprises (SME-s) and shall take due account of priority areas related to the Community *acquis* in the field of SME-s, as well as the principles enshrined in the European Charter for Small Enterprises.

Reference to EP

The European Partnership outlines the short and medium term priorities for Albania in the process of European Integration. With regard to this target area – Small and medium-sized enterprises - the project is in line with the following priorities as outlined in the Partnership document.

Short term priorities:

- Improve the financial sustainability of ALBINVEST and implement the national competitiveness programme for SME-s.
- Implement the European Charter for Small and Medium-sized Enterprises.
- Implement the Action Plan for the Removal of Administrative Barriers to Investment and ensure proper, non-discretionary, non-discriminatory implementation of business-related legislation, rules and procedures.
- Make company registration cheaper, easier and possible throughout the country.
- Improve procedures for obtaining licenses, permits and certificates.
- Reform the pre-paid tax system to make it less unfavourable for start-up companies.
- Implement the April 2005 action plan to address the informal economy.
- Set up procedures to assess the business impact of planned regulatory measures.
- Adopt improved commercial legislation.
- Ensure effective launch of the loan guarantee fund and ensure professional and independent management of the scheme.
- Adopt the e-signature law.

Mid term priority:

- Enforce improved commercial legislation.
- Ensure that judges are well trained in commercial and corporate legislation.
- Ensure that the strategy to combat the informal economy keeps pace with developments in the sector.
- Further develop specialised business support structures (e.g. incubators and clusters) and examine feasibility for a business/technology park.
- Start designing and applying an integrated research policy and further develop measures to boost innovation and competitiveness of small companies.
- Introduce disclosure and financial reporting standards in line with EU standards and ensure their effective enforcement.

Reference to MIPD

The Multi-annual Indicative Planning Document underlines the need for improvement in the SME sector. In this field the following results are expected to be achieved:

- The institutional framework for SME developments and management training delivery system will be established and operational.
- Investment climate and the business environment in general will be improved through the support to SME and regional economic development. Improvement of the research/innovation policy.

Furthermore, the MIPD foresees the implementation of the programme below:

- Assistance to foster SME and regional economic development.

Reference to National Development Plan

The national development plan that this project refers to is under preparation, and will be approved by the government in the first quarter of 2007.

Reference to national / sectoral investment plans

The project is in compliance with other government sectoral strategies such as investor target strategy, export promotion, tourism strategy, agro-processing plans, regulatory reform, etc., contributing to enabling a positive business environment, particularly for the benefit of SMEs, and with the common national strategy for development and European integration process document, to be finalised by the GoA in 2007.

4- Details per EU funded contract (*) where applicable:

For *TA contracts*: account of tasks expected from the contractor

The first Component of the SME project will be implemented through a series of technical assistance activities and will be administered through one tendering procedure, i.e. service contract, for elaborating the Albanian Government support policy and development program for sustaining SME growth and competitiveness through innovation, technology transfer and modern business management training.

The second Component will be implemented by joint management with the EBRD, which has already provided TAM assistance to Albania in the past, through a Contribution Agreement, in accordance with article 53d of the Financial Regulation which stipulates that the Commission implements the budget by joint management "b) wherever the Commission and the international organisation elaborate a joint project or programme".

For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts

N/A

For *grants schemes*: account of components of the schemes

N/A

For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)

N/A

For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract

N/A

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
N/A
- Co financing
N/A
- compliance with state aids provisions
N/A
- Ownership of assets (current and after project completion)
Government of Albania, Ministry of Economy, Trade and Energy,
ALBINVEST and the Albanian SMEs

ANNEX 1: Logical framework matrix in standard format

| LOGFRAME PLANNING MATRIX FOR Project Fiche | | Programme name and number | |
|---|---|---|--|
| Supporting SMEs to become more competitive in the EU Market by providing high quality services in modern management, innovation and technology transfer | | Contracting period expires 3 years following the date of conclusion of the Financing Agreement. | Disbursement period expires: Disbursements will continue for up to one year after the end date for the execution of contracts |
| | | Total budget : 3.4 ME | IPA budget: 3.4 ME |
| Overall objective | Objectively verifiable indicators | Sources of Verification | |
| Maintain sustainable growth and increase competitiveness of private sector and provide a healthy business environment for investment and employment | Growth and competitiveness of Albanian SME | <ul style="list-style-type: none"> • Annual investment reports. • Annual SME EU Charter report. • Statistical analysis and publications prepared by the Albanian Government • European Commission Annual Progress Reports • Fulfilment of the obligations in the framework of the National Action Plan for the implementation of the SAA | |
| Project purpose | Objectively verifiable indicators | Sources of Verification | Assumptions |
| <p>To strengthen the capacities of METE and Albinvest to develop, implement and monitor Albanian SME policy in order to provide entrepreneurship and innovation programmes to SMEs (Component I).</p> <p>Under the Turn Around Management (TAM) programme, to bring industry-specific management expertise to SMEs through former CEOs from economically developed countries, assisting them to operate successfully and develop new business skills at the senior management level (Component II).</p> | <ul style="list-style-type: none"> • New starts –up, • Impact on the informal economy • Percentage of generated investments • Increase of competitiveness index • Increase of Albanian SME exports | <ul style="list-style-type: none"> • METE summaries and publications • Publication of brochures • Statistical data provided by INSTAT • Fulfilment of the obligations in the framework of the National Action Plan for the implementation of the SAA • Reports published by international institutions such as EBRD, UNDP etc | <ul style="list-style-type: none"> • GoA commitment to ensure human and financial resource to BIRC; • GoA will adopt the foreseen strategies and programmes • Stable human and financial resource within Albanian public administration to ensure proper implementation |
| Results | Objectively verifiable indicators | Sources of Verification | Assumptions |
| <ul style="list-style-type: none"> • Functional Business Innovation and Relay Centre (BIRC) in Albania. | <ul style="list-style-type: none"> • Number of companies supported • Number of beneficiary companies assisted with relevant information how to | <ul style="list-style-type: none"> • METE summaries and publications • Publication of brochures • Statistical data provided by the INSTAT | <ul style="list-style-type: none"> • GoA commitment to implementation of SME growth and competitiveness |

| <ul style="list-style-type: none"> • Delivered expertise documents on Training Needs Analyses (TNA) for SME-s • Delivered training services through the National Competitiveness Programme for SME-s • Development of Innovation and Technology Strategy • Functional SME Development Programme • Business advisory service provided to Albanian SME through TAM (Turn Around Management Programme) | <p>approach innovation and technology transfer</p> <ul style="list-style-type: none"> • Report delivered on TNA • Number of Training Modules. • Number of Training hours • Number of companies trained • Adoption of the Business Innovation Strategy • Number of new SME projects developed • Number of Albanian SME assisted • Assisted SME financial performance | <ul style="list-style-type: none"> • Reports delivered on SME TNA • Financial data provided by assisted SME (ie annual balance sheets etc.) | <p>policy</p> <ul style="list-style-type: none"> • Coordination with EU and other donors funded assistance on internal market and regulatory framework • Coordination of efficient training services to the SME-s • Stability of the staff in the Albanian public administration |
|--|---|---|--|
| Activities | Means | Costs | Assumptions |
| <p>1. Establishment of BIRC</p> <p>2. SME Training Need Assessment</p> <p>3. National Competitiveness Programme</p> | <ul style="list-style-type: none"> - provide technical assistance in drafting of the legal, organizational and financial arrangements - provide TA regarding the development of the strategic and operational plan of BIRC - provide TA in capacity building of the BIRC staff to deliver services - provide TA in organizing the National Survey of SME on Training Needs - provide assistance in data processing - provide assistance to elaborate the data in a report, and its publication - provide assistance by developing training modules for SME - provide training of the trainees - provide assistance for training of the SME companies - provide assistance in monitoring and | <p>3,4 Million Euro</p> | <ul style="list-style-type: none"> • Transparent recruitment procedures within BIRC staff • Stable BIRC human and financial resources • GoA commitment to adopt and implement these strategic documents • Transparent selection procedure • Selected companies remain committed to programme activities |

ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

| Contracted | 1 st Quarter 2008 | 2 nd Quarter 2008 | 3 rd Quarter 2008 | 4 th Quarter 2008 | 1 st Quarter 2009 | 2 nd Quarter 2009 | 3 rd Quarter 2009 | 4 th Quarter 2009 | 1 st Quarter 2010 | 2 nd Quarter 2010 | 3 rd Quarter 2010 | 4 th Quarter 2010 | 1 st Quarter 2011 |
|-------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Contract 1.1 | | 2.4 M | | | | | | | | | | | |
| Contract 1.2 | | 1.0 M | | | | | | | | | | | |
| Total | | 3.4 M | | | | | | | | | | | |
| Cumulated | | 3.4 M | | | | | | | | | | | |
| Disbursed | | | | | | | | | | | | | |
| Contract 1.1 | | 720.000 | | | | 720.000 | | | | 720.000 | | | 240.000 |
| Contract 1.2* | | 360.000 | | | | 270.000 | | | | 270.000 | | | 100.000 |
| Total | | 1.080.000 | | | | 990.000 | | | | 990.000 | | | 340.000 |
| Cumulated | | 1.080.000 | | | | 2.070.000 | | | | 3.060.000 | | | 3.400.000 |

*The exact disbursement timetable will be defined in the Contribution Agreement between the Commission and the EBRD.