

GROWING INCLUSIVE MARKETS IN EASTERN EUROPE AND THE CIS

PROJECT PROGRESS REPORT

Period covered: September – December 2009

To: Turkish International Cooperation and Development Agency (TIKA)

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1. Background to the report

Target countries: Bosnia & Herzegovina, Kazakhstan, Kosovo, Turkey, Uzbekistan

The Growing Inclusive Markets initiative facilitates business-led enterprise solutions in advancement of the MDGs. GIM brokers **inclusive business models investments** that accelerate and sustain access by the low-income and socially excluded populations, to needed and affordable goods and services, as well as employment and livelihood opportunities (through job creation and small enterprise development, including through **value chain integration**). Inc investment projects align commercial benefits of investors with local development needs and are carried out through multi-stakeholder partnerships.

The purpose of this Project is to develop business led solutions to development challenges that offer the prospect of sustainable growth and employment for low-income and vulnerable people, in selected countries from Eastern Europe and Central Asia.

UNDP is seeking to address this through partnering with TIKA on its Growing Inclusive Markets initiative, in Eurasia. In particular, it proposes to build on the success of its past and current Growing Sustainable Business programs in the Balkan countries of Albania¹, Bosnia i Herzegovina, and expand the concept into Kosovo, Uzbekistan and Kazakhstan. It is anticipated that resulting new investments will grow local MSMEs by strengthening their capacity to supply larger companies (i.e. supply chains), while growth in the local private sector will create new employment opportunities and provide better and cheaper goods and services to particularly poor populations in Bosnia and Herzegovina, Kosovo, Uzbekistan and Kazakhstan.

A key feature of the partnership with TIKA is a Support Broker in Turkey, whose main role would be to match external² businesses with “pro-poor” investment opportunities being identified in the above countries by national GIM Brokers.

Objective: hiring and training national Brokers - to supplement current UNDP COs efforts in working with the private sector - who will identify and facilitate new investment opportunities as well as the local implementation of projects. At the country level, National Steering Committees will be created, comprised of relevant government agencies, potential investors, local businesses, NGOs and other development agencies as appropriate. The role of those Committees will be to evaluate the relevance of proposed investment projects to local development needs, to link with appropriate local partners through members’ respective networks, and ensure transparency and public accountability. A key feature of the project will also be a Support Broker in Turkey whose main role would be to match external³ businesses with “pro-poor” investment opportunities being identified in target countries by national Brokers.

¹ The GSB is phased out in Albania as of September 1st due to UNDP Country Office’s changes in priorities.

² External in this context is defined as not indigenous to the target countries.

³ Defined as not indigenous to the target countries

2. Project activities and outputs during the reported period – summary

| Intended output and output targets - annual | Achieved results - during reporting period | Main activities - during the reported period |
|--|--|--|
| <p>REGIONAL : Successfully brokered inclusive business model investment projects in progress in Bosnia and Herzegovina, Kosovo, Kazakhstan and Uzbekistan</p> <p><u>Target 2009</u></p> <ul style="list-style-type: none"> ▪ Five trained brokers in place (one brokers per country and one Support Broker in Turkey) ▪ One positive project review per country | <ul style="list-style-type: none"> ▪ Project is operational in Kazakhstan, Uzbekistan and Bosnia and Herzegovina | <ul style="list-style-type: none"> ▪ Introductory scoping missions for identification of opportunities for inclusive markets were undertaken to all project countries (except Turkey) ▪ Detailed project countries and regional annual workplans for 2010 were elaborated and approved |
| | <ul style="list-style-type: none"> ▪ 3 Trained brokers are in place (in KAZ, Uzb and BiH), 2 more brokers to receive training and take up their duties in 2010 in Turkey and Kosovo | <ul style="list-style-type: none"> ▪ Hands-on assistance was provided to country offices for the recruitment of qualified brokers ▪ 3 recruited brokers were trained in GSB/IMD methodology |
| | <ul style="list-style-type: none"> ▪ Due to a delayed project start, the project review will be carried out in Q4 2010. | |

3. Changes in implementation

Project review to be carried out at a later stage:

Due to the delay in the start of the, it has been decided not to conduct a project review after 3 month of implementation by the end of 2009. The review will be carried out in Q4 2010.

Delay in broker recruitment in Kosovo:

The broker position has been re-advertised in Kosovo due to the lack of qualified applicants. The broker recruitment is expected to be finalized by mid February 2010.

Delay in broker starting job in Turkey:

A qualified outreach broker has been contracted in Turkey but due to previous employer commitments, the broker wasn't able to take up his duties before January 2010.

4. Key planned activities and results in the next reporting period (Jan – June 2010)

Regional (Project coordination)

- Assess potential inclusive market projects submitted by the brokers
- Approve feasibility studies to investigate commercial and developmental viability of projects
- Train the Turkish Outreach broker and newly hired broker in Kosovo.
- Manage the project on a day to day basis
- Provide technical assistance and support to brokers
- Promote knowledge sharing and transfer,

Kazakhstan

- Select key inclusive markets to work in
- Map local stakeholders active in the selected markets
- Set up a national GIM steering committee and facilitate their meetings
- Organize an official launch of the project at country level
- Conduct communication and dissemination activities
- Identify opportunities for inclusive business models projects with domestic and foreign companies
- Support inclusive market projects as needed to meet their objectives

Uzbekistan

- Organize an official project launch event
- Organize call for submission of inclusive investment project proposals and public awareness raising (TV and newspaper ads)
- Prepare and disseminate promotional materials
- Organize workshop for CCI staff on how to select, evaluate and support pro-poor inclusive business projects/models
- Commission feasibility studies for selected projects
- Identify of GIM existing and potential initiatives

Bosnia and Herzegovina

- Select key markets to work in based on market research and findings in other UNDP projects
- Map local stakeholder active in the selected markets
- Set up a national GIM steering committee and facilitate their meetings
- Organize an official project launch
- Conduct communication and dissemination activities
- Identify opportunities for inclusive business model projects
- Commission socio-economic feasibility studies to investigate commercial and developmental viability of endorsed projects
- Support inclusive market projects as needed.

Kosovo

- Key activities and results to be determined once the broker is in place (mid February 2010)

Turkey

- Facilitate self- training of the broker supported by Bratislava Regional centre
- Map local stakeholders that may be interested in doing business in the target countries
- Set up National Steering committee and facilitate its meetings
- Conduct communication and dissemination activities
- Conduct research on key sectors of interest for Turkey-based businesses with respect to target countries
- Match-make Turkey based companies with investment opportunities identified in target countries
- Support inclusive market projects as needed
- Promote exchange of know-how between Turkish businesses and businesses in target countries
- Participate in advocacy events on the role of the private sector in development organized in the target countries if needed
- Organize advocacy activities on pro-poor investment opportunities
- Map good Turkish inclusive business models and practices

5. Financial report: Expenditures September – December 2009

| | 2009 Expenditures in USD ⁴ |
|---|---|
| Bosnia & Herzegovina | |
| Broker's salary | 4291.57 |
| GMS | 351 |
| | |
| Kazakhstan | |
| Broker's salary | 2625.9 |
| GMS | 189 |
| | |
| Kosovo | |
| No expenditures | 0 |
| | |
| Uzbekistan | |
| Broker's salary | 1513 |
| GMS | 105.91 |
| | |
| Turkey | |
| No expenditures | 0 |
| | |
| Regional coordination, knowledge mangement and support | |
| No expenditures | 0 |
| | |
| Sub-total | 8430.47 |
| GMS | 645.91 |
| Total | 9076.38 |

Bratislava, 27 January 2010

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⁴ Expenditure for the period of 1 Sept – 31 December 2009

6. Project activities and outputs during reported period by countries – detailed information

| Country | Output | | Key activities | Timeframe | Budget |
|--|--|-----------|---|--------------------------------------|--|
| | Targeted | Actual | | | |
| BOSNIA & HERZEGOVINA: Successfully brokered inclusive business model investment projects in progress in BiH <u>Target 2009:</u> <ul style="list-style-type: none"> ▪ One trained broker in place | <ul style="list-style-type: none"> ▪ 1 trained broker in place | achieved | <ul style="list-style-type: none"> ▪ Qualified broker recruited ▪ Training of the broker conducted | October December | Broker salary Nov-Dec. USD 4291.57 |
| | <ul style="list-style-type: none"> ▪ Detailed country workplan developed | achieved | <ul style="list-style-type: none"> ▪ In collaboration with the UNDP country office, a detailed annual workplan was developed | October | |
| | <ul style="list-style-type: none"> ▪ Key local stakeholders from identified and relationship building going on. | On-going | <ul style="list-style-type: none"> ▪ Several meetings were held with different market players, NGO's and others | November – December | |
| | <ul style="list-style-type: none"> ▪ Opportunities for GIM partnerships identified | On- going | <ul style="list-style-type: none"> ▪ Desk research and review of already completed market analysis was done in order to assess best available existing and potential GIM initiatives ▪ A pipeline of potential GIM projects was created | November – December | |
| UZBEKISTAN: Successfully brokered inclusive business model investment projects in progress in Kazakhstan | <ul style="list-style-type: none"> ▪ Project operational | Achieved | <ul style="list-style-type: none"> ▪ Qualified broker recruited ▪ Training of the broker conducted ▪ Equipment in place | October- Nov December December | Broker's salary December 09 USD 1513 |
| | | On-going | <ul style="list-style-type: none"> ▪ Map local stakeholders from government, civil society, private sector and donor community | December | |
| | | Achieved | <ul style="list-style-type: none"> ▪ In collaboration with the UNDP CO a detailed annual country workplan was | December | |

| | | | | | |
|--|---|-----------|---|---------------------------------|---|
| <u>Targets 2009</u> <ul style="list-style-type: none"> ▪ 1 qualified and trained broker in place ▪ 1 pre-feasibility study conducted which analyses development impact and financial viability of a potential brokered project | <ul style="list-style-type: none"> ▪ New Investment projects identified, developed and supported | | developed | | |
| | | On-going | <ul style="list-style-type: none"> ▪ Setting up of country Steering Committee, identification of potential members | December | |
| | | on- going | <ul style="list-style-type: none"> ▪ Several meetings held with key stakeholders ▪ Research on development impact of certain agricultural sub-sectors ▪ Ads and call for proposals placed in national news papers | December | |
| <u>KAZAKHSTAN</u> Successfully brokered inclusive business model investment projects in progress in Kazakhstan <u>Targets 2009</u> <ul style="list-style-type: none"> ▪ One trained broker ▪ One functioning national GSB steering committee ▪ Advocacy and outreach activities for promotion and better understanding of the GIM initiative | <ul style="list-style-type: none"> ▪ Project operational | Achieved | <ul style="list-style-type: none"> ▪ Qualified broker recruited ▪ Training of the broker conducted ▪ Equipment in place | October December December | Broker's salary December 09 USD 2625.90 |
| | | On-going | <ul style="list-style-type: none"> ▪ Map local stakeholders from government, civil society, private sector and donor community | December | |
| | | Achieved | <ul style="list-style-type: none"> ▪ In collaboration with the UNDP CO a detailed annual country workplan was developed | | |
| | <ul style="list-style-type: none"> ▪ New Investment projects identified, developed and supported | On- going | <ul style="list-style-type: none"> ▪ Study of possible sectors for intervention: pre-selection of sectors based on desk research, country priorities and scoping mission report ▪ Mapping lead firms in the identified (sub)sectors and their locations ▪ Creation of a pipeline for potential GIM investment projects ▪ Planning of meetings to be carried out in January 2010 | December | |
| | | | | | |

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|--|--|-------------------------------|---|-----------------|------------------------|
| <p><u>KOSOVO</u> Successfully brokered inclusive business model investment projects in progress in Kosovo</p> <p><u>Target 2009</u> Trained broker in place – target not met</p> | <ul style="list-style-type: none"> ▪ Project operational ▪ New investment projects identified, developed and supported | <p>To be achieved in 2010</p> | <ul style="list-style-type: none"> ▪ Recruitment of a qualified broker | <p>December</p> | <p>No expenditures</p> |
| <p><u>TURKEY</u> Project to be started in January 2010</p> | | | | | <p>No expenditures</p> |