



# GROWING INCLUSIVE MARKETS IN EASTERN EUROPE AND THE CIS

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## ANNUAL PROJECT PROGRESS REPORT 2010 FINAL VERSION

**Period covered: January – December 2010**

**To:** Turkish International Cooperation and Development Agency (TIKA) and other Project Board members

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# **1 Background to the report**

**Target countries:** Bosnia i Herzegovina (BiH), Kazakhstan, Kosovo, Uzbekistan, (Egypt<sup>1</sup>).

## **The project<sup>2</sup>:**

The overall purpose of this project is to build more inclusive markets in Eastern Europe and the CIS. It has two complementary objectives:

1. To build country level awareness for inclusive market business models and approaches via the production and dissemination of a regional Growing Inclusive Market (GIM) report.
2. To broker concrete inclusive market investment projects in four countries of the region.

It is based on the fact that businesses that engage the poor on the demand side as clients and customers and on the supply side as producers, employees and business owners can capture benefits that go beyond the short-term bottom line and actually help tackle sustainable development issues.

The project attempts to build country level awareness of inclusive business models and inclusive market approaches in the region by producing and disseminating a regional GIM report featuring 19 inclusive business models case studies from the region<sup>3</sup> and presenting the key barriers and solutions to achieving more inclusive markets in the region. The project uses the regional GIM report as an advocacy tool to broker concrete inclusive business models over 3 years in Bosnia and Herzegovina<sup>4</sup>, Kosovo, Kazakhstan, Uzbekistan and Egypt, in partnership with TIKa. It is anticipated that the resulting new investments will contribute to more inclusive markets in the target countries, where low income and vulnerable people will have access to new employment and revenue generation opportunities and as well as better and cheaper goods and services.

## **Purpose of the report:**

The purpose of this annual report is to update our funding partner, TIKa, and the other Project Board members on the progress towards the achievement of the GIM in EE&CIS project over the January to December 2010 period. Progress is measured against Output Targets as described in the Project Document<sup>5</sup>, both at the aggregated and country levels. Key activities to reach the targets are also summarized at each level. The report includes details on project expenditures and contains information on changes in implementation. Finally, it provides an outlook of the key activities planned in the next reporting period to reach the expected annual output targets.

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<sup>1</sup> The IMD project in Egypt is associated to the GIM project in Eastern Europe and the CIS, but based on a separate project document, for more information please refer to sections 3.2.3 and 3.5.6.

<sup>2</sup> For detailed information on the project (e.g. on the project rationale and strategy), please refer to the Project Document attached.

<sup>3</sup> 11 full length case studies, 7 caselets and 1 casebox, covering all 19 countries in scope for the report.

<sup>4</sup> The CO having had a chance to already implement Growing Sustainable Business for 3 years in BiH, the project will only include a 1 year transition to ensure sustainability of the initiative.

<sup>5</sup> The Project Document is fully aligned with the Project Outline attached to the Cost Sharing Agreement with TIKa and provides additional information on the Project (notably it includes details on Output 1 which is not funded by TIKa) and its Management arrangements.

## 2 Report on output 1: Country level awareness built for inclusive market business models and approaches

### 2.1 Project progress during the reported period

Information on the results achieved during the reporting period (January – December 2010) is presented in the table below.

Output: Country level awareness built for inclusive market business models and approaches				
Indicators	Targets 2010	Progress	Activity results	Key Activities
1. A report showcasing successful inclusive market approaches from the region, highlighting how key barriers were overcome	One regional GIM report written and printed	<p><u>Achieved:</u></p> <ul style="list-style-type: none"> <li>▪ All cases are written and edited</li> <li>▪ Case studies are analysed</li> <li>▪ The report: 'Business Solutions to Poverty: How inclusive business models create opportunities for all in Emerging Europe and Central Asia' is finalized and printed</li> </ul>	<p>Case studies written</p> <p>Case studies analyzed</p> <p>Report written and printed</p>	<ul style="list-style-type: none"> <li>▪ All cases studies pending from 2009 were reviewed</li> <li>▪ All cases were edited by an external editor, formatted and finalized</li> <li>▪ The showcased companies were given the opportunity of checking the factual accuracy of the cases.</li> <li>▪ The case studies and their abstracts were published on the GIM website (<a href="http://www.growinginclusivemarkets.org">www.growinginclusivemarkets.org</a>), together with information on partner organizations for inclusive business in the region and information on the case study writers</li> <li>▪ The case studies were coded and systematically analyzed with the help of a qualitative research program (NVIVO) and in collaboration with a research team coordinated by the global GIM initiative.</li> <li>▪ After a change in the report production process in Q2, 2010, the report was drafted by a Writing Team (made up of external consultants and UNDP BRC and HQ individuals), and (after several rounds of review) finalized in Q4, 2010.</li> <li>▪ The feedback of a selected Peer Review Group (including some Working Group members) was taken into account for the final version of the report.</li> <li>▪ The report was translated into Russian and edited in its English and Russian full version by external consultants.</li> <li>▪ The report's executive summary was translated into 16 languages, covering all principal languages of the region.</li> <li>▪ The executive summary of the report was proofread in 16 languages and the layout of 16 language versions was finalized and published on the UNDP BRC website (<a href="http://europeandcis.undp.org/poverty/psd/show/EEDA4838-F203-1EE9-B78108A3B6F70812">http://europeandcis.undp.org/poverty/psd/show/EEDA4838-F203-1EE9-B78108A3B6F70812</a>)</li> <li>▪ The layout and graphic design of the full report was finalized in English and Russian.</li> <li>▪ The English and Russian full report as well as the Belarusian summary were printed in Bratislava and part of it shipped to the country offices planning to launch the report in 2010 or in 2011 (Kosovo, Montenegro, BiH, Moldova, Belarus, Turkey, Kazakhstan, Uzbekistan).</li> </ul>

Output: Country level awareness built for inclusive market business models and approaches				
Indicators	Targets 2010	Progress	Activity results	Key Activities
2. Country launches of the regional report spurring localization of the GIM initiative at country level.	At least 3 country launches of the regional report are organized spurring localization of the GIM initiative at country level.	<u>Partially achieved</u> <ul style="list-style-type: none"> <li>▪ <u>2 country launches of the regional report took place (Kosovo &amp; Montenegro)</u></li> <li>▪ <u>6 additional launches are planned for 2011.</u></li> </ul>	Report launched	<ul style="list-style-type: none"> <li>▪ The organization of a launch event was discussed with UNDP Kazakhstan, Uzbekistan, Turkey, BiH, Kosovo, Belarus and Moldova.</li> <li>▪ The organization of launches in Kosovo and Montenegro were supported by BRC in 2010.</li> <li>▪ The report was launched in Kosovo (Pristina -2 December 2010) and Montenegro (Budva- 9 December 2010). The content of the report was presented by BRC and the events took the format on workshops. In Pristina, the report launch was bundled with the launch of the GIM project in Kosovo, and in Budva, the report was presented in the framework of the launch of the Local Global Compact Network. Both launches counted with the presence of our target audience: the private sector, NGO's, governmental actors, academia and development partners.</li> <li>▪ The official launch of the English version of the report was initially planned for October 2010 in Turkey with Helen Clark. However due to changes in Helen's agenda, it has been postponed to Q1, 2011, in view of reaching the highest possible impact.</li> <li>▪ In Belarus, BiH, Kazakhstan and Uzbekistan, the report launch has been postponed for Q1 2011, due to country office internal planning decisions and/or collusion with other important events (such as OECD meeting) in December.</li> <li>▪ The launch in Moldova is scheduled for February 2<sup>nd</sup> 2011.</li> <li>▪ Key findings of the report illustrated by one of the case studies were presented at a Base of the Pyramid experts meeting in Barcelona at the end of November 2010. The event was well covered by the press in Spain, as well as on specialized web sites such as Next 4 Billions.</li> </ul>

## 2.2 Changes in implementation

### 2.2.1 Change in the report production process

In February 2010, the report production process was amended and the co-authors became 'principal experts' contracted to deliver working papers as input to the report chapters based on their respective expertise. In mutual agreement with the co-authors, Boleslaw Rok's contract was amended accordingly and Gul Berna Ozcan's was released from her contractual obligations and the contract was terminated in March 2010. An external writing team member (Mr. Jens Trummer) was hired to draft the report based on the submitted working papers and in close collaboration with the UNDP team. In Q4, 2010 an additional external consultant and co-author of the first global GIM report, Christina Gradl, was contracted to support the writing team and the finalization of the report. Given the limited time and the incurred delays, a strong involvement of the UNDP Team in BRC and HQ was required in the report writing process.

Furthermore, a level of case study analysis not anticipated before was introduced in Q1, 2010 and all the EE & CIS cases were coded and analyzed with the help of the NVIVO qualitative analysis software.

Due to the above-mentioned changes, timelines were adjusted and the report was finalized in October and printed in November, allowing us to meet the first target, albeit with some delays.

### 2.2.2 Postponement of the 'official' launch of the English version of the report

It was planned initially to officially launch the English version of the report during Helen Clark's visit to Turkey in October 2010. However, the Administrator's schedule changed and her visit to Turkey was postponed to Q1 2011. Guided by the Private Sector Division in New York, it was decided to postpone the launch of the English version of the report to coincide with the launch by Helen Clark of the International Private Sector in Development Center in Istanbul. The report would indeed provide much value to the launch by providing an illustration of what the Center will be working towards.

As a consequence of this decision, a closed-door dissemination strategy of the English version of the report was adopted and target 2 of the project could only partially be met with 2 launches carried out in 2010 instead of 3. However, a dissemination strategy is under development and the project will continue its advocacy activities in 2011. Six report launches at country level are planned for the first quarter of 2011. In addition a case study, illustrating the findings of the report, was presented in depth at a Base of the Pyramid experts meeting in Barcelona, catching important media attention.

## 2.3 Key planned activities to support achievement of output targets in the next reporting period (January – June 2011)

Indicators	Targets 2011	Activity results – to be achieved by end of 2011	Planned key activities January-June 2011
Country launches of the regional report spurring localization of the GIM initiative at country level.	At least 6 country launches of the regional report are organized spurring localization of the GIM initiative at country level.	Report disseminated	<ul style="list-style-type: none"> <li>a. Support the launches in Turkey, Kazakhstan, Uzbekistan, BiH, Belarus and Moldova and other interested countries and institutions if needed</li> <li>b. Promote the report and the case studies, their dissemination and use as advocacy tool for more inclusive markets by Implementing the report dissemination strategy</li> </ul>

## 2.4 Financial report: Expenditures January 1 – December 31, 2010

1 January - 31 December 2010	Budget (USD)	Expenditures (USD)
<b>Report writing, translation, design and printing</b>		
Contractual services - report production and audiovisual, printing and shipments	\$90,032.0	\$85,229.4
Co-author's travel	\$141.0	\$141.0
BRC internal service cost recovery	\$0.0	\$1,510.0
<b>Analysis of case studies</b>		
Purchase of NVIVO software	\$461.0	\$595.0
<b>Report launches</b>		
Travel	\$1,502.0	\$1,132.5
Miscellaneous expenses	\$247.0	\$246.9
BRC internal service cost recovery	\$0.0	\$81.2
<b>General Management Services (GMS)</b>		
GMS	\$311.0	\$312.0
BRC internal service cost recovery	\$0.0	\$73.0
<b>Total</b>	<b>\$92,694.0</b>	<b>\$89,321.1</b>
<b>Delivery: 96.4%</b>		

Bratislava, 30 January 2011

Brigitte Duerr  
Junior Private Sector Consultant



### **3 Report on output 2: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan**

#### **3.1 Project progress during the reported period – regional summary**

The regional project started in September 2009 with the institutional set up and the recruitment of the GIM Brokers. 3 Brokers (BiH, Kazakhstan, Uzbekistan) took up their duties by end of November/early December 2010 and attended a 4-day broker training on Inclusive Market Development in Mombasa. The Turkey-based Business Outreach Coordinator joined the project in January and the Broker in Kosovo was recruited in April 2010. To date, the project is operational in all 4 target countries, counting with the support from UNDP Bratislava Regional Centre and the Business Outreach Coordinator in Turkey. All countries have established contacts with key stakeholder and have identified key sectors, relevant to the poor, for GIM activities in their countries. National Steering Committees have been set up and are operational with face-to-face meetings organized in Kazakhstan, Kosovo and Uzbekistan. In the second quarter of 2010, Egypt's IMD project was added to the regional GIM project and an exchange of experiences between the brokers and the Bratislava Regional Centre took place.

Important progress has been made in terms of identifying potential projects, preparing feasibility studies and supporting project development. In fact, 9 projects have been endorsed (3 x BiH, 1 x Kazakhstan, 2 x Kosovo and 3 x Uzbekistan) and are currently in progress. In addition to this, the project team is working on a project pipeline of more than 10 projects, some of them in joint effort with the Outreach Coordinator in Turkey. Five feasibility studies have been completed and six additional studies are currently in development, constituting important guides in the development of sustainable inclusive businesses and the development of more inclusive markets in the project countries.

The whole project team participated in the annual training event organized by UNDP in partnership with the International Labour Organization (ILO) from November 1-5 on Value Chains approaches to Inclusive Markets Development, and in the Annual Regional Project Meeting on November 6 in Turin<sup>6</sup>. Project reviews were carried out by the regional Project Manager and the Private Sector Engagement Specialist in December 2010 in Kazakhstan, Kosovo and Uzbekistan.

More information on the results achieved during the reporting period (January – December 2010) is presented in the table below.

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<sup>6</sup>The IMD broker from Egypt was unfortunately only able to assist the UNDP-ILO training and not the Regional Project Meeting.

Expected output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan		
Annual output targets 2010	Achieved results - during reporting period	Main activities - during the reported period
<p><b>1. Five trained Brokers in place (1 per country and a Business Outreach Coordinator in Turkey)</b></p>	<p><u>Status: Target achieved.</u></p> <ul style="list-style-type: none"> <li>▪ 5 trained Brokers are in place and fully engaged with their duties under the project.</li> <li>▪ Project is operational in BiH, Kosovo, Kazakhstan and Uzbekistan.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project infrastructure has been set up in all project countries</li> <li>▪ 2 additional Brokers were trained in GSB/IMD methodology (Turkey, Kosovo)</li> <li>▪ Project launches have been carried out in Kazakhstan, BiH and Kosovo</li> <li>▪ All GIM brokers participated in the annual training organized by UNDP in collaboration with the ILO ITC from 1-5 November 2010 in Turin on ‘Inclusive Market Development Approach with a Focus on Value Chain Interventions’ and in the regional GIM project meeting on 6 November 2010.</li> </ul>
<p><b>2. Four functioning National Steering Committees (one per country)</b></p>	<p><u>Status: Target achieved.</u></p> <ul style="list-style-type: none"> <li>▪ National Steering Committee (NSC) are set up and carried out their duties in 2010.</li> <li>▪ National Steering Committees are operational and successfully deal with their functions in all project countries.</li> </ul>	<ul style="list-style-type: none"> <li>▪ National GIM Steering Committee (NSC) members have been identified and taken their duties in all project countries.</li> <li>▪ 4 face-to-face NSC meetings were held in the project countries<sup>7</sup>.</li> </ul>
<p><b>3. Five socio-economic feasibility studies that analyse development impact and financial viability of potential investment projects</b></p>	<p><u>Status: Target achieved</u></p> <ul style="list-style-type: none"> <li>▪ Overall five feasibility studies have been completed during the reporting period (2 x BiH, 2 x Uzbekistan, 1 x in Kazakhstan).</li> <li>▪ Five additional studies (3 x BiH, 2 x Kosovo,) are in progress, to be finalised in the first quarter of 2011.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Key Stakeholders and key markets/sectors for GIM interventions have been identified in all countries</li> <li>▪ As a result, several projects are already operational, whilst many others are in the pipeline.</li> <li>▪ 9 projects have been endorsed by the NSCs (3 x BiH, 1 x Kazakhstan, 2 x Kosovo and 3 x Uzbekistan).</li> <li>▪ 11 Terms of References (ToRs) for feasibility studies to support project development at country level have been drafted and advertised</li> <li>▪ Information stemming from the 5 finalized feasibility studies has been reviewed and the projects are progressing accordingly.</li> </ul>

<sup>7</sup> More information on the special set up of the NSC in BiH is contained in the country specific section.

<p><b>4. One positive project review per new country<sup>8</sup></b></p>	<p><u>Status: Target achieved</u></p> <ul style="list-style-type: none"> <li>▪ 3 project reviews have taken place in the fourth quarter of 2010 and proved to be all positive.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A project review has been successfully conducted in Kazakhstan, Kosovo and Uzbekistan in December 2010, as planned.</li> <li>▪ BIH opted for a project evaluation by the end of the project in 2011.</li> </ul>
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<sup>8</sup> The UNDP Country Office Management decided that the best timing for the Project Evaluation is next year, due to the prolongation of the broker's contract until April 2011.

## 3.2 Changes in implementation

### 3.2.1 Delay in Broker recruitment in Kosovo:

As stated in the previous project report, there has been a delay in the Broker recruitment in Kosovo due to the difficulty in identifying a suitable candidate and the subsequent need to re-advertise the position twice. Valdet Osmani, the selected GIM broker, took up his duties in April 2010.

### 3.2.2 Postponement of the project launches in two project countries:

Two countries (Kosovo and Uzbekistan) decided to postpone the project launch to the second half of 2010. This was due to the fact that (1) a regional GIM report that would greatly support the national launches was scheduled to be available by end of November 2010 and, (2) more feasibility study results were planned to be available to ensure an effective launch with concrete project ideas being presented. The project launch was carried out on December 2 in Pristina, Kosovo together with the launch of the GIM report: '[Business Solutions to Poverty: How inclusive business models create opportunities for all in Emerging Europe and Central Asia](#)'. In Uzbekistan, much communication activities took place around the project and its concept, however the launch of the project and the GIM report was further postponed to 2011 given the lead time needed to receive the necessary government clearances to launch a new report in the country.

### 3.2.3 Inclusion of Egypt in the regional Project

Upon a request of an Inclusive Market Development (IMD) project of UNDP in Egypt and in agreement with TIKa and the GIM project board, it has been agreed to formally include Egypt as a project country to the regional GIM project.

The Egyptian project is already running since the summer of 2009 and a local broker is in place. The project has its own budget and, as such, linking it to the regional project does not have any cost implication for TIKa. The inclusion of additional countries allows for a stronger, more compelling regional project given experiences and lessons learnt being shared among an additional country broker, and the opportunities for cross-region inclusive business projects.

Taking into account the existence of specific and different targets for the project in Egypt, its progress will be reported only in the section 3.5.6 (Project activities and outputs during reported period by countries).

### 3.2.4 Decisions taken by the GIM project board on 9 September 2010, which affect project implementation

The GIM project board approved the following changes in the project plan:

- The change of the project starting and closing dates (to 1 Sept 2009 and 31 August 2012 respectively) in the Project Document, justified by the start of the project implementation on 1 Sept based on funds received at the end of August.
- The rectification of the Percentage Calculations on the respective percentage of financial contributions of TIKa, UNDP Country Offices and UNDP Bratislava Regional Centre (which previously were accounting for BRC in-kind contributions)

Furthermore the principle of flexibility in the usage of unspent TIKa funds for better results in the project countries was approved, in particular:

- TIKA approved Bosnia and Herzegovina's request to extend the project until April 2011 and to reallocate a part of the unallocated funds<sup>9</sup> to the broker's salary in this country.
- TIKA agreed to allow the Country Offices in the project countries to use the unallocated funds as they see fit, based on their specific context and challenges. Newly allocated funds should however only be used for project activities and not for staff cost.

### 3.2.5 Localization of the Kazakhstan project in the Eastern part of the country

It has been decided to localize the project in Kazakhstan in the Eastern Kazakhstan region as from the second quarter of 2011. This decision is motivated inter alia by the following reasons and is in line with Kazakhstan's government policy:

- The sheer size of the country (2,724,900 km<sup>2</sup>) is a challenge for the national coverage of the project activities, identification and collaboration with relevant stakeholders, and the development and monitoring of inclusive business models.
- Kazakhstan's regions are facing very different development challenges and poverty has a regional face. The South is known as the region with most poor people (one third of Kazakhstan's poor people) followed by the Eastern Region, where one-quarter of the poor resides. The patterns of regional contribution to national poverty suggest that reducing poverty in these two regions will lead to reducing poverty nation-wide<sup>10</sup>
- A better concentration of the broker's efforts and engagement of local stakeholders is expected
- Synergies with a five million USD UNDP local development programme and other UNDP projects in the region could be explored.

However, this decision does not constitute an obstacle to the continuation and development of already identified projects or pipeline projects in other regions of the country.

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<sup>9</sup> These unallocated funds are those funds spanning from savings on the difference between budgeted and real Brokers' salaries.

<sup>10</sup> World Bank, Report No. 30294-KZ, KAZAKHSTAN: DIMENSIONS OF POVERTY IN KAZAKHSTAN, Volume II: Profile of Living Standards in Kazakhstan in 2002, November 9, 2004

### 3.3 Key planned activities to support achievement of output targets in the next reporting period (January – June 2011)

Expected project output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan		
Annual output targets 2011	Activity results - to be achieved by end of 2011	Planned key activities - for Jan-June 2011
<p>1. <b>Regional output target: Five trained Brokers in place (1 per country<sup>11</sup> and a Business Outreach Coordinator in Turkey)</b></p>	<ul style="list-style-type: none"> <li>▪ Project is operational in all countries</li> <li>▪ Project managed effectively</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>New brokers recruited and trained:</b> <ul style="list-style-type: none"> <li>- A new broker located in Eastern Kazakhstan will replace the broker in Astana in the second quarter. Smooth handover will be ensured.</li> <li>- In BiH, due to the departure of the former broker by the end of the year a new broker will be trained in early 2011.</li> </ul> </li> <li>▪ Day to day country level project management</li> <li>▪ BRC: Provide project coordination, quality assurance and oversight</li> <li>▪ Organize an Annual Brokers Training/meeting</li> </ul>
<p>2. <b>Regional output target: Three functioning National Steering Committees (one per country)</b></p>	<ul style="list-style-type: none"> <li>▪ Project is operation in all countries</li> <li>▪ Project managed effectively</li> </ul>	<ul style="list-style-type: none"> <li>▪ Organize and facilitate <b>NSC meetings</b> in the project countries as planned, in order to carry-out the main responsibilities of the NSCs including inclusive business projects' endorsement, oversight and issue resolution. <ul style="list-style-type: none"> <li>- <u>In Kazakhstan</u>, NSC membership needs to be refined to ensure local ownership over the project by including local stakeholders from Eastern Kazakhstan</li> </ul> </li> <li>▪ BRC to coordinate project on a day to day basis</li> </ul>
<p>3. <b>Regional output target: At least <u>six socio-economic feasibility studies</u> that analyse development impact and financial viability of potential</b></p>	<ul style="list-style-type: none"> <li>▪ New investment projects identified, developed and supported</li> </ul>	<ul style="list-style-type: none"> <li>▪ Carry-out <b>communication and dissemination activities</b> to in all project countries to raise the awareness of stakeholders on the project and to facilitate new investment project idea identification : <ul style="list-style-type: none"> <li>- <u>Kazakhstan</u>: Media coverage (information and short articles) of the planned launch of the regional GIM report. Continued dissemination of the regional report and summaries in Kazakh</li> </ul> </li> </ul>

11 In BiH, the project will come to an end in April 2010. As such, this target only applies to this country for January- April 2011.

**Expected project output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Hercegovina, Kosovo, Kazakhstan and Uzbekistan**

<p><b>investment projects</b></p> <p><b>Country output targets for 2011 in BiH, Kazakhstan, Kosovo, Uzbekistan: At least 4 <u>inclusive business model</u> projects endorsed and in progress in each country.</b></p> <p><b>Country output target for 2011 in Turkey: At least 4 <u>facilitated linkages/inclusive business model</u> projects involving external companies</b></p>		<p>together with other GIM materials</p> <ul style="list-style-type: none"> <li>- <u>Uzbekistan</u>: Advertisement of GIM call for proposal focused on small businesses and entrepreneurs. Student contest for inclusive business ideas to be hold in Q2, 2011. Regular project presentations in the regions to be carried out.</li> <li>- <u>Turkey-based Business Outreach</u>: Improve the Turkey-based IMD website : <a href="http://www.imdblog.com">www.imdblog.com</a></li> </ul> <ul style="list-style-type: none"> <li>▪ <b>Kazakhstan: Carry out stakeholder and key sector mapping</b> tailored to the Eastern Kazakhstan region made necessary due to the localization of the project in this area.</li> <li>▪ <b>Identify new project opportunities</b> and build the project pipeline:             <ul style="list-style-type: none"> <li>- <u>Kazakhstan</u>: Investigate further opportunities arising from the new customs union including Russia and search for synergies with other UNDP projects in Eastern Kazakhstan.</li> <li>- <u>Uzbekistan</u>: Take advantage of the Uzbekistan’s governmental campaign of the year of small business and entrepreneurship for convincing businesses for inclusive projects. Continue refining investigating the projects in the pipeline and push for endorsement those that have the biggest credentials.</li> <li>- <u>Kosovo</u>: Follow up on the eight potential project ideas proposed during the project launch workshop. Enhanced cooperation with external companies is envisaged through increased exchange of information with the Kosovo-Turkish Chamber of Commerce and gender aspects will be considered in the project implementation.</li> <li>- <u>BiH</u>: Considering the project duration of only 4 months, current portfolio projects will be supported and led to implementation where possible</li> <li>- <u>Turkey-based Business Outreach</u>: Research key sectors of interest from Turkey-based businesses with respect to the target countries; Match-make Turkey-based companies with investment opportunities identified in target countries including the organization of joint trade and investment missions; Promote exchange of know-how between Turkey-based businesses and companies (especially SME’s) in target countries. Extend the academic network through inclusive markets academic platform, which will contribute to the partnership building and the awareness</li> </ul> </li> </ul>
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Expected project output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan		
<p><b>Country output targets for 2011: At least <u>one advocacy activity</u> on the role of the private sector per country</b></p>	<ul style="list-style-type: none"> <li>▪ Advocacy activities on the role of the private sector in development organized</li>   <li>▪ Project managed effectively</li> </ul>	<p>raising objectives of the project; Continue mapping potential stakeholders that could support the development of inclusive business projects in target countries</p> <ul style="list-style-type: none"> <li>▪ Carry out at least 6 <b>feasibility studies</b> <ul style="list-style-type: none"> <li>- In all countries (except BiH) additional TIKa funds will be allocated to feasibility and sectoral studies.</li> </ul> </li>   <li>▪ New pipeline projects will be submitted to NSC for endorsement</li>   <li>▪ Support the current and upcoming <b>investment projects</b> including provision of support by Turkey-based Business Outreach Coordinator: <ul style="list-style-type: none"> <li>- <u>Uzbekistan</u>: Coordination of technical assistance provision from donors for inclusive project</li> </ul> </li>   <li>▪ Organize <b>multistakeholder workshops and/or other activities</b> contributing to promotion of the role of the private sector in development: <ul style="list-style-type: none"> <li>- Organize the launch of the regional GIM report in <u>Uzbekistan and Kazakhstan</u>. Uzbekistan will take advantage of this to officially launch the project.</li> <li>- <u>Kosovo</u>: Organize an event on inclusive business and Global Compact</li> <li>- <u>Turkey-based Business Outreach</u>: Continue the collaboration with academia and organization of presentations on inclusive business.</li> </ul> </li>   <li>▪ <u>BRC</u>: <ul style="list-style-type: none"> <li>- Appraise project proposals and provide technical assistance and support to the Brokers</li> <li>- Approve feasibility studies</li> <li>- Promote knowledge sharing and transfer, codify lessons learnt and case studies</li> </ul> </li> </ul>
<p><b>4. Regional output target: One positive <u>project review</u> per new country<sup>12</sup></b></p>	<ul style="list-style-type: none"> <li>▪ Project managed effectively</li> </ul>	<ul style="list-style-type: none"> <li>▪ <u>BRC</u>: <ul style="list-style-type: none"> <li>- Provide day to day project quality assurance and oversight</li> <li>- Carry out monthly project monitoring</li> <li>- Carry out regional project donor reporting for Jan-</li> </ul> </li> </ul>

<sup>12</sup> BiH is subject to an External Project Evaluation and not a Project Review. Country Office Management will decide the best timing for the Project Evaluation.



<b>Expected project output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Hercegovina, Kosovo, Kazakhstan and Uzbekistan</b>		
		Jun 2011.

### 3.4 Financial report: TIKA Funds Expenditures January – December 2010

1 January - 31 December 2010	Budget	Expenditures	Delivery
<b>BiH</b>			
Broker's salary	\$39,642.0	\$37,138.5	94%
Feasibility Studies	\$10,000.0	\$0.0	0%
<b>Kazakhstan</b>			
Broker's salary	\$21,600.0	\$21,457.1	99%
Feasibility Studies	\$20,000.0	\$5,000.0	25%
<b>Kosovo</b>			
Broker's salary	\$21,167.0	\$16,695.1	79%
Feasibility Studies	\$20,000.0	\$0.0	0%
<b>Uzbekistan</b>			
Broker's salary	\$18,168.0	\$17,084.6	94%
Feasibility Studies	\$20,000.0	\$10,854.1	54%
Travel <sup>13</sup>	\$2,500.0	\$2,638.4	106%
<b>Turkey</b>			
Broker's salary	\$54,288.0	\$49,269.8	91%
Travel	\$10,000.0	\$5,042.5	50%
Overheads	\$2,500.0	\$2,612.6	105%
<b>Sub-total</b>	<b>\$237,365.0</b>	<b>\$167,792.8</b>	
General Management Services (GMS)	\$16,615.6	\$11,745.5	
<b>Total</b>	<b>\$253,980.6</b>	<b>\$179,538.3</b>	<b>71%</b>

Note: The low delivery on Feasibility Studies is explained by the fact that the first 13 months of project implementation on the ground were primarily focused on project identification, sector and stakeholder mapping. It should be mentioned that some of the feasibility studies were carried out in cost sharing with other partners (e.g. Fair Trade raisins studies in Uzbekistan) or were financed completely by other partners (e.g. Wool Processing in BiH). In addition to this, as mentioned in the regional progress summary, 5 additional studies for the amount of 106'260 USD (from which 80'000 USD are paid by partner institutions) have been commissioned and are expected to be finalized in the first quarter of 2011.

Bratislava, 22 February 2011

Brigitte Duerr  
Junior Private Sector Consultant

<sup>13</sup> Additional TIKA funds allocated to travel.

## 3.5 Project activities and results during reported period by country – detailed information

### 3.5.1 BiH

Output: Successfully brokered inclusive business model investment projects in progress in BiH				
Indicators	Targets 2010	Progress	Activity results	Key Activities
3. Operational GIM National Steering Committee	National GIM Steering Committee (NSC) established <sup>14</sup>	<u>Achieved</u>	Project operational	<ul style="list-style-type: none"> <li>▪ Several <b>meetings</b> were held with different government institutions, private sector representatives, NGOs and others. Stakeholders have received regular updates on potential projects.</li> <li>▪ The <b>project was launched</b> at the occasion of 1st International Sarajevo Business Forum (<a href="http://www.sarajevobusinessforum.com/">http://www.sarajevobusinessforum.com/</a>) on April 6-7, 2010</li> </ul>
4. Number of investment projects successfully identified and in progress	At least 2 inclusive business model projects identified, endorsed and in progress	<p><u>Achieved</u></p> <p>Three projects are in progress (Poultry Farming, Sheep and Wool Sector, and Honey Sector) and have been approved by the UNDP country office. One additional brokered project on small poultry has been handed over to the UNDP Srebrenica project for</p>	<p>New investment projects identified, developed and supported</p> <p>Advocacy activities on the role of the private sector in development organized</p>	<ul style="list-style-type: none"> <li>▪ Following on from the initial market analysis, desk research, field visits and other activities covered by the GIM broker, the VCE Project and Srebrenica Regional Programme, the following <b>key sectors</b> have been selected as the ones offering the widest opportunities for GIM activities: <ul style="list-style-type: none"> <li>- Poultry industry</li> <li>- Sheep farming</li> <li>- Honey and medicinal herbs (non-timber forest products)</li> </ul> </li> <li>▪ <b>Communication, awareness-raising and advocacy activities</b> were carried out as follows: <ul style="list-style-type: none"> <li>• Numerous meetings and discussion with established associations and non-government groups who are actively promoting private sector development and economic growth were organized.</li> <li>• The role of GIM project and its initiatives have been regularly communicated across to business forums, the donor community, as well as the Foreign Investment Promotion Agency (FIPA). The main</li> </ul> </li> </ul>

<sup>14</sup> The National Steering Committee in BiH did not follow the pattern of NSCs established in other countries. Since the GIM project in BiH was being implemented as a support function to be mainstreamed into two existing UNDP projects (Value Chain for Employment (VCE) and Srebrenica Regional Program), all NSC functions have been discharged by UNDP's BiH CO team (the Cluster of Rural and Regional Development, which included the GIM project) in order to avoid duplicative structure being created, the two existing projects also having Project Boards. At the same time, regular meetings have been taking place with key partners, including BBI Bank, Institute of Agriculture in FBiH, FIPA - Foreign Investment Promotion Agency (as some projects are funded by foreign investors), as well as Chamber of Commerce. Three meetings were held with local representatives of TIKA, where presentations were made not only on GIM projects and activities, but also other planned activities within Rural and Regional Development Program. Finally, details of all the projects in rural areas have been shared with the Ministry of Agriculture.

Output: Successfully brokered inclusive business model investment projects in progress in BiH				
Indicators	Targets 2010	Progress	Activity results	Key Activities
		<p>implementation.</p> <p>Pipeline projects include projects on rapeseed oil, goat farming, mushroom sector, recycling and telemedicine.</p>		<p>activities and selected projects have been shared with small and medium producers, small farmers and the local municipalities.</p> <ul style="list-style-type: none"> <li>• The project was presented to over 30 municipalities in the framework of a UNDP mission in preparation of the new 4 year Regional Development Plan.</li> <li>• GIM project has been also presented at two Value Chains for Employment (VCE) match making Conferences – in May and in November – where through GIM project various BiH producers were linked with 9 Turkish companies in the food sector potentially interested in joint ventures.</li> <li>• The involvement of several leading BiH companies with the GIM project has played an important role in raising awareness of businesses about the role of the private sector in development.</li> </ul> <ul style="list-style-type: none"> <li>▪ <b>3 projects are in progress:</b> <ul style="list-style-type: none"> <li>- Small Poultry Farming in Gorazde,</li> <li>- Sheep and Wool Sector Project,</li> <li>- Honey Export Project.</li> </ul> </li> <li>▪ One additional project on small poultry was brokered by the GIM project and is in progress. Its implementation has been handed over to the UNDP Srebrenica project.</li> <li>▪ <b>The project pipeline</b> embraces the following 4 sub-sectors: rapeseed oil, goat farming, mushroom sector, telemedicine and recycling.</li> </ul>
5. Number of socio-economic studies undertaken	At least 1 socio-economic feasibility study that analyses development impact and financial viability of potential investment projects carried out	<p><u>Achieved</u></p> <ul style="list-style-type: none"> <li>▪ 5 studies have been commissioned, 2 of which have been completed in 2010.</li> </ul>		<ul style="list-style-type: none"> <li>▪ <b>Finalized studies</b> include a study on the <b>wool and sheep sector</b> (carried out in collaboration with USAID) and <b>mushroom</b> feasibility study ;</li> <li>▪ <b>Additional studies on rapeseed oil and goat farming</b> are due to be finalized in January 2011, while a large-scale study on <b>poultry market</b> opportunities is on track to be finalized by mid-February 2011.</li> <li>▪ The idea behind each study is to assess market opportunities and the potential for those sectors to provide sustainable employment opportunities in under-developed municipalities for the most vulnerable population groups.</li> </ul>

Output: Successfully brokered inclusive business model investment projects in progress in BiH				
Indicators	Targets 2010	Progress	Activity results	Key Activities
6. Number of facilitated linkages/ projects involving external companies	No target for 2010	<u>Under development:</u> (no target for 2010) <ul style="list-style-type: none"> <li>Linkages have been established and contacts for (pipeline) projects have been provided.</li> </ul>		<ul style="list-style-type: none"> <li>As a result of collaboration with the business outreach Coordinator in Turkey, certain <b>projects have been identified and are currently in the pipeline</b>. These projects include: <b>telemedicine</b> for rural areas project (established contact with INTEL Turkey, GE, and Oracle Healthcare); a <b>recycling</b> project (collaboration with Turkish investor Natron Hayat); and a <b>poultry project</b> (linkage with potential TurkishYe investors)</li> <li>The Business Outreach Coordinator organized a pre-mission meeting for the <b>Rumelisiad Trade and Investment Mission</b> to BiH and arranged for a meeting with the broker in BiH.</li> <li>Important achievements have been reached with foundations based in Kuwait and Abu Dhabi, who have expressed their willingness to support the GIM project. <b>RIMSCO foundation</b>, from Kuwait, is currently funding a feasibility study on the market opportunities for setting up several small poultry farms, while <b>Al-Zayed Foundation</b> from Abu Dhabi has provided some funds for the technology required for 6 small poultry farms in Gorazde and Ustikolina regions. In each case, the broker has prepared and presented a business case (with supporting financial analysis) to the Donors on the potential for expanding the poultry industry in BiH and the way this sector could support increased employment and sustainable earnings for the most vulnerable population groups.</li> </ul>
7. Multistakeholder alliances around investment projects in place as needed.	No target for 2010.	<u>Under development</u>		<ul style="list-style-type: none"> <li>Many of the identified projects involve stakeholders from various fields, both local and foreign and representing the private and public sectors. As a result, effective multistakeholder alliances are on track to be developed.</li> </ul>

## Projects approved by UNDP<sup>15</sup>

<b>Title of the project/project idea</b>	<b>Small poultry farms– Municipalities of Gorazde &amp; Ustikolina: including rural households in supply chain as regular producers-suppliers for the local poultry producing firms</b>
<b>Lead company</b>	Three Companies have been identified – all BiH Poultry producers: AKOVA, Brovis d.o.o. and Pilkom.
<b>Other project partners</b>	Municipalities of Gorazde & Ustikolina; Bosnian Podrinje Canton, BBI Bank, Agriculture Associations within these Municipalities.
<b>Development objective</b>	<p>To set-up 6 small Poultry farms with UNDP’s contribution (purchase of feeding technology) and the broker’s technical support through linkages with BiH poultry, producers and financial institutions who are offering financial credit lines for these purposes. These poultry farms will become contracted and regular suppliers/co-operant with some of the biggest BiH poultry meat producers. The poultry producers will provide all ‘input resources and veterinary care’ and will fully control logistics and preparation of the final products. By following this approach, the poultry producers retain full control over the quality and certification and ensure the final products conform to the Halal standards</p> <p>This will lead to the creation of at least 10 new sustainable job opportunities for local, socially excluded and unemployed population groups. Additionally, further employment opportunities for some 20 employees will be available on occasional basis as external support for every production cycle at each farm will be needed. The Public Call for selection of beneficiaries incorporates thorough criteria to ensure that socially excluded people are being fully supported through this initiative. The success of this project will be a template for further expansion/spillover effect of this initiative across other, undeveloped BiH regions supported by the BBI (Bosnian Bank International) whose main shareholder is the IDB (Islamic Development Bank).</p>
<b>Business case</b>	The demand for poultry is increasing. Small poultry farms as suppliers are seen as a possible response to increase the availability of poultry as input for poultry producers. The latter are therefore keen to develop their supplier networks with the help of the GIM project.
<b>Status</b>	UNDP has signed Memorandum of Understanding (MoU) with local municipalities, as these municipalities will be responsible for all permit & eco-licenses, registration of farmers, and most importantly, applications with available returns on the capital investments. Public Call completed; a committee, with representatives from the Municipalities and Canton has been established to review and select potential beneficiaries; the selection will be completed by the end of January 2011, including technical site visits and an organized meeting with producers and representatives for financial institutions.
<b>Progress made during reporting period</b>	Technical documentation, meetings and a detailed plan of action have been agreed on with the main partners. A public call has been prepared and broadcasted on the local TV & radio, as well as posted on the main communication boards and the internet.

<sup>15</sup> Please refer to previous footnote.

<b>Title of the project/project idea</b>	<b>Wool as Insulation Material Project – Organized wool collection to satisfy the needs of the construction industry. Several collection points will be strategically placed within rural areas and municipalities, which offer the greatest potential in terms of available quantities of wool.</b>
<b>Lead company</b>	DAEMWOOL, Austria – in terms of market access; NEBA – a BiH private company processing wool into insulation material for the construction industry, who already has several collection points and is willing to expand this network, providing there is access to market for the processed wool.
<b>Other project partners</b>	Agriculture Institute, including technical expert (an architect) who has been using this product on the BiH market. Potentially Austrian Development Agency (ADA)
<b>Development objective</b>	To set-up an organized network and collection points across entire BiH. These will collect raw, unwashed wool from sheep farmers at the initial phase of the project. Once collected, the wool will be technically prepared (subject to available technical facilities) and transported to the producer in Austria. Farmers across the country stand to benefit from the project by having an additional source of income and a channel to dispose of unused wool, which otherwise would be considered as waste.
<b>Business Case</b>	Wool processors would benefit from a better organization of the wool value chain for easier access to raw material. A business case for import substitution is being examined. Other business opportunities in the sheep farming value (e.g. meat) are being explored.
<b>Status</b>	The feasibility on the sheep and wool sector in BiH was finalized. UNDP will meet with the potential lead company DAEMWOOL and project partners such as the Austrian Development Agency in early January 2011. This meeting will be decisive in terms of next steps in the implementation of the project.
<b>Progress made during reporting period</b>	The project was approved by UNDP and introduced to relevant stakeholders. Potential lead firms have been identified and a sectoral study on the sheep and wool sector was finalized. It provides recommendations on how the wool value chain can be strengthened to the farmers' and processors' benefits.

<b>Title of the project/project idea</b>	<b>API Med – Sanski Most (Honey Project): providing employment to 50 full time employees for organic honey production, bee keeping, production of bee hives and further 100-external suppliers of medicinal herbs (mainly women from the rural areas)</b>
<b>Lead company</b>	API Med – an association which has been working with a number of small-scale bee keepers.
<b>Other project partners</b>	A marketing agency, supporting VCE Project, which will be working with API Med on their product design, labeling and marketing, RIMSCO foundation
<b>Development objective</b>	As a result of the proposed project, further 5000 bee-hives will be purchased and the existing bee keepers network will be expanded, creating new employment opportunities in the region (Una-Sana), which has the highest unemployment rate in the country, according to the recently published UNDP's Disparity Assessment Report. The project will ensure that the honey is fully tested and certified, up to organic standards, and successfully placed on the market.
<b>Business case</b>	The initial business case, covered a Mozaik Proposal for API associations – but this has been put on hold due to the amount of financial resources this association has managed to raise to date. Furthermore, bad weather conditions reduced the produced quantities of honey in 2010 considerably. However, there is a new business case for the API Med of exporting the honey and after reviewing honey samples, an investor from Kuwait has signed a contract with API Med to support it in terms of increasing sales. UNDP now provides help in terms of technical inputs – marketing and design – to help API Med increase their sales in BiH and export to Kuwait.
<b>Status</b>	First meeting was held with API Med representatives and their current packaging and labels shared with the marketing agency. The task for the agency is to propose changes and improvements in terms of current packaging and design, which will be then implemented by API Med.
<b>Progress made during reporting period</b>	Business model was adapted following on bad harvest in 2010 and thus lack of financial means for implementation. Samples of API Med were shared with potential buyers and, as a result, API Med has signed a contract with RIMSCO for increased sales to the BiH market at the initial stage, followed by sales in Kuwait market.



### 3.5.2 Kazakhstan

Output: Successfully brokered inclusive business model investment projects in progress in Kazakhstan				
Indicators	Targets 2010	Progress	Activity results	Key Activities
<p>1. Trained broker in place</p> <p>2. Operational national GIM Steering Committee</p>	<p>One trained broker in place</p> <p>One functioning national GIM Steering Committee established</p>	<p><u>Achieved</u></p> <p>▪ <u>Achieved</u> National Steering Committee is set up and met in Q2, 2010.</p>	<p>Project operational</p>	<ul style="list-style-type: none"> <li>▪ The GIM broker participated in the <b>annual training</b> organized by UNDP in collaboration with the ILO ITC in November 2010 in Turin on ‘Inclusive Market Development Approach with a Focus on Value Chain Interventions’ and in the regional GIM annual project meeting.</li> <li>▪ <b>Several key stakeholders</b> have been identified and a National Steering Committee has been set up, comprising representatives from UNDP, TIKa, parliament, Forum of Entrepreneurs, United Nations Association, Union of Farmers, the Ministry of Labour and Social Protection, JSC Sovereign Wealth fund ‘Samruk-Kazyna’, GSM Kazakhstan and Damu Entrepreneurship Development Fund.</li> <li>▪ <b>First NSC meeting</b> was held on June 22, where the retail union project was endorsed. Meetings with some NSC members were conducted during the project review mission in the end of 2010. The next Steering Committee meeting is planned for the first quarter 2011 to endorse the milk collection project and discuss the localization of the project in Eastern Kazakhstan.</li> <li>▪ The <b>project was launched</b> on April 27 in Astana with over 30 participants on a half day workshop centred on the discussion of pipeline projects, the development of inclusive business models and the Global Compact.</li> </ul>
<p>3. Number of investment projects brought to the target</p>	<p>At least 2 inclusive business model project identified, endorsed and in progress</p>	<p><u>Target partially achieved</u></p> <p>▪ 1 project</p>	<p>New investment projects identified, developed and</p>	<ul style="list-style-type: none"> <li>▪ <b>Key markets and sectors for GIM intervention</b> were identified during the first semester 2010. A country analysis report selected the following key sectors:               <ol style="list-style-type: none"> <li>1. Retail</li> <li>2. Food Products</li> </ol> </li> </ul>

Output: Successfully brokered inclusive business model investment projects in progress in Kazakhstan				
Indicators	Targets 2010	Progress	Activity results	Key Activities
country and in progress		<p>implemented; 1 project approved by BRC, pending NSC endorsement.</p> <ul style="list-style-type: none"> <li>▪ Pipeline projects include a project on Artisanship development, a project on milk collection in cooperation with Danone and a retail project with METRO.</li> </ul>	supported	<p>3. Microfinance 4. Recycling</p> <ul style="list-style-type: none"> <li>▪ In order to foster synergies with other UNDP projects, considering the sheer size of Kazakhstan's territory and in line with the development priorities of the government of Kazakhstan, it has been decided to <b>localize the GIM project in Eastern Kazakhstan as from the 2<sup>nd</sup> quarter of 2011</b> (without obstructing the continuation of the already identified projects in other regions).</li> <li>▪ First scoping meetings for the localization of the project in Eastern Kazakhstan were conducted during the project review mission and desk research by the broker have identified the following sectors as having the highest potential for the localized GIM intervention: <ul style="list-style-type: none"> <li>- Agriculture</li> <li>- Milk and dairy production</li> <li>- Livestock and products thereof</li> <li>- Tourism</li> </ul> </li> <li>▪ <b>Communication and dissemination activities</b> were carried out. Information materials in Russian and English were drafted and distributed at stakeholder meetings, conferences and forums, presentations on GIM project were held in several events. Information on Global compact and its principles was summarized to make it more accessible for stakeholders. Articles on the GIM project and on inclusive markets were published in 3 leading newspapers (Kursiv, Panorama, Info Tses ). A short interview on the GIM project was given for a national TV channel. The newly produced GIM regional report has been distributed to stakeholders as part of a closed-door dissemination strategy and the finalization of the Kazakh version of its Executive Summary has been supported by the broker.</li> <li>▪ <b>One project on a value chain integration of small shops in the retail sector (lead company: Arzan wholesaler)</b> has been endorsed and feasibility study carried out. The project is currently being piloted in Eastern Kazakhstan.</li> </ul>

**Output: Successfully brokered inclusive business model investment projects in progress in Kazakhstan**

Indicators	Targets 2010	Progress	Activity results	Key Activities
				<ul style="list-style-type: none"> <li>▪ A <b>project on supporting small scale milk producers and rural households through an organised milk collection system</b> (lead company: Tobol) has been approved by BRC and the ToRs for conducting a feasibility study are developed. The endorsement of the project by the NSC is expected for the first quarter in 2011.</li> <li>▪ <b>The pipeline projects include</b> a project on Artisanship development (lead company: Turkish Bestseller) for which an overview study has been drafted by the broker. Furthermore, a project on milk collection in cooperation with Danone and a retail project with METRO as lead firm are under discussion and have been included in the pipeline for Kazakhstan.</li> <li>▪ Potential inclusive <b>projects have been supported</b> by providing advice on formulation on project proposals, presentation of project ideas and suggestion of potential partners for project implementation</li> <li>▪ <b>Promotional activities on the role of the private sector in development</b> have been carried out. Two articles on Corporate Social Responsibility were published in national newspaper 'Kapital' and 'Kursiv'.</li> <li>▪ The following 5 stakeholders have been supported in <b>joining the UN Global Compact Network</b>: National Economic Chamber 'Atameken'; Republican Public Union of Farmers of Kazakhstan'; Daily Express LLP and Sesame Eko.</li> </ul>
<p>4. Number and quality of socio-economic studies undertaken</p>	<p>At least 2 socio-economic feasibility studies that analyse development impact and financial viability of potential investment</p>	<p><u>Target partially achieved</u></p> <ul style="list-style-type: none"> <li>▪ One feasibility study has been finalized; ToRs for another</li> </ul>		<ul style="list-style-type: none"> <li>▪ A socio-economic <b>study for the Retail Union project</b> has been finalized and presented to project partners. The implementation of the pilot project has started in Eastern Kazakhstan.</li> <li>▪ ToRs have been developed and BRC approval has been received for conducting a <b>feasibility study on a project regarding the milk collection system in Kostanai region</b>, which is expected to be finalized in Q1, 2011.</li> </ul>

Output: Successfully brokered inclusive business model investment projects in progress in Kazakhstan				
Indicators	Targets 2010	Progress	Activity results	Key Activities
	projects carried out	feasibility study have been developed.		<ul style="list-style-type: none"> <li>▪ In order to increase efficiency, a <b>roster of consultants and experts</b> in twelve sectors and subsectors has been announced and resumes and proposals have been collected.</li> </ul>
5. Number of facilitated linkages/ projects involving external companies	No target for 2010	- <u>Under development</u> (no target for 2010)		<ul style="list-style-type: none"> <li>▪ The Artisanship development project is under consideration of the Turkish lead company (Bestseller).</li> <li>▪ Pipeline projects include linkages with multinational companies such as Danone and Metro.</li> </ul>
6. Multistakeholder alliances around investment projects in place as needed.	No target for 2010	- <u>Under development</u>		<ul style="list-style-type: none"> <li>▪ All identified projects involve several partners and are expected to develop functioning multistakeholder alliances. For instance the Retail Union Project is a collaboration of the lead firm, UNDP and a local NGO.</li> </ul>
7. Yearly Project review	One positive project review	<u>Achieved</u>	Project reviewed	<ul style="list-style-type: none"> <li>▪ BRC successfully conducted a project review in December.</li> </ul>

## Endorsed Projects in Kazakhstan

<b>Title of the project/project idea</b>	<b>Retail Union Project: Linking small scale shops with large wholesale market network in Kazakhstan for increased income and job creation.</b>
<b>Lead company</b>	“Optovyi klub” LLP, the managing company of “Arzan” trade network / potentially METRO wholesaler
<b>Other project partners</b>	Forum of Entrepreneurs.
<b>Development objective</b>	Linkage between corner shops and “Arzan” wholesale markets will help corner shops to improve the quality of organizing their businesses and abandon shady schemes of doing business. Positive development impact of the Retail Union project is expected in three main areas: support SME development; improve the lives of corner shop owners and employees; and support end users-customers living in poorer areas. Interest-free suppliers’ credit will be given to the small shops, which will allow them to increase their product assortment and ease their cash flow management.
<b>Business case</b>	Large wholesale market network “Arzan” intends to create a union of trade enterprises, by analogy with largest foreign trade networks. Small corner shops will sell products supplied by “Arzan” network and sign a franchising agreement. “Arzan” trade network, which currently consists of four large wholesale markets in Almaty city, will also provide training, specialized retail software and fiscal equipment where possible.
<b>Status</b>	Project was appraised by BRC and endorsed by the NSC. The feasibility study has been finalized containing recommendations based on international best practice and adaptation to the Kazakh context. The Study finds that small retail shops are facing increased competition from other retailers as well as large trading chains. In order to continue being viable, small retail shops have 3 alternatives: specialize in a niche area, become a franchise, or collaborate with other shops. In this context a Retail Union, in partnership with a large trading chain, will provide yield many benefits (including enhanced capacity in marketing, customer service, purchasing inventory, pricing policy, etc.) It is expected that the establishment of a Retail Union in Kazakhstan will yield benefits in 3 principal socio-economic ways: (1) Improvement of living conditions of owners and employees of small retail shops, (2) Support the end-users and consumers who live in less economically friendly regions of Almaty (3) Support the development of SME’s. The project is currently implemented in Eastern Kazakhstan (Ust-Kamenogorsk) as a pilot.
<b>Progress made during reporting period</b>	The broker identified the project and project partners, drafted the project proposal and obtained its endorsement by the NSC. A feasibility study has been drafted and the pilot project has been reviewed during the review mission. There is an interest of other retail firms for collaborating with the GIM project in similar projects.

<b>Title of the project/project idea</b>	<b>Milk collection centre project: Support small scale milk producers and rural households through an organized milk collection system in Kostanai and North Kazakhstan regions<sup>16</sup>.</b>
<b>Lead company</b>	Social entrepreneurship corporation - "Tobol" JSC.
<b>Other project partners</b>	"Zhitikara" rural farmer cooperative.
<b>Development objective</b>	The project will provide additional sources of sustainable income for households in five villages, create permanent jobs (68 jobs for the whole service center), empower the rural population, build their capacities to cooperate, and allow production of better quality milk (products) at affordable prices.
<b>Business case</b>	"Tobol" is planning to establish a system of milk collection based on cooperation and through uniting milk producers in four districts of Kostanai and North Kazakhstan regions. "Tobol" will serve as an intermediary between the agricultural cooperative and processing companies by providing collection, testing, transportation, and refrigeration services to rural population organized in cooperatives. Refrigeration tanks, mini-laboratories and milk trucks will be in operation, and "Tobol" will charge 10 tenge per liter for transportation, and 5 tenge per liter for refrigeration. There is a strong business case for expanding the supply of locally produced milk and organize its collection for higher profits and better quality products.
<b>Status</b>	Project approved by BRC; Terms of reference for a company to conduct the feasibility study are being developed; The lead company requested to conduct a study on the milk sector in Kostanai region, and particularly the FS on implementation in Zhitikara district; Project needs endorsement by NSC expected for late January 2011.
<b>Progress made during reporting period</b>	Project proposal has been developed together with project partners and appraisal has been made by BRC office. Preparation for Steering Committee review and endorsement is under way (translation of the project proposal, terms of reference into Russian, project one-pager).

<sup>16</sup> The milk collection centre project was approved by UNDP but hasn't been formally endorsed by the NSC. However, the project has already been discussed with stakeholders – including some NSC members - during the review mission and considering that the request for formal approval will be place in early 2011, this project has been included here.

### 3.5.3 Kosovo

Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2010	Progress	Activity results	Key Activities
1. Trained broker in place	One trained broker in place	<u>Achieved</u>	Project operational	<ul style="list-style-type: none"> <li>▪ A <b>qualified broker</b> took up his duties and was trained in April 2010</li> <li>▪ A Memorandum of Understanding was signed with <b>the Kosovo Chamber of Commerce to enable the placement of the broker</b> within the Chamber</li> <li>▪ The GIM broker participated in the <b>annual training</b> organized by UNDP in collaboration with the ILO ICT from 1-5 November 2010 in Turin on ‘Inclusive Market Development Approach with a Focus on Value Chain Interventions’ and in the regional GIM project meeting on 6 November 2010.</li> </ul>
2. Operational national GIM Steering Committee	One functioning national GIM Steering Committee established	<u>Achieved</u> <ul style="list-style-type: none"> <li>▪ Two successful NSC meetings were held.</li> </ul>		<ul style="list-style-type: none"> <li>▪ The <b>National Steering Committee (NSC) was established and two meetings</b> were held (on July 27<sup>th</sup> and November 9<sup>th</sup>). Member roles, responsibilities and Committee structure were approved by NSC during the first meeting. During the second meeting, discussions about the two endorsed projects (poultry and VET) took place and an update on the project progress was given to the NSC members.</li> <li>▪ NSC regular members are representatives from the following institutions:               <ol style="list-style-type: none"> <li>1) UNDP Country Office</li> <li>2) Kosovo Chamber of Commerce(OEK – KCC)</li> <li>3) Ministry of Agriculture, Forestry and Rural Development (MAFRD),</li> <li>4) International Finance Cooperation (IFC)</li> <li>5) USAID, Kosovo Private Enterprise Program</li> <li>6) Local representation of the Turkish International Cooperation &amp; Development Agency (TIKA)</li> <li>7) European Bank for Reconstruction and Development (EBRD) TAM BAS Program</li> </ol> </li> <li>▪ Furthermore, there are over <b>5 NSC observers</b> representing the Kosovo-Turkish Chamber of Commerce, DANIDA – Danish Agency for International Development, Kosovo’s Poultry Association, Artisanal Association and private companies.</li> </ul>

Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2010	Progress	Activity results	Key Activities
				<ul style="list-style-type: none"> <li>▪ As part of its operations, the NSC has identified and taken into consideration opportunities and project ideas for GIM development in various sectors such as construction materials, artisanal value chains, workforce development and agriculture.</li> <li>▪ <b>Key stakeholders have been identified and relationship building</b> was going on during the whole reporting period. The broker met with more than 100 stakeholders from private sector, development partners, governmental actors and CSO. Newly identified key stakeholders include the Investment Promotion Agency of Kosovo; Kosovo Export Association with whom an Memorandum of understanding will be signed; Alliance of Kosovo Business; American Chamber of Commerce; British Chamber of Commerce and Kosovo-Turkish Chamber of Commerce.</li> <li>▪ The <b>project was launched in December</b>, together with the launch of the regional GIM report: “Business Solutions to Poverty - How inclusive business create opportunities for all in Emerging Europe and Central Asia”. It was attended by over 40 representatives from private sector, CSO, government and donors. During the workshop, awareness for inclusive business was raised and potential project opportunities were identified in the 4 key sectors for GIM in Kosovo (agriculture, recycling, workforce development and construction). Emphasis was put on the collaboration of different participants in the creation of more inclusive markets.</li> </ul>
3. Number of investment projects brought to the target country and in progress	At least 2 inclusive business model project identified, endorsed and in progress	<p><u>Achieved</u></p> <ul style="list-style-type: none"> <li>▪ 2 projects are currently in progress</li> <li>▪ Pipeline projects include a project on dairy products processing plant</li> </ul>	New investment projects identified, developed and supported	<ul style="list-style-type: none"> <li>▪ Notwithstanding potential opportunities for projects in other sectors, the <b>key markets and sectors for GIM interventions</b> remain, as defined in the <b>country analysis report</b>: <ul style="list-style-type: none"> <li>- Agriculture</li> <li>- Workforce development</li> <li>- Recycling</li> <li>- Construction materials</li> </ul> </li> <li>▪ <b>Communication and dissemination activities</b> were carried out, and project information material has been translated into local languages and</li> </ul>



Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2010	Progress	Activity results	Key Activities
		and a project on artisanal value chain.	Advocacy activities on the role of the private sector in development organized	<p>an article on the first NSC meeting was published on the website of the Kosovo Chamber of Commerce. Furthermore, the broker performed the proofreading of the Albanian version of the Regional GIM report, which will (together with the Serbian version) serve as advocacy material for inclusive business promotion in Kosovo. Hard copies of the local language version of the Executive Summaries were distributed to project stakeholders.</p> <ul style="list-style-type: none"> <li>▪ For the <b>promotion of the role of the private sector in development</b>, the broker works in close collaboration with its host, the Kosovo Chamber of Commerce. Meetings were organised with local business associations representing various sectors and it has been agreed to organize workshops to promote the Global Compact in 2011.</li> <li>▪ <b>Projects in progress:</b> As a result of all the above activities, the following 2 inclusive business projects have been identified, appraised by BRC, and endorsed by the NSC. Their development has been supported by the broker: <ul style="list-style-type: none"> <li>- Improving Workforce Development on industrial processing (Manufacturing Value Chain Programme)</li> <li>- Poultry farming / Broiler - Chicken meat value chain integration</li> </ul> </li> <li>▪ <b>Pipeline projects:</b> The lead for the implementation of former pipeline projects on dairy products and construction industry have been handed over to other donors (USAID KPEP and European Commission Liaison Office for Kosovo). Some eight project opportunities have been identified at a workshop organised during the project launch and are being followed up upon by the broker. In addition, the possibility of sourcing jewellery from Kosovo by Turkey based Bestseller. Is also under investigation.</li> </ul>
4. Number and quality of socio-	At least 2 socio-economic feasibility	<u>Partially achieved</u>		<ul style="list-style-type: none"> <li>▪ The ToRs for conducting a <b>feasibility study for a project on improving Workforce Development on industrial processing</b> have been announced for bidding. A local consultancy company has been selected and a</li> </ul>

Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2010	Progress	Activity results	Key Activities
economic studies undertaken	studies that analyse development impact and financial viability of potential investment projects carried out	<ul style="list-style-type: none"> <li>2 Feasibility studies in progress, with finalization in Q1, 2011</li> </ul>		<p>feasibility study is now in progress. The final study will be submitted in the first quarter of 2011.</p> <ul style="list-style-type: none"> <li>A second sectoral study for the poultry farming project is in progress as well, with results expected in the first quarter of 2011. The poultry sectoral study will identify several alternatives and existing opportunities for inclusive business projects.</li> </ul>
5. Number of facilitated linkages/ projects involving external companies	No target for 2010	<u>Under development</u>		<ul style="list-style-type: none"> <li>The Business Outreach Coordinator in Turkey supported the Kosovo project with research, identification of potential project partners and establishment of contacts for the following (pipeline) projects: <ul style="list-style-type: none"> <li>Construction industry – potential inclusive investments in the area of hotels, construction materials and paints. (Linkages established with Turkish company Sütas and meeting with the broker arranged)</li> <li>Kosovo Poultry Farming (Potential Turkish Investor identified).</li> <li>Kosovo Manufacturing Value Chain Project (Linkages established with Bursa Chamber of Trade and Commerce Education Foundation BUTGEM-BEGEV, Bursa Kosovo Usküp Türkleri Yardimalasma Dernegi)</li> <li>Tomato Paste Production (Initial contacts with a potential investor ready to finance a feasibility study for the establishment of a tomato processing plant creating job opportunities for the poor was established)</li> </ul> </li> </ul>
6. Multistakeholder alliances around investment projects in place as needed.	No target for 2010	<u>Under development</u>		<ul style="list-style-type: none"> <li>All projects involve several partners and are expected to develop functioning multistakeholder alliances.</li> </ul>

Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2010	Progress	Activity results	Key Activities
7. Yearly Project review	One positive project review	<u>Achieved</u>	Project reviewed	<ul style="list-style-type: none"> <li>▪ BRC successfully conducted a project review in December.</li> </ul>

### Endorsed Projects in Kosovo

<b>Title of the project/project idea</b>	<p><b>Kosovo manufacturing value chain program: addressing the fundamental obstacles to Kosovo's industrial modernization and providing vocational training for higher incomes</b></p> <p>The project will address the lack of qualified labor force in order to improve workforce development in industrial processing. Moreover, the institution will be a long-lasting contribution to Kosovo industry, both in terms of training services and partnership model (industry, NGO and academia). The know-how transfer from Turkish experience will be valuable both in short and long term.</p>
<b>Lead company</b>	BUTGEM-BEGEV, Bursa Kosovo Usküp Türkleri Yardımlaşma Derneği.
<b>Other project partners</b>	UNDP Kosovo, Kosovo Chamber of Commerce and the Kosovo Ministry of Education, Science and Technology.
<b>Development objective</b>	The project aims to address the lack of qualified labor force in order to improve workforce development in industrial processing. The project will assess the demand for certain skill sets in industrial processing and the capacity of existing talent suppliers, analyze the service gaps, provide vocational training, and establish a vocational training centre like BUTGEM-BEGEV in Kosovo in order to ensure a supply of more skilful and efficient workforce to the light industrial sectors such wood processing, construction material manufacturing, textile, light metal manufacturing, food industry etc. in Kosovo. The expected development results are reduction of unemployment (particularly among the youth and women), alleviation of poverty and creation of a sustainable industry.
<b>Business case</b>	In Turkey, the BUTGEM-BEGEV Foundation provides vocational training (courses on textile, molding and plastic injection, CNC & CAD/CAM, etc) to vocational school graduates according to a curriculum designed by the industrialists. The centre is organized as a modern factory, which is equipped with up-to-date machinery and devices. BUTGEM-BEGEV has offered to train 15 Kosovar students and 3 instructors for 8 months, financing the training costs, materials for the trainings and accommodation. Further cooperation with partners is planned to lead to the establishment of a profitable vocational training centre in Kosovo. A feasibility study will further determine the business case of the project.
<b>Status</b>	A local consulting company is conducting a feasibility study and working on a business plan for the establishment of a vocational training center in manufacturing/industrial processing in Kosovo such as wood processing, furniture design, textile, metal processing, manufacturing machinery operators, product design, agro-processing industry, etc. The study includes a skills-gap analysis in the industry and the identification of possible institutions and organizations as potential shareholders in such a project. It also includes advice on the suitability of

	location for a VET center as well as all financial matters and cost breakdown. The expected finalization date is the third quarter 2011.
<b>Progress made during the reporting period</b>	After endorsement of the project by the NSC, extensive cooperation was conducted with the Business Outreach Coordinator in Turkey to create the concept note for the project and map stakeholders. The terms of reference for doing a sectoral feasibility study and business plan were finalized and communicated to the potential investor in Turkey. A local company was selected to conduct the study.

<b>Title of the project/project idea</b>	<b>Poultry farming / broiler - chicken meat processing plant: boosting the poultry sector, substituting imports with local produce, improving value chains and creating employment opportunities for the poor.</b>
<b>Lead company</b>	Potential - Turkish investor or domestic firm Jazi-1.
<b>Other project partners</b>	Potential - UNDP, IFC if the financial needs exceeds 1 Mill Euro, TAM BAS for cost sharing the Business Plan, USAID KPEP to provide grant to implement the project up to 50,000 USD.
<b>Development objective</b>	The main development objective is the increase of employment through a pro-poor value chain development on production, farming and animal feed. It is expected that this project will have multiple effects on the entire value chain such as: transportation, new sales points, marketing and service companies, promotion products, packaging and several indirect impacts. The Chicken/broiler farming will be focused in rural areas and villages. A GIM project would include the poor as suppliers to the broiler/chicken meat processing factory. Two to three farms with a capacity of 3,000 chickens per month would be built, creating employment opportunities on the farm, in feeding, distribution and transportation for an estimated 100 people in rural areas. Furthermore, the broiler processing company would establish linkages with small farmers who will be serving as providers or collectors of live chicks for the company. The ongoing feasibility study will further clarify the expected development impact of this project.
<b>Business case</b>	Investing in poultry meat production is seen with high market potential as current market demands is approx. 15,000,000 units (broiler) whereas local production only amounts to 500,000 units – a business case for import substitution. The potential lead firm, Jazi-1, is already operating successfully in poultry sector and their objective is to expand this business alone or in joint venture with a Turkish Company. The profits to implement this project are expected to be considerable as the company, by increasing production and decreasing production cost, will decrease the sales cost resulting in higher market share in targeted poor area.
<b>Status</b>	The project has been approved by BRC and endorsed by the NSC. A feasibility study is in progress, and expected to be finalized in the first quarter of, 2011.
<b>Progress made during the reporting period</b>	The project has been identified and endorsed by the NSC. Potential lead firms (Turkish and Kosovo) have been identified and stakeholders have been consulted. The potential local lead firm (Jazy-1) presented the project at the second NSC meeting and at the project launch event. The International Financial Corporation (IFC) expressed its interest of supporting Jazy-1 on international standards and good governance issues, complementing, by this, the projects objectives for the development of a pro-poor, competitive value chain. A local consultant was engaged for conducting a sectoral study.

### 3.5.4 Uzbekistan

Output: Successfully brokered inclusive business model investment projects in progress in Uzbekistan				
Indicators	Targets 2010	Progress	Activity results	Key Activities
1. Operational national GIM Steering Committee	One functioning national GIM Steering Committee established	- <u>Achieved</u>	Project operational	<ul style="list-style-type: none"> <li>▪ Mapping of <b>local stakeholders</b> was finalised and a <b>National Steering Committee (NSC) was set up</b>, with members representing UNDP, Chamber of Commerce and Industry in Uzbekistan, Ministry of Economy, Liberal Democratic Party of Uzbekistan, TIKa and GTZ.</li> <li>▪ The first <b>NSC meeting</b> was held on May 14, during which the Terms of Reference of the Committee were approved and the projects endorsed.</li> <li>▪ The <b>project launch</b> and the launch of the regional report were scheduled for early December 2010, however, due to the lead time needed to clear new reports to be launched with the government, the event was postponed to 2011.</li> </ul>
2. Number of investment projects brought to the target country and in progress	At least 2 inclusive business model projects identified, endorsed and in progress	<u>Achieved</u> <ul style="list-style-type: none"> <li>▪ 3 projects were endorsed by the NSC. A pre-feasibility study and gap analysis were conducted for one and a feasibility study was done for another.</li> <li>▪ Pipeline projects include indigo plant cultivation, backyard poultry, community-based</li> </ul>	New investment projects identified, developed and supported  Advocacy activities on	<ul style="list-style-type: none"> <li>▪ The first half of 2010 <b>key markets/sectors for focus were identified</b> through a <b>country analysis report</b>. They are: <ul style="list-style-type: none"> <li>- Food processing and market linkages</li> <li>- Livestock and dairy</li> <li>- Small-scale production of poultry and fishery</li> <li>- Pro-poor tourism</li> <li>- Home-based business (sewing, etc)</li> <li>- Cultivation of special plants for further processing (aromatic and medicinal plants)</li> </ul> </li> <li>▪ <b>Communication and dissemination activities</b> continue to be carried out, including: <ul style="list-style-type: none"> <li>• Information material in Russian and English was drafted and disseminated. Presentations on GIM project were held in several events and an interview on the project was given to a national radio channel, with further Interviews being published in the newspapers 'My Property' and 'GazetaBrija'.</li> <li>• Call for proposals of GIM projects were disseminated via the</li> </ul> </li> </ul>

Output: Successfully brokered inclusive business model investment projects in progress in Uzbekistan				
Indicators	Targets 2010	Progress	Activity results	Key Activities
		tourism and aquaculture.	the role of the private sector in development organized	<p>Chamber of Commerce and Industry (CCI), UNDP and other partners. GIM business application forms were distributed in regional branches of the CCI and promotional activities for the role of the private sector in development have been carried out.</p> <ul style="list-style-type: none"> <li>• A workshop on GIM for CCI regional staff and Business Facilitation Centre employees was held on August 5-6 in Tashkent.</li> <li>• In August a BFU project conducted a 4-part talk show series about the Chamber of Commerce and Industry and BFU activities in its capacity building. The broker participated in the first radio talk show on CCI services and inclusive business models.</li> <li>• A presentation on GIM and inclusive business models was made at the meeting arranged by the Parliament's Agrarian Committee to discuss proposed amendments to the Law on Farmers. 60 farmers and 20 representatives of agro related organizations, many of them expressed interest in milk collection center project and backyard poultry as source of income for rural households.</li> <li>• During November visits with FLO LO to Kashkadarya and Samarkand regions, the broker conducted small presentations on GIM, inclusive business models and value chain improvement for pro-poor benefits in meetings with farmers and entrepreneurs.</li> </ul> <p>▪ <b>Projects in progress:</b></p> <ul style="list-style-type: none"> <li>• <b>A project on sourcing of Fairtrade dried fruits</b> from small farmers in Uzbekistan has been endorsed. A pre-feasibility study has been carried out and a draft report on a gap assessment developed by the Fairtrade Labelling Organization (FLO) was submitted in December 2010. Currently recommendations on future actions are being prepared by FLO.</li> <li>• <b>A project on milk collection centres</b> has been progressing, with a report on feasibility study submitted to stakeholders and collaboration efforts taken by the GIM, UNDP, Chamber of Commerce and industry and other stakeholders.</li> <li>• <b>A project on the provision of embedded extension services</b> by agricultural input providers to farmers is being further investigated.</li> </ul>

Output: Successfully brokered inclusive business model investment projects in progress in Uzbekistan				
Indicators	Targets 2010	Progress	Activity results	Key Activities
				<ul style="list-style-type: none"> <li>▪ <b>Pipeline projects</b> include projects on indigo plant cultivation, aquaculture, outsourcing poultry production to households, and community-based tourism.</li> </ul>
3. Number and quality of socio-economic studies undertaken	At least 2 socio-economic feasibility studies that analyse development impact and financial viability of potential investment projects carried out	<u>Achieved</u> <ul style="list-style-type: none"> <li>▪ Two studies finalized</li> </ul>		<ul style="list-style-type: none"> <li>▪ A pre-feasibility study on sourcing of Fairtrade raisins from small farmers was finalized and a gap assessment carried out by FLO is in progress.</li> <li>▪ A feasibility study on milk collection centre pilot project was successfully conducted.</li> </ul>
4. Number of facilitated linkages/ projects involving external companies	No target for 2010	<u>Under development</u> (no target for 2010)		<ul style="list-style-type: none"> <li>▪ An exchange on potential business opportunities involving external firms in Uzbekistan has taken place between the Business Outreach Coordinator in Turkey and the project, for instance in the textile and dairy sector. However, the harsh investment climate is seen as a hindrance in the linkages efforts with new foreign investors.</li> <li>▪ Discussions with Marap, an Austrian organic dried fruits and nuts producer and marketer, have taken place regarding Fairtrade certification of dried sour cherries.</li> </ul>
5. Multistakeholder alliances around investment projects in place as needed.	No target for 2010	<u>Under development</u> <ul style="list-style-type: none"> <li>▪ All projects involve several partners</li> </ul>		<ul style="list-style-type: none"> <li>▪ All identified projects involve several partners and are expected to develop strong multistakeholder alliances. For instance an informal multistakeholder alliance has been created in the case of the fair-trade raisin project i.e. in form of a collaboration of a UNDP – EU project and the Fair-trade Labelling Organization.</li> </ul>
6. Yearly Project review	One positive project review	<u>Achieved</u>	Project reviewed	<ul style="list-style-type: none"> <li>▪ BRC successfully conducted a project review in December.</li> </ul>

## Endorsed Projects in Uzbekistan

<b>Title of the project/project idea</b>	<b>Fairtrade dried fruits sourcing from Uzbekistan: linking marginalized raisin/cherry producers from Uzbekistan to Fairtrade markets in developed countries.</b>
<b>Lead company</b>	MARAP/Austria.
<b>Other project partners</b>	FLO, ELS-ABD (EU-UNDP project)
<b>Development objective</b>	<p>The project aims to link marginalized fruits producers from Uzbekistan to Fairtrade markets in developed economies. This will result in:</p> <ul style="list-style-type: none"> <li>• Increased income and livelihoods opportunities for the farmers and their families</li> <li>• Increased production of agricultural products in accordance to international standards</li> <li>• Increased awareness of the Fairtrade model and principles in Uzbekistan</li> <li>• Increased awareness of Uzbekistan and its Fairtrade products in developing countries markets</li> </ul> <p>Guaranteed price premium must be used to develop local community (hospital upgrade, pipelines, infrastructure development etc), farmers can get a guaranteed minimum price, which is equal or higher than market price. Lead company can provide support and cover initial certification costs.</p>
<b>Business case</b>	Fairtrade can provide premium prices for dried sour cherry/raisins from Uzbekistan if certain Fairtrade requirements are met and documented annually. The demand for Fairtrade raisins and dried sour cherries is high with currently very few producers. Buyers are eager to diversify and increase their sources.
<b>Status</b>	A pre-feasibility study has been finished. FLO conducted a gap analysis, currently finalizing recommendations on next steps. It looks likely that the focus will be on dried sour cherries rather than raisins due to price and quality issues on the latter. A pending issue in relation to traceability of cash transactions has been identified and requires solution. MARAP is very interested in Fairtrade certification for dried sour cherry and ready to assist and support farmers in meeting Fairtrade requirements.
<b>Progress made during the reporting period</b>	Pre-feasibility study conducted (co-financed with ABD). FLO sent a Liaison Officer to conduct a gap analysis, and the draft report was submitted in late December. MARAP is elaborating on a plan of activities to get Fairtrade certification for farmers-suppliers of dried sour cherry.



<b>Title of the project/project idea</b>	<b>Milk collection centre pilot project: ensuring optimal linkages between small producers and milk processing companies</b>
<b>Lead company</b>	Uzbek-American JV "Bostonliqsut", and 2 small scale entrepreneurs
<b>Other project partners</b>	GTZ and UNDP Livestock project (sharing of technical knowledge and provision of technical assistance).
<b>Development objective</b>	91% of the raw milk in Uzbekistan is produced by households and smallholder farmers. Most of the milk is delivered to consumers as raw milk (no quality check, seasonal price fluctuations). Households milk productivity is very low, and there is no access to extension services. The Milk Collection Centre (MCC) will be an intermediary between suppliers and milk processors, as well as a source of knowledge in feeding, veterinary care and milk demand and supply matching. The project will create income opportunities for 650 rural households, guarantee good quality and safety of milk and improve the efficiency and productivity of small producers.
<b>Business case</b>	Milk processors report a lack of raw milk for their production capacity. JV "Bostonliqsut" capacity is utilized at 40%. The winters are marked with shortage of milk, while in summer there is an oversupply, with farmers getting 30% less than the normal price. MCC will close the gap between supply and demand, is in a better position to understand and communicate with the community and to streamline the milk collection process. Extension services provided via MCC will eventually improve milk supply volume and households incomes, at the same time delivering profit to the investor already in the first year (as stated in the business plan).
<b>Status</b>	The project has been endorsed by the NSC. The feasibility study was completed in the fourth quarter 2010 and the report was submitted to stakeholders for reviewing. JV is ready to set up MCC, but requires assistance in procurement of key equipment, preferably by UNDP or other development agencies/organizations.
<b>Progress made during the reporting period</b>	Collaboration efforts were taken by GIM, UNDP, JV and Chamber of Commerce and Industry. Feasibility study and a business plan have been created. At present, negotiations are conducted with local authorities and other potential operators of MCC in similar regions. Bostonlik Sut and 2 small-scale entrepreneurs are willing to set up a pilot milk collection centre with request for technical assistance from UNDP.

<b>Title of the project/project idea</b>	<b>Provision of embedded extension services by agricultural input providers to farmers: benefitting farmers through better yields and increase income. <i>Currently exploring drip irrigation system popularization among farmers</i></b>
<b>Lead company</b>	Ifoda (for drip irrigation part, Uzbek-Israeli JV Saniplast).
<b>Other project partners</b>	A supplier of fertilizers, pesticides and insecticides (not yet identified).
<b>Development objective</b>	Farmers take virtually all the risks (financial, weather, pricing) in the horticultural business, yet play the weakest roles in value chain. They lack extension services tailored to their needs and conditions. Horticulture farmers and households could obtain higher profits from fruits and vegetables (cash crops) they grow; achieved through the use of better irrigation systems. Farmers would benefit through better yields and increased disposable income
<b>Business case</b>	The business model would consist in input providers (e.g. seeds, fertilizers, pesticides, etc) offering embedded extension services to farmers in the fresh fruit and vegetables sector. This is inspired by the work of Katalyst in Bangladesh with Syngenta (see <a href="http://www.youtube.com/watch?v=0o4-1TcnWpQ">http://www.youtube.com/watch?v=0o4-1TcnWpQ</a> for a video on the program). The viability of such a business model has been established elsewhere but not in Uzbekistan.
<b>Status</b>	Two potential commercial partners have been approached, however none of them has yet committed to the project. The need for technical assistance and capital to support such a project is at this stage not clear given the lack of partners and scope. Such a project would nonetheless be aligned with national and UNDP priorities for rural development and poverty reduction. It could potentially receive support from projects such as USAID's AgLinks. <i>For</i> drip irrigation system, JV Saniplast is preparing a short report of the current situation and issues it faces in Uzbekistan. More specific steps can be developed after studying this report and consultation with stakeholders
<b>Progress made during the reporting period</b>	2 more companies - importers and distributors of fertilizers - were approached by the GIM broker. However, both companies would like to maintain the status quo and are not ready to go public in business operations.

### 3.5.5 Turkey Based Business Outreach

Output: Successfully brokered inclusive business model investment projects in BiH, Kosovo, Kazakhstan and Uzbekistan				
Indicators	Targets 2010	Progress	Activity results	Key Activities
1. Trained Business Outreach Coordinator in place	One trained Business Outreach Coordinator in place	<u>Achieved</u>	Project operational	<ul style="list-style-type: none"> <li>▪ A <b>qualified Business Outreach Coordinator</b> took up his duties in January 2010, followed by training in GSB/IMD methodology.</li> <li>▪ The Broker mapped key stakeholders that could be engaged in target countries. They can be categorized under 5 broad categories:               <ol style="list-style-type: none"> <li>1) <b>Business support organizations:</b> A draft Memorandum of Understanding (MOU) has been submitted to the <b>Istanbul Chamber of Commerce</b>; an MOU was signed with the <b>Bursa Chamber of Commerce</b> to support the development of SE-Europe and the CIS and host some GIM operations in Turkey.</li> <li>2) <b>Companies:</b> A broad range of businesses have been contacted and their interest for investing in inclusive business in the target countries has been sensed.</li> <li>3) <b>Missions of the project countries:</b> All but one (Kazakhstan) target country representations have been visited. Collaboration with the <b>Honorary Consul of Bosnia</b> in Bursa was initiated, resulting in the organization of a business mission (Rumelisiad mission) to BiH;</li> <li>4) <b>Academic Institutions:</b> An MOU was signed with <b>Koç University's Graduate School of Business</b> to increase awareness on issues related to sustainable development and inclusive markets. UNDP Turkey implemented 4 a series of seminars on inclusive markets covering topics such as poverty, corporate social responsibility, base of the pyramid and the use of the GIM website and the case studies. <b>Bilgi University (IBUISS)</b> agreed to be an active partner in the promotion of inclusive markets in Turkey and the project countries.</li> <li>5) Cooperation with <b>NGOs</b> has been pursued .e.g. partnership relations have been established with <b>BIGMEV</b> foundation for development.</li> </ol> </li> </ul>

				<ul style="list-style-type: none"> <li>▪ As outlined above, the broker has established working relationships with several key stakeholders and created a <b>portfolio of potential cooperation opportunities</b>, detailing the proposed contributions of the partners.</li> <li>▪ The Outreach Coordinator participated in the <b>annual training</b> organized by UNDP in collaboration with the ILO ITC from 1-5 November 2010 in Turin on ‘Inclusive Market Development Approach with a Focus on Value Chain Interventions’ and in the regional GIM project meeting on 6 November 2010.</li> </ul>
2. Number of facilitated linkages/projects involving external companies	At least 2 facilitated linkages/inclusive business model projects involving external companies	<p><u>Partially achieved</u></p> <ul style="list-style-type: none"> <li>▪ Linkages with external companies have been established for 7 pipeline projects</li> <li>▪ 1 inclusive business projects involving external companies in progress</li> </ul>	<p>New investment projects identified, developed and supported</p> <p>Mapping of good Turkish business models and practices which could be available for replication or know-how transfer to the project countries.</p>	<ul style="list-style-type: none"> <li>▪ Research on key sectors of interest from Turkey based businesses with respect to target countries was carried out.</li> <li>▪ The Rumelisiad trade and investment mission to BiH was supported by the broker and he participated in the second match-making conference together with 9 potential Turkish investors.</li> <li>▪ <b>Pipeline projects:</b> The Broker has <b>provided linkages and general support</b> for 5 pipeline projects (3x Kosovo, 3x BiH, 1x regional including Kosovo &amp; Kazakhstan) :</li> <li>▪ For instance for the <b>recycling project</b> in BiH, the meeting with the Outreach Coordinator resulted in the reiteration of the lead firm Natron Hayat of their interest of setting up a pro-poor value chain project.</li> <li>▪ In the case of the <b>Bestseller Artisanal Value Chain</b> project:, a project outline for a potential inclusive business project involving all project countries has been drafted. Preliminary studies on the artisanal jewellery value chain in the project countries were prepared by the country brokers and a potential for the development of such a value chain was identified in Kosovo and Kazakhstan. Reply from the lead company is currently awaited.</li> <li>▪ The broker has been assessing potential business opportunities for external companies in all 4 project countries.</li> </ul>

				<ul style="list-style-type: none"> <li>▪ <b>Projects involving Turkey based companies in progress:</b></li> <li>▪ <b>VET in Kosovo:</b> Negotiations have been conducted to include and train Kosovo students at the Bursa Chamber of Trade and Commerce Education Foundation training centre, and to establish such a facility in Kosovo.</li> <li>▪ <b>Communication material</b> was drafted and a website with information on GIM for businesses and other stakeholders in English and Turkish was set up. It can be consulted under: <a href="http://www.imdblog.com/en">www.imdblog.com/en</a></li> <li>▪ In order to <b>raise awareness for inclusive businesses and the role of the private sector in development</b>, certain Turkish UNDP projects were supported i.e the application to the World Business Development Awards of the ARGANDE inclusive fashion brand and the development and the implementation of a pilot project on inclusive hand decorated glassware production by Gurallar Art Craft in Kutahya in addition to the two project supported during the first semester 2010 (Mobile Software Industry Development and Decent work for disabled).</li> </ul>
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### 3.5.6 Egypt

Output 1 : GSB Centre providing models to increase the inclusiveness of the poor in the market in Egypt				
Indicators	Targets 2010	Progress	Activity results	Key Activities
1. Number of companies including BOP people	Three companies develop pro-poor models	<p><u>Achieved</u></p> <p>Pro-poor business models have been developed for 3 companies (El Mansour, Unilever and Coca Cola). Their implementation is expected for 2011.</p> <p>A pipeline of at least 3 projects has been established.</p>	Business models developed to reach the Base of the Pyramid people	<ul style="list-style-type: none"> <li>▪ A <b>list of potential sectors and key stakeholders</b> has been developed and is being constantly updated.               <ul style="list-style-type: none"> <li>- A <b>BOP study</b> was launched in partnership with the Danish Embassy in Cairo, which identified key BOP sectors in Egypt as:                   <ul style="list-style-type: none"> <li>- Food</li> <li>- Health</li> <li>- Water</li> <li>- ITC</li> <li>- Education</li> <li>- Clothing and textiles</li> <li>- Housing and waste management</li> </ul> </li> <li>- Various <b>key stakeholders</b> have been identified and steps have been taken to enhance collaboration (i.e. cooperation agreement with Al Mansour Group, Memorandum of Understanding (MoU) with Unilever, another MoU with the Social Contract Centre in Egypt, etc).</li> </ul> </li> <li>▪ Certain <b>inclusive project ideas</b> have been identified with varying degrees of progress in implementation. These include:               <ul style="list-style-type: none"> <li>- A <b>retail project with Al Mansour Group</b> entitled 'Retailing to C and D Consumers in Middle and Upper Egypt'. A study on possible business models has been tendered on three occasions.</li> <li>- A <b>project with Unilever</b> involving employing women (either as entrepreneurs or distributors) in poor areas in order to sell Unilever's personal health care products at competitive prices. ToRs for conducting a feasibility study and a pilot model have been publicised.</li> <li>- A <b>project with Coca Cola</b> regarding manual distribution centres. ToRs for the pilot model have been drafted and pending approval from Coca Cola.</li> <li>- Discussions with <b>Olympic Group</b> regarding two pipeline projects –</li> </ul> </li> </ul>

Output 1 : GSB Centre providing models to increase the inclusiveness of the poor in the market in Egypt				
Indicators	Targets 2010	Progress	Activity results	Key Activities
			Training and study tour of GSB/IMD staff conducted for experience sharing and knowledge exchange	<p>providing access to water in poor communities and selling subsidized Olympic Group products in instalments to people in poor areas. Both projects are being tested to identify the best business model.</p> <ul style="list-style-type: none"> <li>- <b>IMS BoP pilot project in Egypt 'Housing for All'</b> is a for profit project related to providing access to housing (with energy and sanitation access) to BoP markets that allies social entrepreneurs (such as Ashoka) with big MNCs (namely GDF-Suez, BNP-Paribas and Orange). Initial contacts have been established and the role of UNDP as a stakeholder coordinator has been discussed.</li> <li>- Meetings and discussions with an Egyptian businessman (Sabbour Group) interested in establishing an <b>agricultural waste recycling factory</b> in Upper Egypt.</li> <li>▪ The IMD Project Manager and an UNDP Project Officer took part in a training tour in Turkey with the purpose of sharing experiences, lessons learned and best practices; obtaining specialized training in partnership development and public-private dialogues as well as gaining more networking for brokers, private sector focal points and interested colleagues.</li> <li>▪ The Project Manager and the Project Coordinator took part in a training in Turin, Italy organized by UNDP in collaboration with ILO ITC entitled "Inclusive Market Development Approach with a Focus on Value Chain Interventions" on 1-5 November 2010.</li> </ul>

**Output 1 : GSB Centre providing models to increase the inclusiveness of the poor in the market in Egypt**

Indicators	Targets 2010	Progress	Activity results	Key Activities
<p>2. Number of relevant stakeholders and partners</p> <p>3. Media and community participation in the media workshop event</p>	<p>No targets for 2010</p> <p>Project Targets: Project event launched, sector-specific workshops conducted, media workshop organized, project website constructed and promotional materials developed</p>	<p><u>Under development</u></p> <p>Meetings have been arranged with key stakeholders and partners have been identified</p> <p>Although the project's launch event and media workshop have been postponed, IMD Egypt sponsored a major summit, marked by the presence of President Bill Clinton. In this event, the IMD project was publicly introduced for the first time.</p>	<p>Awareness built on IMD concept</p>	<ul style="list-style-type: none"> <li>▪ IMD Egypt, among other projects, has sponsored a major summit entitled "Down the Road of Good Will: what Does it Take to Make a Difference" organized by the American Chamber of Commerce in Egypt (AmCham Egypt) and the United Nations Development Program (UNDP). During this event, which counted with high level representatives, an IMD Project booth was prepared and the IMD concept and project was introduced publically for the first time.</li> <li>▪ In a meeting with JICA the following areas of potential cooperation were identified: extending financial support; dispatching volunteers; providing technical assistance; developing capacity; promoting income opportunities and job creation; developing handicrafts; and teaching the poor how to manage their businesses</li> </ul> <p>A meeting with the Project Manager of another UNDP project (Pro-Poor Value Chains in Upper Egypt) was conducted and the possible linkages between his project and the GSB/IMD project has been explored. This may include his project's involvement as a donor in on-going IMD projects/models (e.g. Mansour) or with future ones that would engage large supermarkets/food companies, hotels, exporters, etc with small scale farmers in Upper Egypt</p> <ul style="list-style-type: none"> <li>▪ A draft MoU with the Social Contract Center is currently under consideration by IMD and collaboration on information exchange is already going on. Furthermore, a cooperation agreement has been signed with Al Monsour Group and an MoU with Unilever.</li> <li>▪ An IMD Egypt bilingual website is currently under development</li> </ul>
<p>4. Number of SMEs supported</p>	<p>At least one local business organization linked to the project</p>	<p><u>Under development</u> (no target for 2010)</p> <ul style="list-style-type: none"> <li>▪ First contacts have</li> </ul>	<p>SMEs supported</p>	<ul style="list-style-type: none"> <li>▪ Potential local organizations have been approached for Mansour and the Unilever project</li> <li>▪ <b>Regarding SMEs' link to value chains:</b></li> </ul>



Output 1 : GSB Centre providing models to increase the inclusiveness of the poor in the market in Egypt				
Indicators	Targets 2010	Progress	Activity results	Key Activities
	Increased quality and quantity of SME products due to linkages to the value chain	been established and project plans provide for value chain links and support to SMEs		<ul style="list-style-type: none"> <li>- IMD discussed with the Mansour group (signature of an MOU) the retail and distribution model; including the possibility of involving local producers/small farmers in Middle and Upper Egypt. For that, the TOR for feasibility study has been prepared, tenders were launched and selection of the consultancy firm was finalized.</li> <li>- Additionally, a meeting with the Manager of the Pro-Poor Horticulture Value Chains Project was organized to explore the possibility of linking the IMD/Mansour project with small farmers/local producers/Farmers' Associations in Upper and Middle Egypt.</li> </ul> <p>▪ <b>Regarding support for SMEs in general:</b></p> <ul style="list-style-type: none"> <li>- IMD agreed (and signed an MOU) with Unilever to implement a business model involving recruiting women as distributors of Unilever's personal hygiene products. The TOR for the pilot model has been developed; selection of consultancy firm is underway.</li> <li>- El Mobadra (a local micro-finance institution) has been approached in order to explore its potential role in providing start-up capital/micro-loans for potential women entrepreneurs in poor areas.</li> </ul>

<b>Title of the project/project idea</b>	<p><b>Retail project with Al Mansour Group entitled ‘Retailing to C and D Consumers in Middle and Upper Egypt’</b></p> <p>IMD has partnered with Al Mansour Holding Company for Financial Investments in order to develop the retailing of good quality yet affordable products to low-income communities in Middle and Upper Egypt.</p>
<b>Lead company</b>	Al Mansour Holding Company for Financial Investments
<b>Other project partners</b>	No other partners have been formally connected to this project. However, IMD is exploring the potential of linking the Mansour project with small farmers (and Farmer’s Associations) in Upper Egypt through UNDP’s Pro-Poor Horticulture Value Chain project.
<b>Development objective</b>	<ul style="list-style-type: none"> <li>• For poor consumers, this model seeks to develop retailing of good quality and affordable products to low-income communities. Al-Mansour will adjust its offerings to the needs of lower-income customers including both product needs and price considerations</li> <li>• For poor producers, this project is expected to also increase the income of local producers (e.g. local farmers ) as Al Mansour will integrate local products in their sales portfolio to promote local value chain integration. The local distribution and retail centers will provide employment opportunities with Al-Mansour ensuring the provision of training and capacity building to members of the local communities; local supplier development will further enhance local capacity at large</li> </ul>
<b>Business case</b>	For Al Mansour, this model will lead to business expansion and market outreach in hard to reach areas of Egypt. Both existing Mansour chains, Metro Markets and Kheir Zaman, are primarily located in the areas of Greater Cairo, Alexandria, Delta and in the Canal regions. While Metro Markets target class A customers Kheir Zaman caters for B consumers. Through this IMD business mdoel, Al-Mansour will target class C and D by expanding its distribution and retailing operations to the areas of Middle and Upper Egypt.
<b>Status</b>	Selection of consultancy firm which will conduct the feasibility study has been completed. Given procedural and time-consuming difficulties within IMC, IMD has decided to follow UNDP’s contracting rules and procedures for project implementation (December 2010).
<b>Progress made during reporting period</b>	<ul style="list-style-type: none"> <li>• <b>Cooperation Agreement</b> between IMD and Al Mansour Group was signed (June 2010).</li> <li>• <b>Launch of the first tender</b> for “Retailing to C and D Consumers in Middle and Upper Egypt” Project (July 2010).</li> <li>• <b>Second tender:</b> Given poor offers that did not meet requirements mentioned in the TOR, there was a launch of the second tender for “Retailing to C and D Consumers in Middle and Upper Egypt” Mansour Group Project (August 2010).</li> <li>• <b>Third Tender:</b> Because the estimated budget did not meet Nielson’s financial proposal (Nielson was the only consultancy company to make an offer), there was a re-launch of the third tender for “Retailing to C and D Consumers in Middle and Upper Egypt” Mansour Group Project (October 2010).</li> <li>• <b>UNDP Mexico:</b> Following Juergen Nagler’s recommendation (UNDP New York), Mr. Ricardo Bisso (UNDP Mexico) has been contacted to learn more about his project’s experience with Walmart in Mexico in terms of strategy and implementation (October 2010).</li> <li>• <b>Implementation:</b> Given procedural and time-consuming difficulties within IMC, IMD has decided to follow UNDP’s contracting rules and</li> </ul>

	procedures for project implementation (December 2010).
<b>Title of the project/project idea</b>	<p><b>Unilever Project: IMD/Unilever Project for Enhancing Income opportunities for Underprivileged Women in Egypt.</b></p> <p>This business model will be based on the <a href="#">“Shakti” distribution model developed by Unilever in India</a>. Focusing on women in poor regions that are neither granted fair chances for employment in rural areas nor quality health care, this project partners with the private sector (represented by Unilever) to establish sustainable product distribution chains, while training women on small business skills and providing them with start-up baskets of marketable health care products on a rotational credit basis. From another perspective, it also aims to provide accessible and reasonably priced personal hygiene products that would respond to some of the health needs of poor women in Egypt.</p>
<b>Lead company</b>	Unilever Mashreq
<b>Other project partners</b>	IMD is in the process of approaching El Mobadra, a micro-finance institution who can assist the project by providing start-up capital/micro-loans for potential women entrepreneurs in poor areas
<b>Development objective</b>	<ol style="list-style-type: none"> <li>1) Increasing productivity and real income of poor women; hence resulting in poverty reduction through income generation among women entrepreneurs.</li> <li>2) Regular availability of basic personal care goods to rural population at competitive prices.</li> </ol>
<b>Business case</b>	In light of Unilever’s Shakti model in India, which has increased Unilever’s sales in India by up to 30%, this innovative distribution model is expected to expand Unilever’s outreach and expansion of Unilever’s personal hygiene products market.
<b>Status</b>	Following a meeting between IMD and Unilever that had aimed to explore some of the potential bottlenecks in the implementation of the pilot model, consultancy firm selection is underway.
<b>Progress made during reporting period</b>	<ul style="list-style-type: none"> <li>• <b>Introductory Meetings:</b> Following introductory meetings and presentation of the GSB concept by the GSB Project Manager, a project proposal paper was presented by Unilever. The potential project involves recruiting/employing women (either as entrepreneurs or as distributors) in poor areas in order to sell Unilever’s personal health care products at competitive prices. Given that, IMD has sent the TORs of the project’s feasibility study.</li> <li>• <b>Follow-up Meeting:</b> IMD Project Manager and Broker organized a meeting with Mr. Alaa Hasballah (Unilever’s PR Manager) and Mr. Hussein Kandil (Unilever’s Brand Manager; Deos Category) which had aimed to discuss the feasibility study’s TOR and establish agreement on the framework of cooperation (September 2010).</li> <li>• <b>Communication with UNDP New York and Zambia:</b> Following communication with Juergen Nagler and Srijana Rana (UNDP, GSB New York), IMD Egypt has been referred to Ms. Naomi Lintini (UNDP, GSB Zambia) who has provided assistance to IMD Egypt with the final revision of Unilever’s TOR (September 2010).</li> <li>• <b>Assistance from UNDP Malawi:</b> Similarly, IMD Egypt has also contacted Cinzia Tecce (UNDP Malawi) who has experience in implementing a</li> </ul>

	<p>similar project with Unilever in Malawi (September 2010).</p> <ul style="list-style-type: none"> <li>• <b>TOR:</b> Continued preparation and modification of Unilever’s TOR for the feasibility study has been on-going (September 2010). IMD has converted the TOR from that relating to feasibility study to another one concerned with directly requiring the consultancy firm to conduct a piloting model. Revision of TOR has been finalized (November 2010). As IMD has decided to pursue UNDP’s competitive bidding and contracting procedures, the TOR of the Unilever pilot model has been posted on the UNDP website (December 2010).</li> <li>• <b>MOU:</b> Meanwhile, Cooperation Agreement (MOU) between IMD and Unilever has been revised and both parties have signed it (November 2010).</li> <li>• <b>Meeting for Pilot Implementation:</b> A meeting between IMD and Unilever was held in order to explore some of the potential bottlenecks in the implementation of the pilot model. These include; the mechanism of recruitment of women distributors, the training needs and costs (and who shall bear them) and the legal guarantees that would ensure that Unilever products given to potential distributors on an in-kind credit basis will actually be sold. While the consultancy firm will recruit and train the distributors, several methods by which Unilever can guarantee its products have been suggested namely; 1) stipulating that in order to engage in the project, a participant has to have, say 500 EGP start-up capital which she should use to buy Unilever products that is to be distributed (though this strategy will not necessarily target the very poor segments who may not even have 500 EGP or less); 2) Micro-finance institutions can also be engaged; to extend loans to poor women on reasonable terms; and by using the funds, women will purchase Unilever products and pay back the loans while making profit. These issues among others are being currently examined by both parties (December 2010).</li> </ul>
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<b>Title of the project/project idea</b>	<p><b>Coca Cola Project</b></p> <p>IMD intends to partner with Coca Cola North &amp; West Africa in Egypt in order to replicate its successful experience in creating inclusive markets business models in Africa and elsewhere. These models involved the expansion of Manual Distribution Centers (MDC); independently owned, low-cost manual operations created where classic distribution models are not effective or efficient. Thus alternative distribution methods have been developed to distribute small amounts of product to a diversity of retail outlets utilizing methods such as bicycles and pushcarts. The MDC approach works with small-scale distributors to deliver products to small-scale retailers in densely populated poor areas.</p>
<b>Lead company</b>	Coca-Cola North & West Africa
<b>Other project partners</b>	No other project partners have been identified yet
<b>Development</b>	As Coca Cola will recruit local distributors in the poor areas where the MDCs will be established, this model is expected to generate employment,

<b>objective</b>	particularly among the youth.
<b>Business case</b>	Given similar experiences around the world, this business model is expected to significantly increase Coca Cola's sales and market outreach. According to report by the Harvard Kennedy School and International Finance Corporation, in countries like Ethiopia and Tanzania, the MDC model accounts for over 80% of the company's sales. To date, over 2,500 MDCs have been created in Africa, generating over 12,000 jobs and more than \$500 million in annual revenues.
<b>Status</b>	Awaiting feedback from Coca Cola on the TOR for the pilot model which was previously prepared and sent by the IMD project.
<b>Progress made during reporting period</b>	<ul style="list-style-type: none"> <li>▪ <b>Meeting:</b> A meeting was conducted with Coca Cola in order to explore the potentials for cooperation between the company and IMD. IMD Project Manger and Coca Cola's Senior Manager for Public Affairs and Communication have agreed that attempting to replicate the business model implemented in a number of African countries (Ethiopia, Tanzania, Kenya), which involved expanding Coca Cola's network of locally owned, low-cost Manual Distribution Centers (MDCs); is perhaps the most viable at this point. On the one hand, it should enable job creation in the base of the pyramid markets and encourage distribution and enhanced sales of Coca Cola in hard to reach areas on the other (October 2010)</li> <li>▪ <b>TOR:</b> Accordingly, a TOR for a piloting model with the ideas mentioned in the meeting was prepared by IMD which Coca Cola shall then modify, add or exclude the points it does not see relevant or important for effective implementation of the project. Meanwhile, the Coca Cola representative will consult the Coca Cola sales team with regards to the targeted areas for project implementation (November 2010).</li> </ul>