



GROWING INCLUSIVE MARKETS IN EASTERN EUROPE AND THE CIS

ANNUAL PROJECT PROGRESS REPORT 2011

Period covered: January – December 2011

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

Report prepared by: Brigitte Colarte-Duerr, GIM project manager and Junior Private
Sector Consultant, UNDP Bratislava Regional Centre
(brigitte.duerr@undp.org)

Inputs provided by: Amirdjan Kamilov, GIM broker in Uzbekistan
Sasa Slijepcevic, GIM broker in Bosnia and Herzegovina
Akhmad Kabdiyev, GIM broker in Kazakhstan
Valdet Osmani, GIM broker in Kosovo
Gokhan Dikmener, Business Outreach Coordinator in Turkey

Report cleared by: Stephan Schmitt-Degenhardt, Private Sector Development Policy
Specialist (Stephan.Schmitt-Degenhardt@undp.org)

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1 Background to the report

Target countries: Bosnia i Hercegovina (BiH), Kazakhstan, Kosovo, Uzbekistan, (Egypt¹).

The project²:

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 region³ and presenting the key barriers and solutions to achieving more inclusive markets in the region. The project uses the regional GIM report '[Business Solutions to Poverty: How inclusive business models create opportunities in Emerging Europe and Central Asia](#)' as an advocacy tool to broker concrete inclusive business models over 3 years in Bosnia and Hercegovina⁴, 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. As agreed with the donor at project start, a bi-annual report covering the period from January to June is submitted to the Board on 31 July and an annual report covering January to December is released on 31 January the next year. Progress for January to December 2011 is measured against Output Targets as described in the Project Document⁵, 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.

¹ 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 4.2.1 and 4.5.6.

² For detailed information on the GIM project (e.g. on the project rationale and strategy), please refer to the Project Document.

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

⁴ The Country Office (CO) having had a chance to already implement Growing Sustainable Business for 3 years in BiH and therefore, it was planned to finalize the project in BiH by December 2010. At the request of the donor and after approval of the Project Board, the GIM project in BiH was extended until August 2012.

⁵ 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 Executive summary on progress January – December 2011

A. Output 1: Country level awareness built for inclusive market business models and approaches

In 2011, three country level launches of the regional GIM report took place. The overall project target (of at least 3 launches) for Output1 was achieved, but the ambitiously increased annual target 2011 of 6 launches was only partially achieved, with 3 launches carried out in 2011.

This component of the project reached financial closure by the end of 2010. Nonetheless, the implementation of the dissemination strategy of the first report on inclusive market in the Emerging Europe and Central Asian Region '[Business Solutions to Poverty](#)' was actively continued in the first half of 2011, whilst the period from July to December 2011 was almost entirely dedicated to progress on the achievement of Output 2. The English version of the report was officially launched by UNDP Administrator, Ms. Helen Clark and the Director of UNDP's Regional Bureau for EE & CIS at the event of the inauguration of the Istanbul International Centre of Private Sector in Development early March 2011. Report launches took place in Moldova (2 February) Belarus (1 March) and Turkey (11 March). In addition to this, the report was disseminated to a wide network of stakeholders and it was featured in various newsletters and inclusive business relevant websites. Not only the report, but also the case studies were disseminated to interested audience and on the website of the Growing Inclusive Market initiative, information related to the case studies (such as Q&A's with the local case writers) was published.

Other activities related to building country level awareness for inclusive markets were undertaken by the brokers in their respective countries (see country specific sections of this report) and the Project Management continued working on updating the [project website](#) and migrating from the project workspaces to a new global UNDP Teamworks platform. Additional information on progress on Output 1 is contained in Chapter 3 of this report.

B. Output 2: Successfully brokered inclusive business model investment projects in progress in Bosnia and Herzegovina, Kosovo, Kazakhstan and Uzbekistan

In 2011, Bosnia and Herzegovina, Uzbekistan have met their annual targets according to agreed Annual Work plans. For Business outreach, 1 out of 2 targets were reached, in Kosovo, 3 out of 4 targets were achieved, whereas in Kazakhstan, due to the delays incurred in broker recruitment and project relocation, only 2 out of 5 targets were met. For the regional component (BRC) out of 4 targets, one target was only partially achieved.

During the reporting period, four projects were brought to implementation (2x BIH, 2x Uzbekistan). 10 projects were endorsed by the National Steering Committees and entered the portfolio, which consists now of 16 endorsed projects (6 projects thereof were endorsed in 2010). The brokers established a new pipeline⁶ of 13 projects. The Figure and Table on 'Projects and Phases of Development – December 2011' below provides an overview of the current projects and their stage of development. Two of the implemented projects (1x BIH and 1x Uzbekistan), one portfolio project⁷ (1x Kosovo) have an external company as partner (linkages established in 2010). In 2011, the Business Outreach Coordinator facilitated three linkages with potential GIM projects in Kosovo, organized two match-making events and carried out one outreach mission (BIH, Q4), resulting in two potential project leads.

⁶ Pipeline project are projects in an early development stages that have not been endorsed by the National Steering Committee

⁷ Portfolio projects are project endorsed by the National Steering Committees.

During the reporting period, nine feasibility studies were completed and one additional study is in its final drafting stage. Two new brokers were hired (Kazakhstan and BIH) and the training of all four brokers was assured through an annual training and strategy adaptation workshop in Istanbul in Q3 and a training mission to Kosovo in Q4. National Steering Committees meetings were organized in all project countries.

In order to achieve the overall primary project targets⁸, by the end of the project, at least 16 additional investment projects have to be brought to implementation (3 BIH, 3 UZB, 5 KAZ, 5 KOS) of which in the new countries at least 5 projects must count with an external partner (1 UZB, 2 KOS, 2 KAZ).

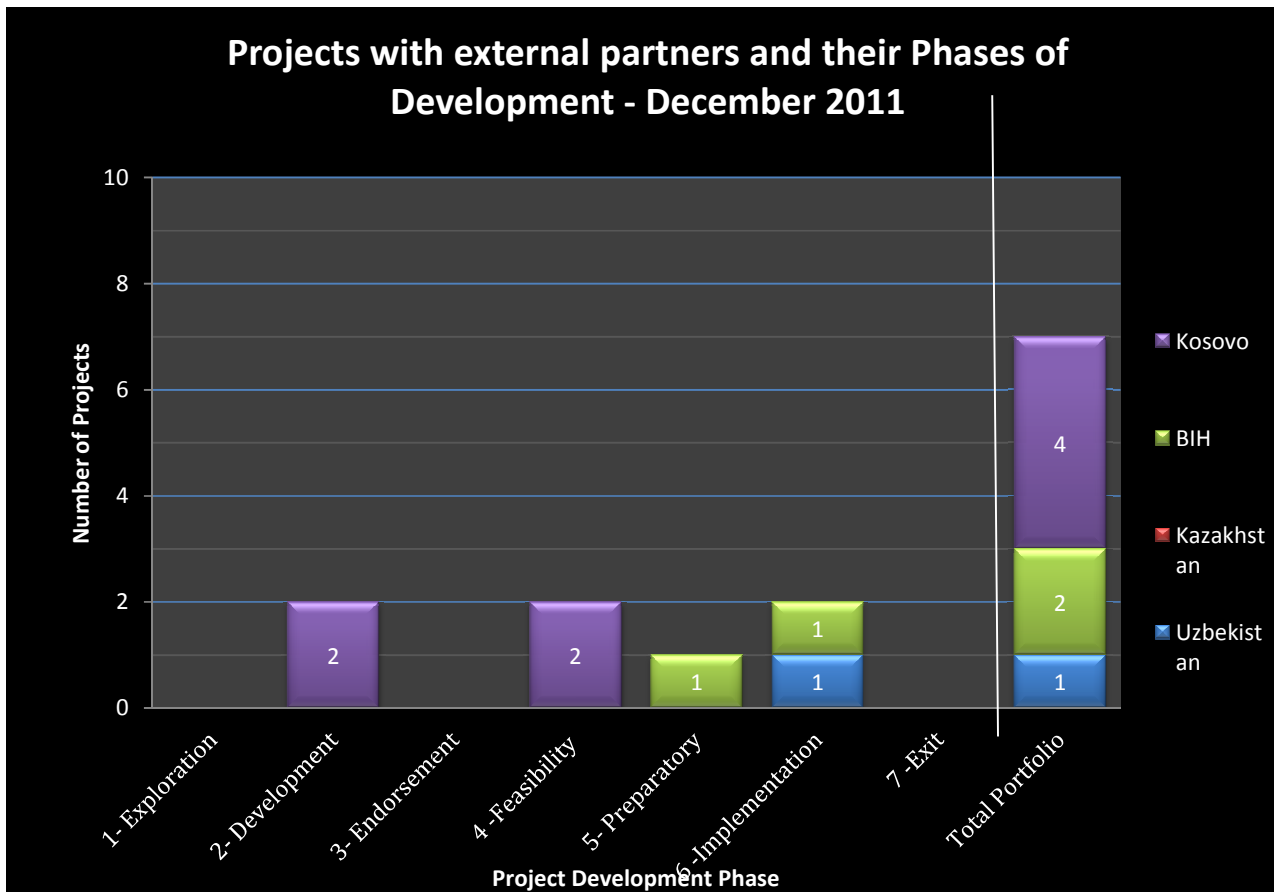
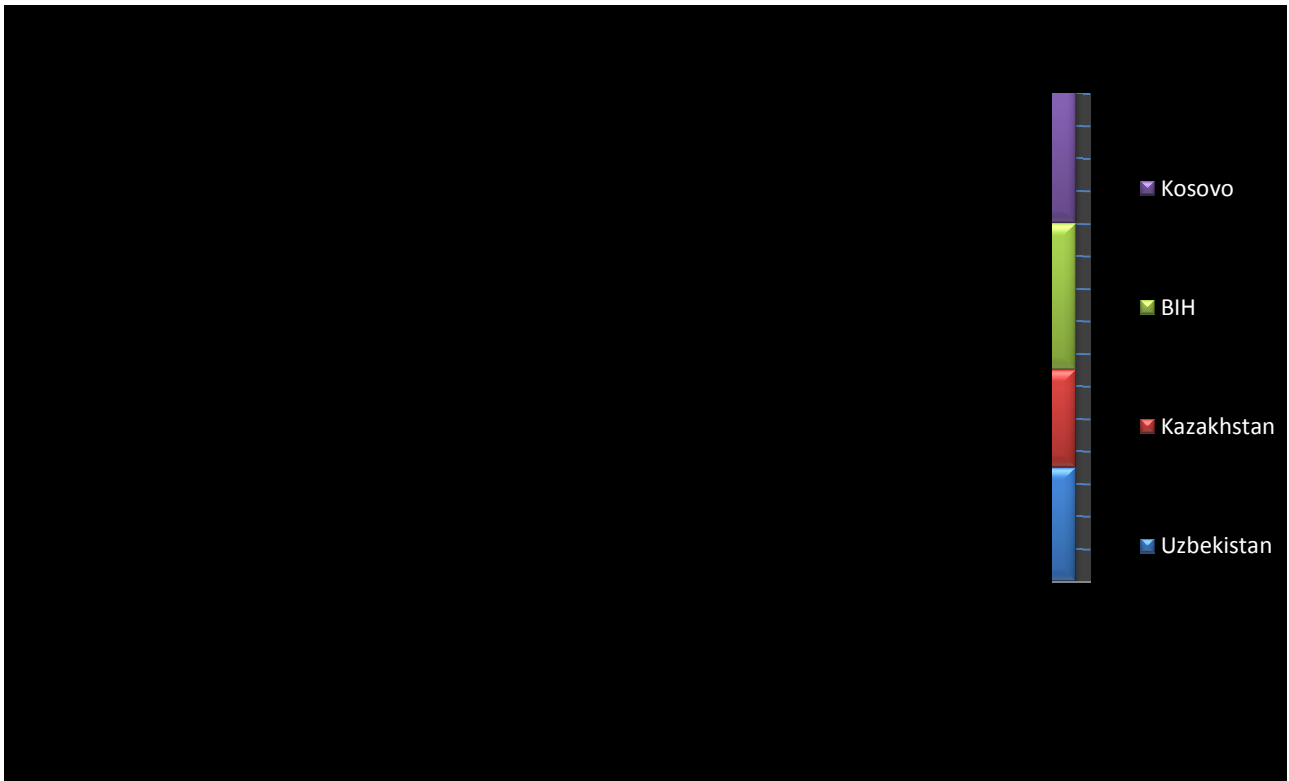
As visualized in the below graphs, currently 31 projects are under development (15 pipeline and 16 endorsed by the NSC) in different stages of development. Four projects have reached implementation, whereas 1 project is currently in stage 5 (preparation for implementation) and 6 projects are following closely, being currently in the stage of feasibility analysis.

7 projects have been linked with external partners up to date, including one project in Uzbekistan (in implementation), two project in Bosnia (one in implementation and one in preparation for implementation) and four projects in Kosovo (two in early development and two in the feasibility analysis stage).

Based on current assessments of the project management, by the end of August 2012, BIH is on track to achieve both primary targets and Uzbekistan will bring five projects to implementation, whereof at least one with an external partner. Kosovo will bring three to five projects to the implementation stage, thereof two with external companies' participation. In Kazakhstan, it is unlikely that the project achieves the primary target of five projects in implementation and therefore it is expected that only one of the implemented projects will count with the participation of an external company.

For more information on the progress of Output 2 please refer to Chapter 4 of this report.

⁸ As approved by the Project Board on 15 December 2011, primary indicators and targets are: Successfully brokered investment projects in progress (5 in each country, 20 in total) and "Facilitate linkages between external companies and entrepreneurs/SME's/producers organizations in target countries (At least 2 projects with external companies in each of the new target countries". NEW target countries according to project document and project outline being Kosovo, Kazakhstan and Uzbekistan.



Projects names with current stage of development and indication of existence of external partners (projects with external partners are marked with asterics*)

Country	1- Exploration	2- Development	3- Endorsement	4 - Feasibility	5- Preparatory	6 - Implementation	7 -Exit	Total Projects
Uzbekistan	Clay greenhouses ; Aquaculture (both pipeline)	Indigo dye promotion (pipeline)	Honey promotion	Handicraft	0	Fair Trade Cherries*; Milk collection centre	0	7
Kazakhstan	Bee-keeping (pipeline)	Retail union	Waste Collection; Hides collection; Biogas (all pipeline)	Milk Collection Centre	0	0	0	6
BIH	0	0	Plastic collection network; Handicraft (pipeline); Wild herbs collection (pipeline); Raspberry production (pipeline)	Wool collection	Wool processing* ; Value Chain inclusion of small farmers - Boletus	Paper collection network*; Small Poultry	0	9
Kosovo	0	Bee-keeping; Wild fruits; Potatoes processing*; Apparel*; Waste management/ Recycling (all pipeline)	Fruits and Vegetables	Vocational Education Training*; Poultry; Sheep*	0	0	0	9
Overall per stage	3	7	9	6	2	4	0	31

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

3.1 Project progress during the reported period

Three country launches organized – Overall project target for Output 1 (of at least three launches) achieved but ambitiously increased annual target 2011 not only partially achieved (achievement of 50%).

According to the GIM Project Document, the overall project target for Output 1 is to organize at least three country launches of the regional report spurring localization of the GIM initiative at country level. With two country launches hold in 2010 (in Kosovo and Montenegro) and three other launches carried out in the first half of 2011 (Moldova, Belarus, Turkey) as well as a wide dissemination of the report in media relevant to private sector and development area, the overall project target has largely been met.

The annual target for Output 1 was changed to the ambitious: ‘At least 6 country launches’, as it was expected for Kazakhstan and Uzbekistan to organize a GIM report launch together with the presentation of first results of output 2 of the regional project. However, these countries decided to postpone the launch even further (due to the lack of tangible results) and only 3 out of 6 launches were carried out in 2011.

Furthermore, in the second half of 2011, seen that the overall project target of three launches (as per Project Document) was already achieved, the project management fully focused their time on supporting the achievement of Output 2.

Nevertheless, the dissemination of the GIM report was continued wherever possible. As such Ms. Brigitte Colarte- Duerr presented the report and the GIM project to the audience of the [Seminar “Corporate Social Responsibility in the United Nations framework”](#)⁹ organized by the Spanish UN Association and hold in Barcelona on 28th November at the Circle of Economy of Barcelona.

⁹ <http://anuecomunicacio.wordpress.com/seminari-la-responsabilitat-social-de-les-empreses-en-el-marc-de-les-nacions-unides/>

Indicators	Targets 2011	Activity results – to be achieved by end of 2011	Key activities January-December 2011 (no activities undertaken in July-December 2011)
<p>Country launches of the regional report spurring localization of the GIM initiative at country level.</p>	<p><u>Partially achieved (50% achievement with 3 out of 6 launches carried out).</u></p> <p>At least 6 country launches of the regional report are organized spurring localization of the GIM initiative at country level.</p>	<p>Report disseminated</p>	<p>a. On February 2, 2011, UNDP Moldova organized a full-day workshop at the Academy of Economic Studies of the Republic of Moldova dedicated to the launch of the regional Growing report Business Solutions to Poverty – How inclusive business models create opportunities for all in Emerging Europe and Central Asia. The workshop was attended by over 50 participants, representing entrepreneurs, government, academia, NGOs and business incubators. The workshop created a platform for private-public dialogue, which resulted in the identification of problematic areas and concrete recommendations for development toward inclusive business in such areas as tourism, agriculture and ICT. The launch was supported by BRC.</p> <p>b. In Belarus, the launch of the report took the form of a press conference held on 1 March 2011 at the National Press Centre.</p> <p>c. During a high profile event held on March 11 in Istanbul, Turkey, the UNDP Administrator, Ms. Helen Clark and the Assistant Secretary General and Director of UNDP’s Regional Bureau for Europe & the CIS, Ms. Kori Udovicki, officially launched the first GIM report. The event was attended by over 100 representatives from the private sector, academia, government as well as civil society, and featured presentations from 4 companies (Hey Textile from Turkey; Vitmark from Ukraine; Rural Finance Cooperation from Moldova; Saraman from Iran) The event followed a workshop on inclusive business in Emerging Europe and Central Asia, organized in collaboration with the Koç University and TIKA. The workshop included a detailed presentation of the report findings and analysis of some inclusive business models from the region, as well as small group discussions on potential inclusive business models in Turkey, major constraints, potential solution strategies, key partners and recommendations.</p> <p>d. As a result of the implemented dissemination strategy, the report was featured on a wide range of websites on the topic of private sector and development such as World Business Council for Sustainable Development (WBCSD), Donor Committee for Enterprise Development (DCED), Business Fights Poverty Blog, Endeva, Growing Inclusive Markets Website and blog, Global</p>

Indicators	Targets 2011	Activity results – to be achieved by end of 2011	Key activities January-December 2011 (no activities undertaken in July-December 2011)
			<p>Compact newsletter, UNDP websites etc..</p> <p>e. The report and the GIM project was presented to the audience of the Seminar “Corporate Social Responsibility in the United Nations framework¹⁰” organized by the Spanish UN Association and hold in Barcelona on 28th November at the Circle of Economy of Barcelona.</p>

3.2 Financial report: Expenditures

Due to the financial closure of this project component by the end of 2010, expenditures of component 1 are reflected in the financial report for Output 2.

¹⁰ <http://anuecomunicacio.wordpress.com/seminari-la-responsabilitat-social-de-les-empreses-en-el-marc-de-les-nacions-unides/>

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

4.1 Project progress during the reported period – regional summary

In 2011, out of the four targets one target was only partially achieved (positive review). Bosnia and Herzegovina and Uzbekistan have met their annual targets according to agreed Annual Work plans. For Turkey based business Outreach, 1 out of 2 targets were met, in Kosovo, 3 out of 4 targets were achieved, whereas in Kazakhstan, due to the delays incurred in broker recruitment and project relocation, only 2 out of 5 targets were met (please see country specific sections).

The regional project started in September 2009 with the institutional set up and the recruitment of the GIM Brokers. To date, the project is operational in all four target countries, counting with the support from UNDP Bratislava Regional Centre and the Business Outreach Coordinator in Turkey. In the second quarter of 2010, Egypt's IMD project was added to the regional GIM project and exchanges of experiences between the brokers and the Bratislava Regional Centre took place. However, due to political unrest, the project in Egypt was put on hold in the second half of 2011. During the reporting period, two new brokers were recruited and trained in GSB/IMD methodology. An annual broker training was organized in Istanbul and a training mission carried out in Kosovo. National Steering Committee meetings were held in all 4 project countries. Nine feasibility studies were carried out and project review missions were organized to the four project countries.

The information on the progress in the reporting period for the regional component is summarized in the below table:

Expected output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan		
Annual output targets 2011	Achieved results - during reporting period	Main activities - during the reported period
<p>1. Regional output target: Five trained Brokers in place (1 per country and a Business Outreach Coordinator in Turkey)</p>	<p style="text-align: center;"><u>Status: Achieved</u></p> <ul style="list-style-type: none"> ▪ 5 trained Brokers are in place and fully engaged with their duties under the project. ▪ Project is operational in BiH, Kosovo, Kazakhstan and Uzbekistan. ▪ Project is managed effectively 	<p>The project is operational in all project countries:</p> <ul style="list-style-type: none"> ▪ Two new brokers were trained in GSB/IMD methodology. Due to the departure of Ms. Amela Kosovic-Medic in BiH by the end of 2010, Mr. Sasa Slijepcevic took up his duties by the end of January 2011. In Kazakhstan, the former GIM broker, Mr. Darkhan Bilyalov, left the project by the end of March 2011 and Mr. Akhmad Kabdiyev joined UNDP in mid May 2011. ▪ An Annual broker training and workshop was carried out on 11- 14 July in Istanbul, organized by the Outreach coordinator in collaboration with BRC. The workshop was centred on the review of the project strategy resulting in the ‘guidelines for implementation’ approved by the project board on 15 December 2011. <p>Project management, coordination and oversight:</p> <ul style="list-style-type: none"> ▪ Day to day country level project management was carried out ▪ Project coordination, quality assurance and oversight are assured. After the departure of Ms. Pascale Bonzom in mid March 2011, Mr. Stephan Schmitt-Degenhardt, Private Sector Development Policy Specialist at the Bratislava Regional Centre took over her duties in this project. ▪ In early May, the project management reviewed the project’s performance so far to identify ways for further improvements. The meeting resulted in the identification of still unexploited potentials for the project, which resulted in a draft strategy paper (draft guidelines for implementation 2011). ▪ A Project Management meeting was held in Bratislava in December 2011 where progress made in 2011 and priorities for 2012 were discussed.

Expected output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan		
Annual output targets 2011	Achieved results - during reporting period	Main activities - during the reported period
<p>2. Regional output target: Four functioning National Steering Committees (one per country)</p>	<p><u>Status: Achieved</u></p> <ul style="list-style-type: none"> ▪ National Steering Committee (NSC) are set up in all project countries¹¹ ▪ National Steering Committees are operational and successfully deal with their functions in all project countries. 	<p>Organization and facilitation of National Steering Committee Meetings:</p> <ul style="list-style-type: none"> ▪ National Steering Committee meetings were held in all project countries and new project ideas were endorsed. ▪ In <u>Kazakhstan</u>, NSC membership was refined to ensure local ownership over the project by including local stakeholders from Eastern Kazakhstan.
<p>3. Regional output target: At least five socio-economic feasibility studies that analyse development impact and financial viability of potential investment projects</p>	<p><u>Status: Achieved</u></p> <ul style="list-style-type: none"> ▪ Nine feasibility studies have been completed in 2011 (4 x BiH, 2x Uzbekistan, 3x Kosovo). ▪ One study on milk collection is currently under development in Kazakhstan, to be finalized in Q1, 2012 	<p>Selection of key Stakeholders and key markets/sectors for GIM interventions :</p> <ul style="list-style-type: none"> ▪ Key Markets selection and stakeholder mapping have been carried out in all countries already in 2010. ▪ <u>Kazakhstan</u>: A refined stakeholder and key sector mapping tailored to the Eastern Kazakhstan region was undertaken by the GIM broker, responding to the need of the project due to its relocalization. Selected sectors are agriculture (and related) and environment (and related). ▪ <u>Kosovo</u>: The construction sector was eliminated from the GIM intervention sectors. <p>Nine feasibility studies were finalized:</p> <ul style="list-style-type: none"> ▪ 4 Studies in BiH covering wool, goat, mushroom, fruits & vegetables; ▪ 2 Studies in Uzbekistan covering fair trade gap analysis and milk processor readiness. ▪ 3 Studies in Kosovo covering the feasibility on vocational education training centre, as well as sectoral studies on poultry and sheep. <p>One feasibility study has been commissioned and is under development</p> <ul style="list-style-type: none"> ▪ In Kazakhstan, one study on Milk Collection is under development, to be finalized in Q1, 2012.

¹¹ More information on the special set up of the NSC in BiH is contained in the country specific section.

Expected output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan		
Annual output targets 2011	Achieved results - during reporting period	Main activities - during the reported period
<p>4. One positive project review per new country¹²</p>	<p><u>Status: Partially Achieved</u> <u>75% achievement</u></p> <ul style="list-style-type: none"> 4 Review missions were carried out with the project progress assessed as positive in all project countries, except for Kazakhstan. 	<ul style="list-style-type: none"> The project review missions have taken place in November and December 2011 and were carried out by Mr. Gokhan Dikmener (Kazakhstan and Kosovo) and Ms. Brigitte Colarte-Duerr (Uzbekistan and BIH). The project progress was assessed positive in all project countries, except Kazakhstan, which incurred important delays in broker recruitment and relocation in 2011 and is no longer on track to achieve the project targets by August 2012.

¹² The UNDP Country Office Management decided that the best timing for the Project Evaluation is by the end of the regional project, due to the prolongation of the broker's contract until August 2012. However, a review mission, financed by UNDP BRC funds has been carried out in December 2011.

4.2 Changes in implementation

4.2.1 Project Board decisions from 10 March 2011

The project progress and the changes in implementation were presented by the Project Manager as stated in the Annual GIM Project Progress report for 2010¹³.

For Output 1 the approved changes were:

- Change in the report production progress
- Postponement of the 'official' launch of the English version of the report

For Output 2 the approved changes were:

- Delay in Broker recruitment in Kosovo:
- Postponement of the project launches in two project countries (Kosovo and Uzbekistan):
- Inclusion of Egypt in the regional Project
- Decisions taken by the GIM project board on 9 September 2010, which affect project implementation (adjustment of project start and ending dates, correction of percentage calculations in the Project Document; principle of flexibility in the usage of unspent TIKA funds including an extension of the project in BiH until April 2011 and the distribution of remaining funds for project activities in Uzbekistan, Kazakhstan and Kosovo)
- Localization of the Kazakhstan project in the Eastern part of the country

Further discussions took place on the following¹⁴ :

- **The UNDP office in Egypt (Ms. Ghada Waly)** expressed concern that the political situation might have some impact on the results of the IMD project in Egypt.
- **The UNDP Kosovo office** mentioned their strategic decision of embedding the promotion of Global Compact and Corporate Social Responsibility in the GIM project as from 2011 and requested advice on international/regional best practice¹⁵.
- **The UNDP Country office in Bosnia and Herzegovina (Mr. Sasa Slijepcevic)** updated the Board on the latest achievements and project activities in BiH since end of January 2011.
- **Mr. Mehmet Yilmaz** expressed **TIKA's** interest in extending the GIM project in BiH for another 16 months until August 2012 (end of the regional project). Welcoming TIKA's proposal, it has been agreed that this option will further be discussed with all involved stakeholders.
- **The Bratislava Regional Centre (Ms. Agi Veres – representing the Project Executive)** informed the Board that Ms. Pascale Bonzom (PSE Specialist) will leave her current position at BRC. Mr. Stephan Schmitt-Degenhardt, experienced Private Sector Development Specialist at BRC will take over the oversight functions (overall regional supervision and technical assistance to brokers).

¹³ Please refer to the updated Annual Project Progress Report shared with the Board in early February 2011.

¹⁴ Please refer to the Project Board Call Summary – 10 March 2011 for further information.

¹⁵ All brokers and interested Country Office counterparts participated on 19 April 2011 in a teleconference on exchange of experience on promotion of Global Compact and CSR activities within the GIM project, where Ms. Danica Viznerova, Private Partnership Officer at UNDP Bratislava Regional Center provided inputs and answered to open question and followed-up via email with the Kosovo office.

4.2.2 Project Board decisions from 9 June 2011

Approval of project extension and recruitment of a new broker in BIH:

- Due to the departure of the former broker, Ms. Amela Kosovic-Medic by the end of 2010, Mr. Sasa Sljepcevic was recruited for the position of GIM broker and took up his duties on 24 January 2011.
- The Project Board approved the request of the donor for a second extension of the GIM project in BIH until August 2012 (Based on a decision of the Project Board from 09 September 2010, the project in BIH had already been granted a first extension until April 2011.)

Approval of the TIKA funds budget for 2011 and 2012 including re-allocations:

The Board approved the re-allocation of TIKA funds and the proposed TIKA budget for 2011 and 2012¹⁶. Part of the available funds will be reallocated to the projects in Kazakhstan, Kosovo and Uzbekistan to be used to support project activities. The remaining funds are destined to finance the project extension in BIH and to cost-share the GIM report ([Business Solutions to Poverty](#)) launch and workshop on Inclusive Business held on 11 March 2011 in Istanbul.

Approval of project management request to explore adaptation of the project strategy:

The Project Board agreed for the project management to explore the adaptation of the project strategy in order to enable the achievement of faster and better results that should ensure the achievement of project targets.

4.2.3 Project Board decisions from 15 December 2011

Adaptation of the project strategy

In early May, the project management reviewed the project's performance so far to identify ways for further improvements. The meeting resulted in the identification of still unexploited potentials for the project, which were further discussed and resulted in a draft strategy paper. The draft strategy paper does explore ways on how to adapt the project strategy in order to ensure better and faster results within the project duration. The latter was discussed with the brokers in the annual workshop on 11-14 July 2011 and a revised draft strategy paper (guidelines for implementation 2011) containing the outcomes of the discussion and the suggested changes was submitted to the Project Board for final approval in Q3, 2011.

¹⁶ Please find detailed information on the decisions of the Project Board including the approved budget in the approved Project Board Consultation from 09 June 2011.

The Board approved the following proposed changes¹⁷:

1. Focus on results: Prioritization of relevant project targets:

Categorization of the current project targets in primary, secondary and static targets, with implications on project focus, budget allocations and reporting - in line with UNDP's Results Based Management approach:

- All activities will be focused on the achievement of primary targets (which are the development of inclusive business projects with and without participation of external companies). The achievement of primary targets contributes directly to output 2 of the regional project. In consequence, the achievement of primary targets alone will evaluate the success of the overall project and stands at the centre of our reporting.
- Activities contributing to indicators/targets categorized as secondary will only be conducted if directly contributing to primary targets/indicators. Secondary targets will thus not necessarily be achieved (no explicit project targets).

2. Finances: Flexibilized resource allocation

- Make the resource allocation flexible by giving the brokers the possibility to propose changes to the budget and annual work plans in order to facilitate the fast uptake of inclusive business model opportunities and prioritize the achievement of primary targets.
- Key implication: The budget is no longer strictly tied to a specific budget line. This is equally valid for UNDP (TRAC) and TIKa funds.

3. Brokerage: Expanded project implementation modalities

- The project implementation modalities will be expanded to allow not only the traditional Growing Sustainable Business (GSB) approach of working with a lead firm, but also other approaches that contribute to the creation of sustainable and profitable inclusive business such as e.g. pro-poor value chain developments and micro-enterprise developments, depending of the specific circumstances in a country or sector.

4. Partnership building: Provide incentives

- The brokers are encouraged to explore mechanisms to incentivize partners such as the provision of technical assistance, the use of micro-grants and the funding of equipment in exceptional cases.

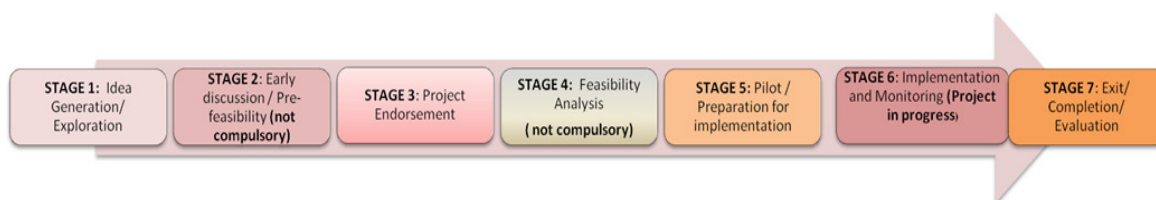
5. Project Management: Reinforced team and new approaches

- The project will take advantage of the experience of GIM business outreach coordinator Mr. Gokhan Dikmener and utilize it to strengthen the project's management.
- A project portfolio approach is implemented that enhances a timely, methodical, and effective project prioritization (including the use of resources and time).

6. Adjustment of processes: Simplified procedures and fast action

¹⁷ The following proposal included in the draft guidelines, did not receive the approval of the Board due to TIKa's disagreement and was therefore eliminated from the final version of the guidelines: "It is proposed to change the targets of the primary indicators as follows: "At least 5 inclusive business project in progress, 20 in total " will be changed to " At least 16 inclusive business models in total (abolishment of the per country indicator and reduction -4)" "At least 2 projects with external companies in each of the new target countries" will be changed to "At least 6 projects with external companies in total "(in all four countries combined, per country target was abolished) Please find the approved guidelines for implementation 2011 attached for more information.

- Simplified procedures, a new reporting format and the division of the project cycle in seven stages with clearly defined supporting documents, should enhance fast action and allow for adequate monitoring of project progress. The project stages are depicted below:



7. Collaboration: Use of UNDP's assets

- To find synergies and better use of project assets to reach project targets, the brokers and the project management team will increase the level of cooperation with possible stakeholders and partners to the best use of existing internal and external assets.

Allocation of additional funds to project management by UNDP Bratislava Regional Centre:

The UNDP Bratislava Regional Centre, committed to a successful outcome of this project and in view of further strengthening the regional project management functions, approved our request for a considerable allocation of additional UNDP TRAC funds (on top of the funds already committed in the Project Document) for 2011 and 2012. These additional funds are used to enhance project management and oversight and allow for more financial flexibility in the implementation of the project. In addition to this, the regional project management team intensified its backstopping and advisory function for country projects and puts in place a system of checks and balances that empowers the broker to act in a flexible way and to take up relevant project opportunities by providing appropriate project support.

4.2.4 Other changes in implementation

Localization of the Kazakhstan project in the Eastern part of the country and recruitment of a new broker:

As approved by the Project Board on 10 March 2011, due to the sheer size of the country and the potential synergies with other UNDP projects, it was decided to localize the project in the Eastern Kazakhstan region. After the departure of the former GIM broker, Mr. Darkhan Bilyalov in March 2011 some delays were incurred in the recruitment of the new broker due to the limited availability of qualified applicants willing to relocate to Eastern Kazakhstan. On 16 May 2011, the new broker, Mr. Akhmad Kabdiyev, took up his duties. After an initial handover period in Astana, broker relocated to Ust' Kamenogorsk in early August 2011. Seen that most project opportunities were identified in Semey and in order to take advantage of potential synergies arising from the UNDP Area Based Development Project located in the same town, the country office decide to relocate the broker to Semey in mid October, 2011.

Political turmoil in Egypt resulted in putting the GSB project on hold :

Due to the political turmoil in Egypt during 2011, the project activities have been minimized. There have been cabinet changes and different ministers in the government counterpart as well as a change in the board of Industry Modernization Center, the implementing partner of the Growing Sustainable Business (GSB) project, which affected project implementation in the first half of 2011. The unstable political situation in Egypt is affecting the general investment climate which impacted GSB performance negatively.

Based on the GSB Egypt Project Board Meeting's recommendation from May 2011, a UNDP Assessment mission, composed of Sahba Sobhani, interim director of the International Istanbul Center for Private Sector in Development and Gokhan Dikmener, GIM Business Outreach Coordinator, visited the project during 19 – 23 June 2011 to assess the current strategy, performance and suggest solutions to bottlenecks recommending new strategies and help developing a new work plan. Ms. Ghada Waly, Assistant Resident Representative for UNDP Egypt participated in the annual GIM broker training in July 2011. The draft mission report was shared with UNDP Egypt in Q3, 2011 and is awaiting clearance. At the end of December, UNDP Egypt requested a call on the finalization of the mission report for early 2012. The planned restructuration of the project is expected for 2012.

Taking into account the existence of specific and different targets for the project in Egypt, its progress will be reported only in the section 4.5.6. For 2011, considering that the project activities were minimized for the second half of the year, the section 3.5.6 only reports on progress in the period from January – June 2011.

4.3 Key planned activities to support achievement of output targets in the next reporting period (January-June 2012)

As approved by the Project Board on 15 December 2011, the activities for 2012 (and the project reports) will be focused on the achievement of primary targets.

Expected project output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan			
Targets prioritization (explanation)	Indicators and Annual targets 2012	Activity results - to be achieved by August 2012	Planned key activities - for January – June 2012
<p>Static indicators and targets: <i>These are preconditions for the project implementation and being part of the project set up, they have already been reached. Only change in staff, broker training activities and composition of National Steering Committee (NSC) will be reported.</i></p>	<p>1. Trained GIM broker: <i>Target: Five trained Brokers in place (1 per country and a Business outreach Broker in Turkey)</i></p>	<ul style="list-style-type: none"> ▪ Project is operational in all countries ▪ Project managed effectively 	<p><i>Note: Target 1 is already achieved, only changes in staff and broker training activities will be reported</i></p> <p>Regional project management, coordination and oversight:</p> <ul style="list-style-type: none"> ▪ Organization of the annual broker’s training/ workshop in Q1, 2011. ▪ Fully implement the “guidelines for implementation” as approved by the Project Board on 15 December 2011. ▪ Provide project coordination, quality assurance and oversight ▪ Provide technical backstopping and assure effective regional project management
	<p>2. Functioning National Steering Committees <i>Target : one per country, 4 in total</i></p>	<ul style="list-style-type: none"> ▪ Project is operational in all countries 	<p><i>Note: Target 2 is already achieved; only change in NSC composition will be reported</i></p> <p>Functional National Steering Committees</p> <ul style="list-style-type: none"> ▪ Organize NSC consultations in the project countries depending on need for advice and endorsement of projects ▪ Kazakhstan: The GIM broker will follow up with the NSC to finalize the endorsement of the proposed projects in waste management and agriculture (including the production of biogas) in Q1, 2012

Expected project output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan			
Targets prioritization (explanation)	Indicators and Annual targets 2012	Activity results	Planned key activities – January – June 2012
<p>Secondary Indicators and Targets:</p> <p><i>The relevance of these indicators (and mapping targets) to the intended output is uncertain and a direct causal relationship between the achievement of secondary targets and project output can not always be established. Activities contributing to the achievement of secondary targets will be implemented only if they contribute directly to the primary targets according to the cost-benefit principle and will not determine the project success. In consequence, their targets might not be achieved completely by the end of the project.</i></p>	<p>3. Socio-economic feasibility studies that analyse financial viability and development impact of potential investment projects: NO TARGET</p> <p><u><i>(To meet initial target as per Project Document, 7 studies would have to be commissioned and/or finalized: 2x KOS, 4x KAZ, 1x UZB)¹⁸</i></u></p>	<ul style="list-style-type: none"> ▪ Socio-economic feasibility study that analyses development impact and financial viability of potential investment projects carried out <i>if contributing to the primary targets.</i> 	<p><i>Note: As further explained in the guidelines for Implementation 2011, it is expected that, in some cases, the inclusive business model can be developed without a feasibility study by providing the stakeholders with other forms of support. The elaboration of a feasibility study should only be used where relevant. As a consequence, the current project target will not necessarily be met if it doesn't directly contribute to the primary targets.</i></p> <p>Planned socio-economic feasibility studies:</p> <ul style="list-style-type: none"> ▪ <u>Uzbekistan:</u> Commission feasibility studies on honey promotion, aquaculture, and solar greenhouses ▪ <u>Kazakhstan:</u> Monitoring the development of a commissioned feasibility study on milk collection ▪ <u>Kosovo:</u> Hire a consultant to support farmers and SMEs in agriculture sector to write grant applications and support them on project implementation

¹⁸ Up to date, 14 studies were finalized; with completion of five studies in 2010 (2010: 2x BIH, 2x UZB, 1x KAZ) and nine studies in 2011 (4x BIH, 2x UZB, 3x Kosovo).

<p><i>This is a consequence from the deliberate decision to focus our activities and resources on the overarching project indicators. Reporting on its achievement will be minimized.</i></p>			
	<p>4. Advocacy activities on the role of the private sector in development : NO TARGET <i><u>(To meet initial target as per Project Document, 4 advocacy activities should be carried out: 1 in each country)</u></i></p>	<ul style="list-style-type: none"> ▪ Advocacy activities on the role of the private sector in development organized if contributing to the primary targets. ▪ 	<p><i>Note:</i> <i>Advocacy events and activities can support the awareness of the role of the private sector in development and can constitute an important tool to prepare the ground for collaboration with the private sector, public actors or CSO's in inclusive business creation. However, they should only be implemented if contributing directly to the primary target.</i></p> <p>Planned activities on advocacy:</p> <ul style="list-style-type: none"> ▪ Kazakhstan: Presentations on inclusive business models for private-sector enterprises in East Kazakhstan will be carried out. The broker will organize a workshop on inclusive business models for companies that are potential partners as well as representatives of public and agricultural associations and governmental actors.
	<p>5. New companies subscribing to Global Compact principles: NO TARGET : <u>(Initial target = 10 per new country, 30 in total)</u></p>		<p><i>Note:</i> <i>This target is a potential entry point or instrument to reach the primary target and will only be implemented if the cost-benefit evaluation is positive and in accordance with the situation in the target countries (minimum budget expenditures and priority are given to this target): For certain countries like Uzbekistan and Kazakhstan, the usage of Global Compact as entry point is thus not recommended. The achievement of this project target is not compulsory as it does not necessarily directly contribute to the primary targets.</i></p>

	<p>6. Local pacts between government, businesses and NGO's to work with investors : NO TARGET <i>(Initial target as per Project Document = 5 in each country, 20 in total)</i></p>		<p><i>Note: Up to date, all identified projects involve several partners and are expected to develop functioning multi-stakeholder alliances.</i></p>
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Expected project output: Successfully brokered inclusive business model investment projects in progress in Bosnia i Herzegovina, Kosovo, Kazakhstan and Uzbekistan			
Targets prioritization (explanation)	Indicators and Annual targets 2012	Activity results - to be achieved by August 2012	Activity results - to be achieved by August 2012
<p>Primary Indicators and Targets: <i>The achievement of the primary targets is first priority as it contributes directly to the output 2 of the regional project. All project staff should concentrate fully on the achievement of these targets. In consequence, the project reporting will be focused on the primary indicators. The project success will be evaluated in relation with the achievement of primary targets only.</i></p>	<p>7. Successfully brokered investment projects in progress¹⁹ <i>Target 2012: <u>At least 16 additional investment projects successfully brought to implementation (3 BIH, 3 UZB, 5 KAZ, 5 KOS)</u>²⁰</i></p>	<ul style="list-style-type: none"> ▪ New investment projects identified, developed and supported 	<p><u>Planned activities to support the development of inclusive business projects</u></p> <ul style="list-style-type: none"> ▪ BIH: <ul style="list-style-type: none"> - For the small poultry project (stage 6 –implementation) , the broker will monitor the operations and provide technical support for production cycles. -The paper collection network (stage 6 – implementation) will be expanded to additional municipalities -For the wool collection pilot project (stage 4- feasibility), the broker will purchase necessary equipment, organize trainings of shearers and start the collection of wool. He will also identify market channels for the wool. -For the wool processing project (stage 5 – preparation for implementation), the broker will clarify the interest of the investor or search for another committed partner. -For the value chain inclusion of small fruits and vegetable farmers (stage 5 – preparation for implementation), the broker will provide the remaining HACCP trainings to the staff of Boletus and support the company in the development of all documentation needed for HACCP certification. - For the plastic collection network (stage 3 – endorsement) The broker will identify collectors in municipalities. He will identify interested project partners and explore collaboration with local municipalities and school for organization of plastic collection in schools. -Pipeline projects (Handicraft, Collection of wild herbs, Raspberry production all in stage 3 -endorsement) will be further developed if time permits and financial resources for their implementation can be found.

¹⁹ Projects in progress are implemented projects (defined as such in the GSB Operational Manual 2008/57 and explained in the ‘guidelines for implementation 2011).

²⁰ Considering that 4 projects (2x BIH, 2x UZBE) are already in the implementation phase, 16 additional inclusive investment projects need to be brought to implementation in order to reach the overall project target of 20 successfully brokered investment projects in progress (5 in each country).

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| | | | <ul style="list-style-type: none"> ▪ <u>Kosovo</u> has a high number of projects in the pipeline. In the first quarter the broker will concentrate on maturing the existing projects to implement in Q2. If there is a need for additional projects than in Q2 broker will explore new opportunities. <ul style="list-style-type: none"> - For the poultry project (stage 4 –feasibility), the brokers in Kosovo and Turkey will continue facilitating meetings and discussions between local lead companies and Turkish investors on joint venture in strengthening the value chain for local poultry meat production in Kosovo. - For the vocational education centre (stage 4 –feasibility), The Project Manager and UNDP Broker in Turkey agreed to organize a joint meeting between Turkish investor and Kosovo counterparts aiming to finalize the deal on establishing the VET center. - For the sheep sector project (stage 4 –feasibility), the broker will develop a partnership framework with Rematex and carry out the activities to establish a wool collection network. - For the fruits and vegetable project (stage 3 –endorsement) , the RFQ to conduct a feasibility study has been announced and early next year the consulting firm will be contracted. The broker will monitor the consultants. - Pipeline projects (all at stage 2 – development) will be developed and their likelihood of success assessed, in order to seek endorsement of the National Steering Committee for promising projects. ▪ <u>Kazakhstan</u>: The business models and the partnerships will be further developed and new project leads identified. <ul style="list-style-type: none"> -The broker will revise the retail union project (stage 2 – development) taking into account the interest of local partners and submit if to the NSC for endorsement. -For the milk collection centre (stage 4 – feasibility study), broker will finalize the feasibility study. Further project partners (such as EBRD) will be searched for. ▪ <u>Uzbekistan</u>: <ul style="list-style-type: none"> - The fair trade cherries project (stage 6 – implementation) will be monitored and a report on its project implementation drafted - The equipment for the milk collection centre (stage 6 – implementation) will be installed and a Memorandum of Understanding signed with the lead firm. The broker will monitor the start of operations. -The handicraft project (stage 4 – feasibility) will be supported by the purchase and delivery of sewing machines and the identification of marketing channels for the company’s products. - For the honey project (stage 3- endorsement), a consultant will be hired to |
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			<p>investigate the honey value chain and explore opportunities for the promotion of honey sales. The collaboration with the lead firm and other project partners will be defined, depending on the outcomes of the study.</p> <p>- The pipeline projects on aquaculture and clay greenhouses (both stage 1 – exploration) will further be developed and project partners identified.</p>
	<p>8. Facilitate linkages between external companies and entrepreneurs/SME's, producer organizations in target countries <i>Target: <u>At least 5 projects with external companies in the new countries (1 UZB, 2 KOS, 2 KAZ)</u></i>²¹</p>		<p>Business Outreach: Match-make external companies with investment opportunities</p> <ul style="list-style-type: none"> ▪ The Business Outreach Coordinator (BOC) will organize an investment and business mission to Kosovo in Q1, 2012 combined with a workshop and match-making event in collaboration with the 'Turkish Poultry Promotion Group'. This activity will only be carried out if the partners of the project show high level of commitment. ▪ The Business Outreach Coordinator and Kosovo Broker will organize a stakeholder mission to Kosovo in Q1 for the Kosovo VET project ▪ The BOC will organize an outreach mission to Bosnia to develop the partnership with TSÜAB (Sub-Union of Seed Industrialists and Producers) ▪ Explore opportunities for leather apparel production in Semey ▪ Explore overseas markets for Uzbek indigo dye ▪ Responding to the demand from the project countries, the Business Outreach Coordinator plans to organize an event on inclusive business in waste management.

²¹ Considering that, by the end of 2011 1 project with external partners is in the implementation stage in the new project countries, by the end of the project, at least 5 projects with external companies need to be in progress (1x UZB, 2x KOS, 2x KAZ).

	<p>9. <i>Annual Target:</i> <u>Independent project evaluation carried out</u></p>		<p>Organize external evaluation:</p> <ul style="list-style-type: none"> ▪ Terms of reference for the project evaluation will be drafted and agreed with the Project Board.
	<p>10. <i>Annual Target:</i> <u>Lessons learned and case studies documented/codified</u></p>		<p>Codify lessons learnt</p> <ul style="list-style-type: none"> ▪ Create and update lessons learnt log

4.4 Financial report: TIKA Funds Expenditures January – December 2011

	Budget 2011	Expenditures
	01 Jan - 31-Dec	01 Jan - 31-Dec
Bosnia & Herzegovina		
Broker's salary	\$44,960	\$35,995
General Management Services (GMS)	\$3,147	\$2,520

Kazakhstan		
Broker's salary	\$21,600	\$18,864
Project Activity	\$51,500	\$26,083
GMS	\$5,117	\$3,146
Kosovo		
Broker's salary	\$28,000	\$25,190
Project Activity	\$50,000	\$0
GMS	\$5,460	\$1,763

Uzbekistan		
Broker's salary	\$18,168	\$17,127
Project Activity	\$82,192	\$0
GMS	\$7,025	\$1,199

Turkey		
Broker's salary	\$54,288	\$45,309
Travel	\$14,957	\$1,087
Overheads	\$888	\$0
GMS	\$4,909	\$3,248

Regional coordination, knowledge management and support		
Feasibility Studies	\$99,915	\$14,634
Turkey Launch	\$6,800	\$6,706
GMS	\$7,470	\$1,494

Sub-total	\$473,268	\$190,994
GMS	\$33,129	\$13,370
Total	\$506,397	\$204,364

Disclaimer: Expenditures are pending certified reports (available in April 2012 for 2011 expenditures) and are therefore to be used as an indication only.

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

4.5.1 Bosnia and Herzegovina

In BIH, all annual targets were achieved in 2011²².

Despite the change in staff in January 2011, the project in BiH showed excellent performance 2011: 4 feasibility studies were finalized and the National Steering committee met in November 2011. The project portfolio counts with 6 promising projects, of which 2 are already in the implementation phase (paper collection network and small poultry farming). One of the implemented projects counts with the participation of an external lead firm. the Outreach broker carried out a mission to BIH in December 2011 that resulted in contacts with Turkish companies (TSUAB and Sir Dedic) for two potential projects. In addition to the established portfolio, a pipeline of 3 projects was developed. Two projects highlighted in the previous donor report (Jan-June 2011) were put on hold in the second half of 2011 due to the inability to raise sufficient funds (goat milk project) and the lack of committed partners (honey project)

In order to reach the overall project primary target²³ of 5 successfully brokered inclusive investment projects in progress (by the end of the project) the GIM project in Bosnia has to bring 3 additional projects to implementation in 2012 (and provided that the already implemented project stay either in stage 6 – implementation and monitoring phase or mature to stage 7- Exit).

Based on the current assessment, the project is on track to achieve at least 5 projects in the implementation stage, thereof 2 with external participation.

²² The annual target of 4 successfully brokered inclusive investment projects identified, endorsed and in progress set in the Annual Work plans for 2011 in Kazakhstan and Kosovo were reduced in Uzbekistan and Bosnia to 2 projects in progress at the start of 2011, due to the difficult business environment in Uzbekistan and the expected termination of the BIH project in April 2011. The projects in BIH and Uzbekistan are nonetheless required to reach the target of 5 projects in progress by the end of the regional project.

²³ As approved by the Project Board on 15 December 2011, primary indicators and targets are: Successfully brokered investment projects in progress (5 in each country, 20 in total) and “Facilitate linkages between external companies and entrepreneurs/SME’s/producers organizations in target countries (At least 2 projects with external companies in each of the new target countries”. NEW target countries according to project document and project outline being Kosovo, Kazakhstan and Uzbekistan.

Output: Successfully brokered inclusive business model investment projects in progress in BiH				
Indicators	Targets 2011	Progress	Activity results	Key Activities
1. Operational national GIM Steering Committee	National GIM Steering Committee (NSC) established ²⁴	<u>Achieved</u> <ul style="list-style-type: none"> A NSC meeting took place on 2 November 2011. 	Project operational	<ul style="list-style-type: none"> National Steering Committee has been set up The broker participated in the annual training organized by the project in Istanbul from 10-14 July 2011. A NSC meeting took place on 2 November 2011 with representatives from Ministries of Agriculture of Republika Srbska and FBiH, as well as the Ministry of Foreign Trade and Economic Relation, where the projects on paper and plastic collection, wool collection and processing and Value Chain inclusion of small farmers were endorsed. In terms of stakeholder mapping, several meetings with potential partners such as investors from Bulgaria, the Ministry of Foreign Trade and Economic Relations of BiH and the Foreign Trade Chamber of BiH were organized and resulted in project leads. The GIM Broker is permanently searching for new partners on all levels in order to facilitate implementation of GIM models in various projects. Herein, contacts were established with SAM (www.s-a-management.com), an Austrian firm specialised in financial engineering of the projects in the field of renewable energy, as well as with several local companies from this sector such as SGI (www.sgi.ba), Swissecopellet, (www.swissecopellet.com), in the hope that cooperation between SAM and the mentioned companies will result in concrete projects which will create new work posts.

²⁴ In BiH, due to the significant overlap of relevant stakeholders, the National Steering Committee equals the Project Board of the Value Chains for Employment Project to which stakeholders relevant for GIM projects are invited on an ad hoc basis.

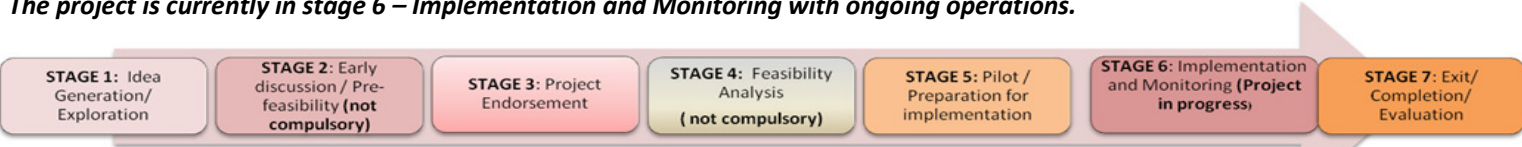
Output: Successfully brokered inclusive business model investment projects in progress in BiH				
Indicators	Targets 2011	Progress	Activity results	Key Activities
2. Number of investment projects successfully identified and in progress	At least 2 inclusive business model projects identified, endorsed and in progress	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ 2 project are in Stage 6 - implementation and monitoring (Small Poultry in Gorazde & Cajnice and paper collection networks in Gorazde and Foca ▪ 4 additional projects are in the portfolio and under development ▪ A pipeline of 3 projects has been established 	<p>New investment projects identified, developed and supported</p> <p>Advocacy activities on the role of the private sector in development organized</p>	<p>Identification and support of inclusive business opportunities:</p> <ul style="list-style-type: none"> ▪ The small poultry farms project in Gorzade and Cajnice reached the implementation stage with 4 stables constructed, technical assistance provided and the first cycle of chicks production successfully finalized (see project description for further information). ▪ The paper collection network project is already implemented in 5 municipalities, with first 15 tons of paper sold to the lead firm Alba. ▪ Important progress has been made in the development of 4 portfolio projects (Wool collection brought to stage 4 – feasibility analysis; Wool processing brought to stage 5 –pilot and preparation for implementation; Value Chain inclusion of small farmers, brought to stage 5 –pilot and preparation for implementation and plastic collection brought to stage 3- project endorsement) ▪ A solid project pipeline includes 3 projects (on handicraft with BH Craft; on Raspberry production; ; on collection of medical and aromatic herbs with Boletus Sarajevo, , the biggest herb dealer in BiH – all 3 brought to stage 3 – waiting for project endorsement) which have all identified partners. ▪ Further inclusive business opportunities were explored in collaboration with ZAGO, an Egyptian trade company based in BiH that showed interest in exporting Bosnian cheese to Egypt. At present this project is on hold due to a lack of commitment of the lead firm (ZAGO). ▪ Projects put on hold include the honey project (lack of committed partners), a mushroom cultivation project and a goat farming project (lack of financial means). The pipeline projects of Rapeseed and Vermicompost were not able to be developed due to a lack of committed partners.

Output: Successfully brokered inclusive business model investment projects in progress in BiH				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				<p>Communication, awareness-raising and advocacy activities were carried out:</p> <ul style="list-style-type: none"> ▪ Meetings were organised with several international Agencies (Help, Hilfswerk Austria, Dorcas, IOM, ADA, USAID, Cooperative Association of BiH, OSCE) in order to increase awareness on the importance of inclusive market business approach and coordinate activities in the field. ▪ Over 50 CDs with copies of 4 GIM's Studies were disseminated in Bursa and Istanbul on the Match Making Conference held from March 22 to March 24 in Turkey. ▪ The GIM feasibility Studies were sent to Ministries of Agriculture of both RS and Federation of BiH, Association of cooperatives of BiH, RS and FBiH. ▪ The GIM Broker participated in the Second Sarajevo BBI Forum on April 6 to 8. The forum is an international gathering of foreign investors looking for potential business partners in BiH and across region. The GIM Broker presented two companies from the goat sector and provided information on the project. ▪ As result of promotion of GIM initiative amongst existing UNDP projects, and other non UNDP agencies, the GIM Broker presented business cases and recommendations of Feasibility Studies to UNDP YERP Project and Help (a German NGO). As both projects support mainly employment of youth in rural areas, it was agreed to consider involvement of the GIM Broker in designing of their activities in the field. ▪ In September 2011, the GIM broker participated in the Sarajevo Green Design Festival (www.sarajevogreendesign.com) that promotes green technologies and their application in practice. Deamwool (www.daemwool.at - a project partner in the wool processing project) presented the project of producing insulation materials from sheep wool. The broker introduced the GIM

Output: Successfully brokered inclusive business model investment projects in progress in BiH				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				<p>concept to the audience of the festival and the efforts and achievement of the project of attracting foreign investors in this field.</p> <ul style="list-style-type: none"> ▪ Apart from promoting GIM initiative amongst existing UNDP projects, the broker organised a series of meetings with potential external partners amongst donor community in BiH to increase awareness on the importance of inclusive market business approach. As result Help, IOM, Hilswerk, Dorcas, expressed their interest in implementing some business ideas identified through the GIM Studies.
3. 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"> ▪ 4 Studies have been finalized in the following areas: Goat, Wool, Mushroom cultivation, Fruits and Vegetables. 		<ul style="list-style-type: none"> ▪ Four studies on goat, wool, mushroom cultivation and fruits and vegetables have been completed in the first half of 2011, presented and posted on the website of UNDP in BiH (http://www.undp.ba/index.aspx?PID=14). ▪ The project organised whole range of activities such as meetings, round tables, presentations and online consultation in regard to these studies. Stakeholders such as Ministries of Foreign Trade and Economic Relations, Ministries of Agriculture, Chamber of Commerce, various associations, private entrepreneurs, universities, agencies, have been informed about the feasibility studies.
4. Number of facilitated linkages/ projects involving external companies	No target for 2011	<p><u>Under development:</u> (no target for 2011)</p> <ul style="list-style-type: none"> ▪ One project has been implemented with external firms (Alba and Natron Maglaj) ▪ A number of 		<p>Linkages established or under development:</p> <ul style="list-style-type: none"> ▪ Paper collection project (in implementation phase) partners with ALBA Zenica (www.alba.ba) a private utility company headquartered in Germany that serves as intermediary between the paper collection points and the paper factory Natron Maglaj (www.natron-hayat.ba). ▪ Deamwool, a wool processor from Austria is interested in organizing production of insulation material in BiH with the local

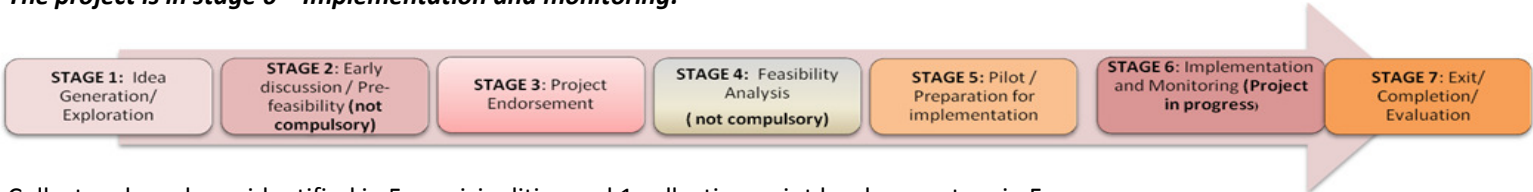
Output: Successfully brokered inclusive business model investment projects in progress in BiH				
Indicators	Targets 2011	Progress	Activity results	Key Activities
		<p>linkages have been established and the wool processing portfolio project counts with an Austrian partner (Deamwool).</p> <ul style="list-style-type: none"> ▪ The Outreach Coordinator visited BiH in December 		<p>companies from the sector (Project in progress)</p> <ul style="list-style-type: none"> ▪ SAM (www.s-a-managment.com), an international consulting firm specialized in structuring sustainable and social responsible investments for emerging markets, has been supported by the broker in the identification of two local companies in need of finance. ▪ The GIM outreach broker visited BiH on an Outreach mission in December participate to the matchmaking conference organized by TSÜAB (Sub-Union of Seed Industrialists and Producers). The BOC organized a meeting with the President , General Secretary and the representatives of UNDP Bosnia. The parties agreed to develop a partnership to implement a project. The Project will be the joint project of UNDP Bosnia, TIKa and TSUAB, with an aim to constitute a cooperation in enabling the disadvantaged farmers to obtain high quality inputs, therefore increasing their income and enabling them with new production techniques and products. The project will serve as a platform to improve the fruits and vegetables production and farmers' income.
5. Multistakeholder alliances around investment projects in place as needed.	No target for 2011.	<u>Under development</u> (no target for 2011)		<ul style="list-style-type: none"> ▪ All identified projects involve several partners and are expected to develop functioning multi-stakeholder alliances in the future.

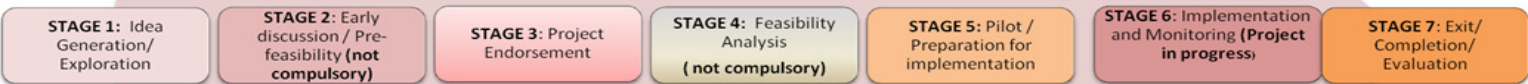
Endorsed projects in BiH

Title of the project/project idea	Small poultry farms– Municipalities of Gorazde & Cajnice: including rural households in supply chain as regular producers-suppliers for 1 local poultry producing firms
Lead company	Contract have been signed with Brovis (BiH poultry producer) T
Other project partners	Municipalities of Gorazde & Cajnice (assistance in getting all permissions and documentation need for the construction of the stables); Bosni Podrinje Canton (funds provision for stable construction), Agriculture Associations within these Municipalities (assistance in identifying applicants of the project),Al Zayeed Foundation (funds provision for stable construction), IOM(funds provision for stable construction for o farmer))
Development objective	<p>To set-up 4 small Poultry farms with UNDP’s contribution (purchase of feeding technology) and the broker’s technical support through linkage with BiH poultry producers and financial institutions who are offering financial credit lines for these purposes. These poultry farms were contracted and became regular suppliers/co-operant with one of the biggest BiH poultry meat producer - Brovis. The poultry producers provide all inputs and veterinary care and 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>The project led to the creation of 4 new sustainable jobs for local farmers (all returnees), benefitting also their families. 6 cycles can be carried out per year and net profit per cycle is approximately 1’500 KM or 1000 USD.</p> <p>Additionally, further employment opportunities for some 12 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 ensured 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>
Business case	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.
Status	<p><i>The project is currently in stage 6 – Implementation and Monitoring with ongoing operations.</i></p>  <p>The selection of beneficiaries was finalized in 2011 and 4 poultry stables established, equipment provided and training carried out. The poultry farms are operational with a first cycle of production already carried out</p>

Title of the project/project idea	Small poultry farms– Municipalities of Gorazde & Cajnice: including rural households in supply chain as regular producers-suppliers for the local poultry producing firms
Progress made during reporting period	<p><u>2010:</u> In 2010, technical documentation, meetings and a detailed plan of action have been agreed on with the main partners. A public call was prepared and broadcasted on the local TV & radio, as well as posted on the main communication boards and the internet. UNDP signed a Memorandum of Understanding (MoU) with local municipalities, as these municipalities were responsible for all permit & eco-licenses, registration of farmers, and most importantly, applications with available returns on the capital investments. In 2010, funds over 20'240 USD (30'000 KM) have been secured from Al-Zayeed Foundation for the development of a feasibility study on poultry in BiH.</p> <p><u>2011:</u> An extensive feasibility study on the poultry sector in BiH, financed by the Al-Zayeed Foundation was finalized in March 2011. Public calls for the value chain integration of small producers were completed and extended to Cajnice (due to the low response level in Ustikolina) and 4 small producers were identified (1 in Gorazde and 3 in Cajnice). The GIM broker was able to secure additional funds for construction materials for stables from IOM (International Office for Migration – 4'500 KM equaling about 3'030 USD) and the Ministry for Displaced Persons and Refugees(30'000 KM equaling about 20'240 USD). Seen that farmers were hesitant to participate in the project if loans had to be taken up with commercial banks, the project was only implemented with 4 farmers for which funds for construction materials and equipment could be secured, reducing the beneficiaries from 10 to 6. Tenders for equipment (feeding, ventilation and watering) and construction materials were advertised in April 2011 and contracts were awarded. The construction of stables and the installment of equipment were finalized in October 2011. Contracts with the poultry processor Brovis (www.akovagroup.com) were signed in November and the first cycle of production carried out.</p>

Title of the project/project idea	Paper Collection Network – Organization of a paper collection for creation of employment and better environmental management in Eastern Bosnia.
Lead company	Alba from Zenica (BiH) www.alba.ba . Alba is the only private utility company in BiH, headquartered in Germany. Alba is the biggest supplier of the paper (recycling and production) factory Natron Maglaj (www.natron-hayat.ba) a Turkish company operating in BiH.
Other project partners	Association of Entrepreneurs of Mostar Region (www.linkmostar.org) and the Regional Development Agency for Hercegovina (www.redah.ba); Municipalities of Gorazde and Foca, Trnovo, Ustikolina, Kalinovik
Development objective	Create a sustainable paper collection network and support with it the creation of new work posts for poor and unemployed people and contribute to poverty alleviation by creating sustainable incomes. By promoting the collection of paper and its recycling, the project has environmental benefits.
Business case	For Alba, the GIM project develops collection networks in Eastern BiH where Alba doesn't yet have any collection points. According to Alba's experience, a settlement of 10'000 inhabitants in urban areas disposes between 8 to 10 tons of paper monthly apt for recycling. Through the contribution of the project, Alba is able to expand their business operations into new municipalities and regions of BiH.

Status	<p><i>The project is in stage 6 – Implementation and monitoring.</i></p>  <p>Collectors have been identified in 5 municipalities and 1 collection point has been set up in Foca.</p>
Progress made during reporting period	<p>The project was endorsed by the NSC. Meetings were organized with Association of Entrepreneurs of Mostar Region (www.linkmostar.org) and the Regional Development Agency for Hercegovina (www.redah.ba) on collaboration with the project. In September 2011, broker identified paper collection and collection point owners. Alba signed a contract with the collection point owner in Foca and delivered a baler (for paper compressing). In October, OSCE in BiH agreed to cooperate with the project in the development of an efficient system of collection materials for recycling with main focus on paper. In October and November 4 additional municipalities paper collectors were identified to deliver paper to the collection point in Foca. The first 15 tons of paper collected in 4 municipalities were delivered to Alba Zenica. Drops of paper prices have been experienced from the start of the project (180 KM/ton at the factory gate) to 100 KM in November. GIM will try to expand to other materials, even though the price is expected to increase in spring/summer.</p>

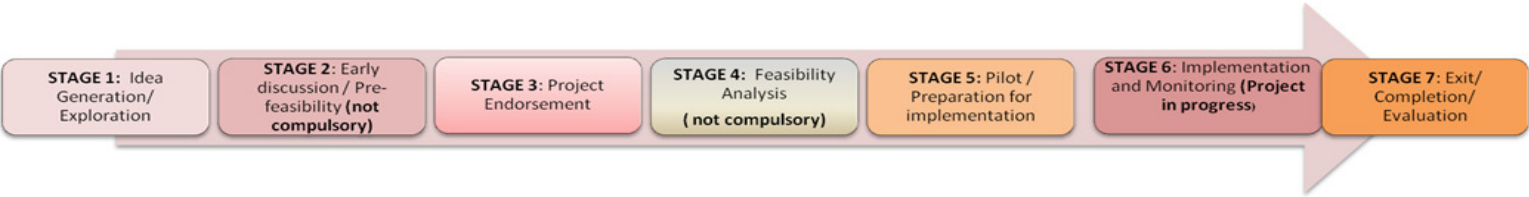
Title of the project/project idea	Wool as Insulation Material Project – Establishment of a joint venture between a Bosnian and Austrian company for wool processing and production of insulation material for the construction industry in Europe and USA.
Lead company	DAEMWOOL, Austria – in terms of market access (www.daemwool.at), provision of technology and equipment and VITEKS VISOKO, a Bosnia wool processing factory .
Other project partners	ADA - Austrian Development Agency [ready to share investment costs of EU companies up to 200'000 EUR]; Potentially Heratex (www.heratex.at) an Austrian wool textile company.
Development objective	The joint venture with Viteks would create local employment and knowledge transfer from Austria. Due to an increase of local raw wool demand (it is estimated for the business to be able to absorb the entire wool supply of BiH), Bosnian farmers would be provided with a market for their wool and increased income. Indirectly, through the production of environmental friendly insulation materials, the project also contributes to increased energy efficiency (and related savings) for the consumer.
Business Case	<p>Daemwool is currently processing the raw wool in Belgium and could benefit from cost and transport savings by establishing a joint venture with Viteks (lower labour and fixed cost than in Belgium). Further cost savings would come from the production of insulation material in BiH instead of Austria (current model). The raw wool for their operations could be sourced locally (see wool collection project), which assures a reliable local supply of low-cost wool. Furthermore, the company could benefit of an investment cost-sharing of up to 200'000 Euros financed by ADA's business partnership programme.</p> <p>Viteks, the local partner, has a long experience in wool washing and processing. However due to the collapse of Ex-Yugoslavia and the following war period, the company has lost its market access and shrunk from around employing 2500 local people to 30 employees. The collaboration with Viteks would bring in needed foreign investment, revive a local industry and assure knowledge transfers.</p>
Status	<p><i>The project is currently in Stage 5 – Preparation for implementation</i></p>  <p>First test orders were carried out and a letter of intention was exchanged between the main partners.</p>
Progress made during reporting period	<p><u>2010</u>: The feasibility on the sheep and wool sector in BiH was finalized in 2010 and provides recommendations on how the wool value chain can be strengthened to the farmers' and processors' benefits.</p> <p><u>2011</u>: Visits to DEAMWOOL's production sites in Austria took place in January 2011. In April 2011, DEAMWOOL's management visited two potential local partners in two occasions. Daemwool evaluated the status of the equipment of local companies and compatibility of their technologies with the lead firm. The GIM Broker facilitated negotiations with ADA, which is ready to co-finance DEAMWOOL's investment, if the company decides to establish a subsidiary in BiH. ADA already provided a grant of 40'000 Euros to Daemwool for the development of a feasibility analysis and business plan. In July and August, stakeholder meetings were organized with Ministries (Agriculture in Republika Srpska and FBiH), agricultural associations and private companies dealing with wool processing in order to assure full support to the two GIM wool projects of all stakeholders. In September 2011, letters of intention to start collaboration on the wool processing project were exchanged between Daemwool and Viteks Visoko. In October, Viteks purchased the first 22 tons of raw wool from a local dealer. The wool was washed and</p>

	<p>processed and sent to Daemwool in Austria for testing and quality evaluation. After receipt of the first order, in November 2011 Daemwool ordered an additional 10 tons of wool from Viteks. The potential project partner Heratex placed an order to Viteks for 1 ton of yarn made of sheep wool , which was delivered in December 2011.</p> <p>The Manager of Daemwool does not maintain regular contacts with the broker (even if this was the agreement made in September). Therefore it is hard to assess the commitment of the lead firm and the timeline for their investment.</p>
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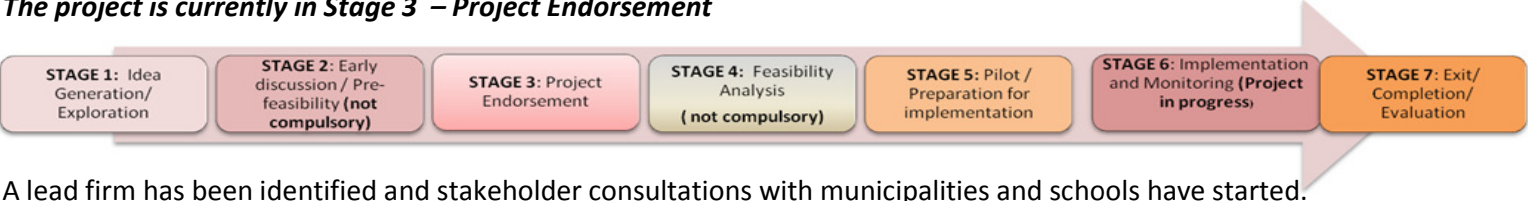
Title of the project/project idea	Wool Collection Scheme (Pilot) - Organized wool collection (potential connection with wool processing project) for productive use of raw wool and income generation for farmers. Collection points will be strategically placed within rural areas and municipalities, which offer the greatest potential in terms of available quantities of wool.
Lead company	To be identified in Q1, 2011
Other project partners	Ministry of Agriculture of Republika Srpska and Federation of BiH [Financial support through system of subsidies in rural areas]; Cooperativ association of BiH [to provide access to local cooperatives which will be part of the project in organizing wool collection], local association of farmers [to provide access to local farmers -In some parts of BiH farmers are organized through cooperatives and in some parts through associations.)
Development objective	To set up an organized network and collection point in one municipality (pilot), with potential for expansion to cover the entire BiH. Training of 50 shearers, who will offer free of charge, high quality services to sheep small farmers in rural areas and pay for the collected wool. Farmers 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. As for the scope of the pilot, Srebrenica and Bratunac municipalities count with 8000 Sheep which equals to 15-16 tons of wool. The wool collection in these municipalities would generate additional income for approximately 350 sheep farmer.
Business case	As identified in the Wool Feasibility Study, collection of the wool is the weakest point of the wool supply chain. Both investor and local partners see this as the most demanding and time consuming operation. Through the project intervention, the wool processors would benefit from better organization of the wool value chain for easier access to raw material.
Status	<p>The project is currently at Stage 5- Preparation for implementation</p>
Progress made during reporting period	<p><u>2010</u>: The feasibility on the sheep and wool sector in BiH was finalized in 2010 and provides recommendations on how the wool value chain can be strengthened to the farmers' and processors' benefits.</p> <p><u>2011</u>: It is envisaged that the GIM project, in collaboration with other UNDP projects (SRRP- Srebrenica office VCE and regional offices), will</p>

	<p>facilitate wool collection in some municipalities (pilot, which if successful can be replicated in the whole country) for the benefit of both, small wool producers and processing companies. For the expansion of the model, the investment of a lead firm (e.g. Daemwool) would be required. In July and August, stakeholder meetings were organized with Ministries (Agriculture in Republika Srpska and FBiH), agricultural associations and private companies dealing with wool processing in order to assure full support to the two GIM wool projects of all stakeholders. The GIM broker elaborated a model for the organization of wool collection in close collaboration with relevant stakeholders. The project is ready to be implemented before the start of the next shearing season in April 2012. In this project, it will be crucial to identify a processing firm that partners with GIM in order to expand the collection network to additional municipalities and ensure a stable market.</p>
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Title of the project/project idea	Value Chain Inclusion of small horticulture farmer – Fruit processor Boletus (Foca)
Lead company	Boletus , a newly established fruit processing firm in Foca that will purchase fruit from local micro and small farmers and employ young people.
Other project partners	UNDP project YERP for youth employment (financial contribution of 10'000 USD for training for young employees).
Development objective	The Upper Drina area, where this project is located covers 6 municipalities and is one of the poorest regions in BiH. The climate in this region is moderate with abundant water streams, offering almost optimal conditions for growing fruits and vegetables. Small farmers suffer from the lack of processing capacities in proximity and part of their harvest perishes due to the lack of market access. The supply chain inclusion by the newly established fruit processor Boletus will address these bottlenecks by signing contracts with over 100 local micro- and small fresh fruit producers. The company targets mostly low income farmers and plans to source up to 150 tons of fresh fruit in 2012. In addition to this, Boletus plans to hire 6 full time youth employees provide them with trainings (paid by YERP) and improve their skills and employability. The Economic benefit for over 100 local small producers who will become suppliers of Boletus, includes secured market for their products and additional annual income which may vary from 2 000 KM to 6 000 KM (1350 – 4000 USD per a farm, depending on products and quantity that is sold).. Boletus will be a reliable partner who is expected to pay on time. Farmers will be able to plan their production in advance which is a big advantage in any primary agriculture production
Business case	The new established fruit processor can benefit from financial contribution for staff trainings (youth employment) and receive a free of charge HACCP training. The GIM project will also support the processor in the development and submission of HACCP documentation. The newly established company can benefit from reliable and timely local supply of fresh fruit and sell locally sourced and produced marmalades and juices. Through the funds made available for youth employment, the company can benefit from well- trained local employees. In 2012, Boletus plans to collect and process over 150 tons of fresh fruits while the installed capacity is 4 times as much. In coming years they will increase their production and local sourcing will keep their logistical costs low.

Status	<p><i>The project is currently in Stage 6- Preparation for implementation</i></p>  <p>The production facility was established by the lead firm and security trainings delivered. Production will start in Q1, 2011.</p>
Progress made during reporting period	<p>In October 2011, the GIM broker developed a curriculum for food safety trainings (HACCP) for Boletus' staff and management. Funds from YER were secured to support youth employment in the lead firm. The collaboration of YERP and GIM was approved by the UNDP Resider Representative, contact with farmers established and the first round of training (on HACCP) and technical training such as the use of refractometers and pH meters in the food industry) were delivered by the GIM broker in December 2011 to all project staff. In this project, the broker will have to closely monitor prices offered by the lead firm to ensure beneficial development impact. Furthermore, micro insurance offers for farmers in order to prevent from risks coming from natural disaster will be explored.</p>

Title of the project/project idea	Plastic Collection Network
Lead company	Omorika (www.recyklaza.ba) a recycling company from Dobož
Other project partners	Municipalities, schools, local media
Development objective	Create a plastic collection network and support with it the creation of new work posts for poor and unemployed people and contribute to poverty alleviation by creating sustainable incomes. By promoting the collection of plastic and its recycling, the project has environmental benefits and through the collaboration with schools and municipalities, contributes to public awareness raising for sustainable waste management. (Requires involvement of local media, schools and wide public campaign)
Business case	Current price at factory gate for 1 ton is 450KM (225 USD). A settlement of 10'000 inhabitants in urban areas disposes between 2 to 3 tons of plastic garbage apt for recycling on a monthly basis. The company Omorika is willing to purchase all collected plastics and expand its business operations to new areas in BIH.

Status	<p>The project is currently in Stage 3 – Project Endorsement</p>  <p>A lead firm has been identified and stakeholder consultations with municipalities and schools have started.</p>
Progress made during reporting period	<p>Confronted with a low price for collected paper, the broker explored opportunities for establishment of a plastic collection network in November 2011. The broker was able to identify a lead firm and establish contacts with interested municipalities and schools, where the separation of plastics will be promoted. In this project, potential price fluctuation of plastics and high transportation cost have been identified as risks.</p>

Projects put on hold:

The project of API Med – Sanski Most (Honey Project) featured in the last bi-annual report was put on hold due to the lack of a committed partner. The project on Goat milk in collaboration with Meggle (Austrian firm) was put on hold due to the need of substantial financial investments.

Title of the project/project idea	Goat milk project: Creation of cooperative production and supply network for goat dairy products, benefitting small and micro producers in BiH
Lead company	Meggle (http://www.meggle.com) – one of the biggest milk processors and exporters of dairy products in BiH interested in introducing goat dairy products
Other project partners	Municipality of Bihac, Una Sana Canon, UNDP Regional Office Bihac, Flock-Reprod, an EU goat project, Ministry for Foreign Trade and Economic Relationship
Development objective	Creation of a cooperative production network in order to supply goat milk from small and micro producers to the processing company. Size of the network as well as selection criteria of beneficiaries will be agreed with Meggle in order to ensure positive development results. Expected development results include the expanded income generation and training opportunities for the poor rural population in Western BiH and the inclusion in a stable supply chain.
Business case	The lead company Meggle can make use of the competitive advantage of a first mover by entering the market of goat dairy products in BiH and expand its profits. It can benefit from an organized supply network of fresh and local dairy milk.
Status	The project was put on hold in Q3, 2011.
Progress made during reporting period	The feasibility study on the goat sector was finalized and shared with relevant stakeholders and posted on the UNDP website (http://www.undp.ba/index.aspx?PID=36&RID=128). Market opportunities in the goat sector were identified and contacts with potential lead firms established. As a next step, a meeting with Meggle, local authorities and UNDP regional office are scheduled for the second half of July.

	Unfortunately, efforts for successful implementation of the project were not fruitful and the project was put on hold due to the inability to raise enough funds for its implementation.
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Title of the project/project idea	API Med – Sanski Most (Honey Project): pro-poor value chain development and increased income for bee-keepers through better positioning of BiH honey and marketing to external markets.
Lead company	API Med – an association which has been working with a number of small-scale bee keepers. EkoMozaik, the biggest producer of organic honey in BiH; Herzeg Med, a producer of honey (private company)
Other project partners	A marketing agency (supporting the VCE Project) which will be working with API Med on their product design, labeling and marketing. BIGMEV, a Turkish Center for the Development of Relations with BiH, Organic control– OK(BiH Organic Certification Body), Econ (private company for production, trade and promotion of organic products in BiH), RIMSCO foundation from Kuwait financed the feasibility study.
Development objective	The project will ensure that the honey is fully tested and certified, up to organic standards, and successfully placed on the market. This will increase income for beekeepers in the Una-Sana region, which has the highest unemployment rate in the country, according to UNDP's Disparity Assessment report.
Business case	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 support in terms of technical inputs – marketing and design – to help API Med increase their sales in BiH and potentially export honey to the Turkish market. Members of BIGMEV - Center for the Development of Relations with Bosnia and Herzegovina, are interested in the development of a valuable honey brand based on BiH high quality honey.
Status	<i>The project was put on hold in Q3, 2011</i>
Progress made during reporting period	Contacts with three lead companies (EkoMozaik, HerzegMed and Zalfija)from the sector were established and the development of a new marketing strategy and product design is already completed in two companies (EkoMozaik, HerzegMed). Contracted production of aromatic and medicinal herbs on over 100 ha is organized with individual farmers in the respective regions, which provides income generation opportunities for rural populations. GIM facilitated series of meetings with local supermarkets to discuss conditions for improving position of local companies from the sector to supply to local supermarkets. In addition to this, GIM identified potential members of the supply chain apart from the three lead companies, informed them on intentions of BIGMEV to export honey to Turkey. Collaboration possibilities were discussed with BIGMEV (Turkish Center for Development of Relations with BiH; www.bigmev.org). The project was awaiting the visit of the Turkish mission, which was eventually cancelled. Unfortunately, efforts for successful implementation of the project were not fruitful and the project was put on hold due to the lack of committed partners.

4.5.2 Kazakhstan

In Kazakhstan, only 2 out of 5 targets were achieved in 2011. The project performance was hindered by the delay in the recruitment of the broker, with Mr. Darkhan Bilayov leaving the project in March 2011 and Mr. Akhmad Kabdiyev taking up his duties as GIM broker in mid May 2011. For initiation and training purposes and on request of the country office, the broker was located in the UNDP office in Astana for the first two and a half months of his assignment. Mr. Kabdiyev was then relocated to Eastern Kazakhstan where he started to revise the stakeholder and key markets mapping and commenced with the identification and development of projects. However, with these delays in changes in location and staff, delays in the project implementation were incurred. The project achieved the target related to a functional GIM Steering Committee that met twice in 2011 and whose composition was reviewed in the second half of 2011 in order to include stakeholders from the Eastern Kazakhstan Oblast. The project was not able to bring any project to the implementation stage (target: at least 4 inclusive business model project identified, endorsed and in progress). A Milk Collection project is in the feasibility study stage and the Retail Union project (endorsed in 2010), fell from implementation back to the stage of early development and is currently being reformulated and to be implemented in the East Kazakhstan oblast (Ust-Kamenogorsk). The broker initiated 3 new projects (covering waste collection, hides collection and biogas) that were added to the pipeline (in addition to bee-keeping) and submitted to the NSC for endorsement. One feasibility study is currently under development, with the first draft received in Q4, 2011. As a consequence of the delays, the targets of at least 4 socio-economic feasibility studies carried out, was not achieved in 2011. The project was reviewed in December 2011 by Mr. Gokhan Dikmener, but the assessment of its achievements in 2011 was not entirely positive.

In order to reach the overall project primary target²⁵ of 5 successfully brokered inclusive investment projects in progress (by the end of the project), the GIM project in Kazakhstan has to bring 5 projects to implementation in 2012, of which 2 projects have to count with an external project partner.

Based on current assessments of the project management and considering the important delays incurred, it is unlikely that Kazakhstan achieves the target of five projects in the implementation stage by August 2012. Therefore, it is expected that only one of the implemented projects will count with the participation of an external company.

²⁵ As approved by the Project Board on 15 December 2011, primary indicators and targets are: Successfully brokered investment projects in progress (5 in each country, 20 in total) and “Facilitate linkages between external companies and entrepreneurs/SME’s/producers organizations in target countries (At least 2 projects with external companies in each of the new target countries”. NEW target countries according to project document and project outline being Kosovo, Kazakhstan and Uzbekistan.

Output: Successfully brokered inclusive business model investment projects in progress in Kazakhstan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
1. One trained broker in place	One trained broker in place	<u>Achieved</u> <ul style="list-style-type: none"> ▪ A new qualified broker is in place since May 2011 ▪ Participated to the annual broker training (Istanbul in July 2011) ▪ Relocated to Eastern Kazakhstan Oblast in Q3, 2011 		A new GIM broker was recruited in line with the relocation of the project to Eastern Kazakhstan: <ul style="list-style-type: none"> ▪ Darkhan Bilyalov left his position of GIM broker by the end of March 2011. ▪ Akhmad Kabdiyev took up his duties as GIM broker in mid May 2011. The training materials were shared with the new broker and he attended the annual training event in Istanbul in early July 2011.
2. Operational national GIM Steering Committee	One functioning national GIM Steering Committee established	<u>Achieved</u> <ul style="list-style-type: none"> ▪ The national Steering committee met in Q1, 2011 in Astana and in Q4 in Semey. 	Project operational	Organization and facilitation of National Steering Committee (NSC) meetings: <p>1st NSC Meeting A NSC meeting was held in February 2011 where the project for milk collection system in Zhitigara district (Kostanay oblast) was approved.</p> <p>2nd NSC Meeting A new NSC comprising members from Eastern Kazakhstan has been established in Q3 of 2011.</p> <p>The broker facilitated and organised a NSC meeting on 25/11/2011 in Semey in the new composition. However, quorum was not reached as most of the NSC members based in Astana and Almaty could not participate due to the long distance and the harsh weather conditions. Three projects were approved by the assisting NSC members: wastes collection in Semey, hides collection and a biogas project. UNDP is still then seeking the written approval of the</p>

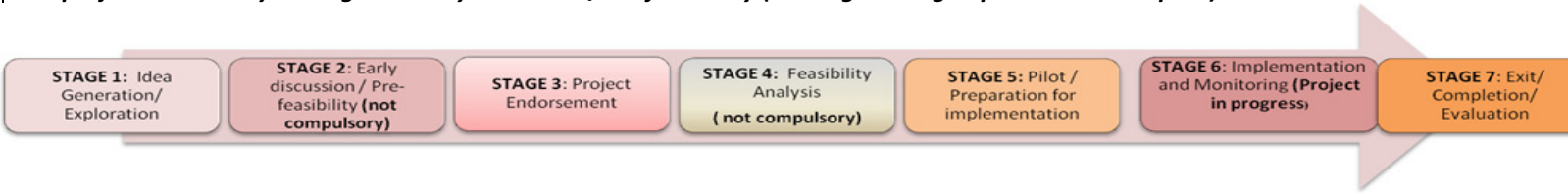
Output: Successfully brokered inclusive business model investment projects in progress in Kazakhstan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				remaining NSC members in order to proceed with the project development.
3. Number of investment projects brought to the target country and in progress	At least 4 inclusive business model project identified, endorsed and in progress	<u>Not achieved</u> <ul style="list-style-type: none"> 2 endorsed project (milk collection stage 3 – feasibility analysis and and retail union at Stage 2 – early development) and 3 projects submitted for NSC approval (waste collection, hides collection and biogas project). 	New investment projects identified, developed and supported	<p>Key markets and sectors for GIM interventions in the Eastern Kazakhstan region have been studied and the stakeholder mapping was carried out. Most opportunities are lie in the following sectors:</p> <ul style="list-style-type: none"> Agriculture and sectors/markets directly related to agriculture (pro-poor supply chain development; provision of agricultural services and infrastructure for small farms) Environment and sectors/markets directly related to environmental sector, in particular the processing of solid household and industrial wastes. <p>Identification of inclusive business opportunities and support to existing projects :</p> <ul style="list-style-type: none"> A milk collection project on value chain integration of small farmers in the milk sector was endorsed and is currency in <i>stage 3 – feasibility analysis</i>. The commissioned study is under development with expected finalization in Q1, 2012. The endorsed retail union project is no longer implemented due to financial problems of the lead firm that decided to stop implementation. The project has been reformulated and will be submitted for NSC approval in Q1, 2012. 3 projects (waste collection, hide collection and biogas) were added to the existing pipeline (containing a bee-keepingproject) and have been submitted for NSC approval in Q4, 2011. As the quorum was not reached during the NSC meeting, written endorsement will be requested from non-participating NSC members in Q1, 2012

Output: Successfully brokered inclusive business model investment projects in progress in Kazakhstan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
			Advocacy activities on the role of the private sector in development organized	<p>Communication and dissemination activities were carried out:</p> <ul style="list-style-type: none"> ▪ Brochures, cases, presentations were distributed when holding various meetings with community organizations, associations, funds, local government and public organizations, private companies and individuals, etc. ▪ GIM Initiative is widely covered during the negotiations, meetings at different levels, central and local authorities, with different public organizations, including media (broadcasters and local newspapers at - h http://www.semeytany.idhost.kz/page10.php?category=83) ▪ A workshop on inclusive business models (including the launch of the GIM report) planned for 2011 could not be carried out, as the broker was facing limited time (due to delay in recruitment and relocation) and operational resources (English speaking project assistance provided by UNDP CO only from October 2011). <p>Awareness and advocacy activities for the role of the private sector in development were conducted during contacting with companies, potential participants of would be inclusive projects</p>
4. Number and quality of socio-economic studies undertaken	At least 4 socio-economic feasibility study that analyse development impact and financial viability of potential investment projects carried out	<p><u>Not achieved</u></p> <ul style="list-style-type: none"> ▪ 1 feasibility study on Milk Collection Project is currently under development ▪ Draft Terms of References for 3 pipeline projects have been developed. 		<ul style="list-style-type: none"> ▪ The Milk Collection project in the Zhitigara district was endorsed by the NSC in February. A feasibility study was commissioned and is in its final drafting phase. Unfortunately, the quality of the first draft did not meet the requirements, which caused a delay in its finalization date. ▪ While awaiting NSC approval, draft Terms of Reference are being developed for 3 pipeline projects (waste and hide collection, biogas).

Output: Successfully brokered inclusive business model investment projects in progress in Kazakhstan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
5. Number of facilitated linkages/ projects involving external companies	No target for 2011	<u>Under development</u> (no target for 2011)		<ul style="list-style-type: none"> Darkhan Bilyalov left his position of GIM broker by the end of March 2011. Akhmad Kabdiyev took up his duties as GIM broker in mid May 2011 and Mr Kabdiyev participated to training in July and was relocated to Semey in August. During this period all existing projects were on hold and there were no new projects. The new projects were proposed to NSC in December. So, in 2011, there was not a proper ground for outreach to external companies the BOC will prioritize outreach activities targeting Kazakhstan.
6. Multi-stakeholder alliances around investment projects in place as needed.	No target for 2011	<u>Under development</u> (no target for 2011)		<ul style="list-style-type: none"> All identified projects involve several partners and are expected to develop functioning multi stakeholder alliances.
7. Yearly Project review	One positive project review	<u>Not achieved</u> <ul style="list-style-type: none"> Carried out in Q4, 2011, but project is not on track. 	Project reviewed	<ul style="list-style-type: none"> A review mission was carried out by Mr. Gokhan Dikmener in December 2012, but was not entirely positive on its overall progress in 2011. The project incurred delays due to relocation and the broker has established a working ground with local actors in a short time and submitted a number of projects to NSC approval. However, it is likely that the project will not be able to catch up with its delays and implement 5 projects until the end of August 2012.


Endorsed Projects in Kazakhstan

Title of the project/project idea	Retail Union Project: Linking small scale shops with large wholesale market network in Kazakhstan for increased income and job creation.
Lead company	<p><u>Lead company in the initial proposal:</u> “Optovyi klub” LLP, the managing company of “Arzan” trade network</p> <p><u>Lead partner in the new project proposal:</u> Employees’ Union of East Kazakhstan Oblast’s small and medium-scale business (lobby and negotiate with state regulating bodies) and Association of Trading Companies of Kazakhstan (dealing with demand/supply issues).</p>
Other project partners	Metro Cash & Carry (institutional development of small shops and provision of trainings).
Development objective	<p><u>Initial development objective:</u> Linkage between corner shops and “Arzan” wholesale markets should help corner shops to improve the quality of organizing their businesses and abandon shady schemes of doing business.</p> <p>Positive development impact of the Retail Union project was 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.</p> <p><u>In the revised project proposal,</u> Benefits for the small shops owners include:</p> <ul style="list-style-type: none"> • Reduced the administrative pressure on the corner shops/ non-producing costs; • Decreased cost of supply for small shops/increase margin; • Improved quality of business; <p>It is expected that the project will influence on three social-economic directions: support of the SMEs, increasing and stabilization of incomes of small and medium entrepreneurs, support to the final consumers.</p>
Business case	<p><u>Initial business case:</u> Large wholesale market network “Arzan” intends to create a union of trade enterprises, by analogy with common 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.</p> <p><u>In the revised project proposal,</u> benefits for lead companies include:</p> <ul style="list-style-type: none"> • Increased number of members; • Strengthen the political influence on the sector and local public authorities through the network; • Using the network as the tool to solve the political issues; • Increased income of the NGOs due to entry fees to the network; • Opportunities for replication project results as it is pilot. <p>According to the new business case, the project will no longer work with only one wholesaler and given that the small shops will be organized in an independent retail union is expected to result in wholesalers competition for the access to the network of small shops. The latter will be able to collaborate with the wholesaler offering the best conditions for the development of their business (e.g. interest free suppliers credit, attractive prices etc..)</p>

<p>Status</p>	<p><i>The project is currently in Stage 2 – Early discussion/Pre-feasibility (no longer being implemented as a pilot)</i></p>  <p>The project was implemented by Arzan in Eastern Kazakhstan (Ust-Kamenogorsk) as a pilot. However, in the second half of 2011, Arzan’s financial difficulties (due to several reasons including management issues, selection of location, population density and low purchasing power, aggravated and the company decided to stop the expansion of the pilot, .</p> <p><u>Due to the stand-still of the lead firm, the project is currently reformulated, with the aim to create a sectoral association of small stores in Ust-Kamenogorsk in order to strengthen the protection of their interests and providing more favorable conditions in the work with wholesalers. With the creation of a retail union, small shops will be supported in institutional development and strengthening of their capacity through trainings. The status of the project has thus fallen back from implementation to stage 2: Early discussion/pre-feasibility. The new project concept will be presented to the NSC in Q1, 2012.</u></p>
<p>Progress</p>	<p>2010: Project was appraised by BRC and endorsed by the NSC. The feasibility study has been finalized in 2010 containing recommendations based on international best practice and adaptation to the Kazakh context. . Arzan implemented a pilot project on supporting small retail shop with technical assistance and favorable conditions on purchasing Arzan’s product in Ust’Kamenogorsk. The pilot project was reviewed during the review mission in Q4, 2010.</p> <p>2011: Due to the aggravation of its financial difficulties, the lead firm Arzan lost interest in the expansion of the project. This is due to the fact that Arzan’s project pilot was based on provision of registration software to small shops that registers sales of products and needed supplies (movement of goods). Small shops participating in the pilot are furthermore given interest free supplier credit. However, the registration software being expensive (with lengthy pay-back periods from small shops), Arzan decided to stop the development of the small shops network.</p> <p>Knowing about Arzan’s financial problems, the GIM project had already established contacts with another potential lead partner, the wholesaler METRO in late 2010. It was agreed to collaborate with METRO (who has a similar support program for SME’s) to bring together small shop owners in an association, which would facilitate the rolling out of METRO’s small shop support program. As a first step, it was planned to collaborate in a conference on retail organized by METRO in Q1, 2011. However, the conference was postponed and contacts with METRO weakened due to the delays incurred for the hiring of a new broker. In the meantime, METRO had changed its engagement with small shops as it is no longer interested in collaborating with the GIM project in the establishment of a network. However, Metro is willing to provide technical support such as trainings and advocacy materials, contributions that could be included in the revised project proposal.</p>

	<p>Faced with the stand-still of the pilot project by Arzan, the broker was engaged in identifying new partners in the region and embarked on the reformulation of the project. The aim of the reformulated project (pending NSC endorsement) is to create a sectoral association of small stores, in Ust-Kamenogorsk in order to strengthen the protection of their interests and providing more favorable conditions in the work with wholesalers. During the review mission, Mr. Gökhan Dikmener and the GIM broker met with the Employees' Union of East Kazakhstan Oblast's small and medium-scale business and the Trading Companies Association of Kazakhstan, where the new project objectives and format were specified. The reformulated project will be presented to the NSC for endorsement in Q1, 2012 or, if no promising project partners can be identified, it will be abandoned.</p> <p>The risks of this project include the potential unwillingness of shops to unite and potential resistance to price unification. As risk mitigation, the assistance of the major (Akimat) will be requested in institutional support for entrepreneur development and the inclusion in the project of well-known leaders, respected among beneficiaries. Marketing trainings for small shops with the aim of increase their income and other services provided by the union should assure the buy-in.</p>
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Title of the project/project idea	Milk collection centre project: Support small scale milk producers and rural households through an organized milk collection system in the Zhitigara district (Kostanay oblast)
Lead company/partner	"Zhitigara" Rural farmer cooperative (representation of small milk producers' interest and proposed owner of the milk collection center) 'Dina LLP', a processing company (buyer of milk collected by the farmer cooperative and potential co-investor in milk collection)
Other project partners	Kostanai Oblast Farmers Association" NGO (being the public Union of Farmers Association in the region the role of the Association is to provide institutional and administrative support to Zhetikara cooperative). Potential partners include DAMU fund for small enterprise and the European Bank for Reconstruction and Development (EBRD)
Development objective	By the establishment of a milk collection center, the project will provide additional sources of sustainable income for households in rural areas, create permanent jobs, empower the rural population, build their capacities to cooperate and allow production of better quality milk (products) at affordable prices. Additional benefits at this stage include: - supply of raw materials for companies that manufacture dairy products; - opportunities for Private Farm Householders to reduce costs, and to receive a package of services required for the development; (benefits will be evaluated within the framework of the feasibility study)
Business case	There is a strong business case for expanding the supply network of locally produced milk and organize its collection for higher profits and better quality products. By sourcing milk from the milk collection center, the benefits for the lead company include an improvement of the quality of supplied milk and allow Dina LLP to work at full capacity with timely and reliable milk supply.

Status	<p>The project is currently in Stage 4 – Feasibility Analysis</p> 
Progress made during reporting period	<p>The project was endorsed by the National Steering Committee. Stakeholder identification has taken place and project partners were identified. Initially the project planned to work with the lead company Social Entrepreneurs Corporation “Tobol”. In May Tobol decided to abandon the project (no explanation provided) and the broker contacted about 7 milk processing companies as potential partner for the project. Collaboration was established with Farmer’s Association Zhetikara and Farmers Association of Kostanai region and the project partners were visited in June 2011 where the project concept was presented to potential partners and local authorities.</p> <p>The scope of the project was clarified and a feasibility study was commissioned. The first draft of the study was received and reviewed in Q4, 2011. The finalization of the feasibility study is expected for Q1, 2012. The preliminary conclusions of the feasibility study found that the milk collection centre should work as the servicing body aimed at developing the agricultural producers/raw base. It should be a platform to balancing interests of producers and processors of agricultural products. The study recommends that the Centre should not be a privately owned company but rather be financed through membership fees and function as non-commercial organization. Further, it could create income by providing services to its members.</p> <p>The next steps are dependent on the findings of the feasibility study. However, during the annual review mission, the TIKA representative from Kazakhstan showed interest in a proposed cooperation on the establishment of a pilot milk collection centre in the Zhitigara district project and to clarify their potential involvement with TIKA headquarters in Ankara.</p> <p>The risks of this project include low milk price paid by the lead company Dina LLP and poor quality of milk.</p>

4.5.3 Kosovo

The project in Kosovo managed to reach 3 out of 4 annual targets. It counts with a functioning National Steering Committee and carried out 3 socio-economic feasibility studies, exceeding the target of 2 studies set for 2011.

The target of “4 inclusive business model project identified, endorsed and in progress” was not achieved, as no project has reached the implementation phase yet. The development of the Vocational Education Centre project and the Poultry project (both endorsed in 2010 and currently at stage 4 – feasibility study) did not progress as expected, due to the lack of interest of foreign investors. If no committed partners can be identified by the end of Q1, 2011, the projects will be put on hold. Two new projects were endorsed by the National Steering Committee (Sheep sector project and vegetable & fruit project currently in stage 3 – Project Endorsement) and are under development. In addition to this, the GIM broker identified 5 new projects (on Beekeeping / honey production, Wild fruits processing, potato processing, Textile, Waste management / Recycling) that are currently in stage 2 – early discussion/pre-feasibility. For medical reasons, the GIM broker in Kosovo was not able to participate to the annual GIM training/workshop held in July 2011 in Istanbul. However, the broker training was carried out by Mr. Gokhan Dikmener during a training and portfolio assessment mission in Q3, 2011. The project was reviewed by Mr. Gokhan Dikmener in December 2011.

In order to reach the overall project primary target²⁶ of 5 successfully brokered inclusive investment projects in progress (by the end of the project), the GIM project in Kosovo has to bring 5 projects to implementation in 2012, of which 2 projects have to count with an external project partner.

Based on current assessments, the project is on track to implement at least 3 projects by August 2012, but could even reach the target of 5, thereof 2 with external participation.

²⁶ As approved by the Project Board on 15 December 2011, primary indicators and targets are: Successfully brokered investment projects in progress (5 in each country, 20 in total) and “Facilitate linkages between external companies and entrepreneurs/SME’s/producers organizations in target countries (At least 2 projects with external companies in each of the new target countries”. NEW target countries according to project document and project outline being Kosovo, Kazakhstan and Uzbekistan.

Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2011	Progress	Activity results	Key Activities
1. Functioning National Steering Committee	At least 1 National Steering Committee meeting	<u>Achieved</u> <ul style="list-style-type: none"> ▪ A NSC meeting took place in March 2011 and projects on sheep sector and fruits and vegetables were endorsed. 		<ul style="list-style-type: none"> ▪ Organization and facilitation of National Steering Committee meetings: The Project Manager facilitated a NSC meeting in March 2011 where the projects on sheep breeding, wool and meat and a project on fruits and vegetables were endorsed. Apart from regular NSC members, five observers participated in the meetings (Kosovo Turkish Chamber of Commerce, BAS TAM, Poultry Association, Microfinance Institution Association, and relevant private companies) In the second half of the year the Project Manager did not organize a NSC meeting due to the overload of the activities by NSC members but informal meetings took place on implementing activities identified early this year. In addition, NSC members were updated during conferences and workshops organized by GIM Project. <p>The NSC regular members are (some representatives changed):</p> <ol style="list-style-type: none"> i. Steliana Nedera (UNDP CO Director) ii. Safet Gerxhaliu (OEK - KCC) or other designated person iii. Nysrete Doda, Agricultural Advisor of the Minister of the Ministry of Agriculture, Forestry and Rural Development (MAFRD), iv. Suzana Dautaj, Operation Manager at International Finance Cooperation v. Mark Wood, Chief of Party at USAID Kosovo Private Enterprise Program vi. Adem Urfa, Kosovo Coordinator for Turkish International Cooperation & Development Agency (TIKA) vii. Milazim Makolli, DANIDA

Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2011	Progress	Activity results	Key Activities
2. Number of investment projects brought to the target country and in progress	At least 4 inclusive business model project identified, endorsed and in progress	<p><u>Not achieved:</u></p> <ul style="list-style-type: none"> ▪ 2 projects, (identified and endorsed in 2010) are in progress (VET and poultry) ▪ 2 projects were endorsed by the NSC (Project on sheep sector and vegetables and fruit). ▪ The 5 Pipeline projects include Beekeeping / honey production, Wild fruits processing, Potato processing, Textile factory in Podujevo, Waste management / Recycling. 	<p>New investment projects identified, developed and supported</p> <p>Advocacy activities on the role of the private sector in development organized</p>	<p>Key markets and sectors for GIM interventions have been adjusted, by excluding the construction sector sent that no inclusive business opportunities were identified in this sector. The project now concentrates on the following sectors:</p> <ol style="list-style-type: none"> 1. Agriculture 2. Improving workforce development 3. Recycling <p>Identification and support of inclusive business projects:</p> <ul style="list-style-type: none"> ▪ Support was provided to the development of the Vocational Education Training Centre Project, the Poultry project and the sheep project (please see detailed information in the individual project presentations below) ▪ Two new inclusive project were endorsed by the National Steering Committee (on sheep farming and Vegetable and Fruit value chain development) ▪ A pipeline of 5 GIM projects has been developed, including a project on Beekeeping / honey production ,two project on agro processing Wild fruits and potato processing, a project on apparel production in Podujevo, and one on Waste management / Recycling. Two of potential projects have international partners, Pestova and textile in Podujevë. ▪ In collaboration with the Outreach coordinator the organization of a business mission of Turkish companies to Kosovo with focus on Poultry, VET and Fruits and Vegetables was envisaged for 2011, but the idea had to be abolished due assessment of cost-benefit.


Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				<p>Communication and dissemination activities were carried out:</p> <ul style="list-style-type: none"> ▪ The broker met with over 140 stakeholders from private sector, donors and government officials during the meetings and conferences he organized. ▪ The GIM project was presented to potential Turkish investors in Istanbul, an event organized by the Kosovo-Turkish Chamber of Commerce. The project was welcomed and many investors followed cooperation leads were identified. The GIM is coordinating with the Kosovo Chamber of Commerce who will take the lead on linking Kosovo and Turkey based businesses. As a result of the above mentioned event, there have been two follow up meetings in Kosovo ▪ The GIM brokerorganised and facilitated meetings, three workshops (Cooperation with Import Promotion Agency of Kosovo" on 5 April, "Agriculture sector promotion in Kosovo" on 27 June and "ECLO grant scheme on processing (food, construction, textile, recycling)" on 12 July), two conferences ('Development Opportunities on Production Sectors with Expoert Potential in Rural Municipalities' in Prizren on 26 October and ' Investment Opportunitites in Kosovo' in Pristina on 7 December 2011) and an awarding ceremony on Pro-Poor Business award on 13 December 2011. The impact was excellent with over 500 participants and promoted on over 30 national TV stations, radio, and written media. ▪ The feasibility studies have been distributed to donors, GoK and potential investors in Kosovo and Turkey. Some of the successful achievements were recorded at local media and announced at UNDP Kosovo website: http://www.kosovo.undp.org/?cid=2,26,1071; http://www.kosovo.undp.org/?cid=2,26,1086; http://www.kosovo.undp.org/?cid=2,26,1090. ▪ In order to raise awareness, the GIM Project commissioned a

Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				<p>documentary film on GIM projects promoting business models to stakeholders. The documentary will be launched in Q1, 2012.</p> <p>Promotion of the role of the private sector in development:</p> <ul style="list-style-type: none"> ▪ Cooperation with the American Chamber of Commerce was renewed for promotion of Corporate Social Responsibility (CSR) in Kosovo and successfully completed the planned activities for the cooperation. Kosovo CSR Network has been established and American Chamber of Commerce is serving as the Secretariat for the network. The Kosovo GIM project will continue supporting the CSR secretary with its participation to the Global Compact network event in Greece in 2012. ▪ A two-day Corporate Social Responsibility training was organized in cooperation with the 'Istanbul International Centre for Private Sector in Development' and invited Mr. Hansin Dogan as a lecturer. The training was held on 12-13 December 2011 and was attended by 20 representatives of local companies.
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	<p><u>Achieved:</u></p> <ul style="list-style-type: none"> ▪ 3 feasibility studies have been finalized (Vocational Education Training, Sheep Sector and Poultry Sector) ▪ Terms of Reference for one study on fruit and vegetable value chains have been finalized. 		<ul style="list-style-type: none"> ▪ The feasibility study on the establishment of a Vocational Education Training Centre has been finalized after several rounds of reviews and recommends training programs for vocations in the food and beverage industry, wood industry, motor vehicle repairs, and for (industrial) machinery-, electronics-, and electrics- mechanics. ▪ The feasibility study on the poultry sector identified the main constraints for the development of the poultry sector in Kosovo (such as poor quality ingredients, feed, slaughterhouse capacity etc..) and identifies future potentials of this industry. It analyses the feasibility of four potential inclusive projects i.e. the establishment of a breeder farm, slaughterhouses, grain elevators and storage facilities as well as the creation of an egg collection point.

Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				<ul style="list-style-type: none"> ▪ A sectoral study on the sheep sector (wool and meat) has been finalized. One of the main constraints of the sheep sector in Kosovo is the low production of wool that doesn't meet the needs of local wool processors. Another main constraint is the local breeding which results in poor quality wool and bad lambing rate. The study provides two complementary recommendations; 1) import substitution of wool by establishing wool collection centers and by training wool processors and collectors, 2) identify the appropriate breed and establish the sheep breed farm supported by a training program for sheep breeding and feeding in order to increase the quality of local wool. ▪ The Terms of References of a study on fruit and vegetable value chains suitable for the implementation of inclusive business have been finalized.
4. Number of facilitated linkages/ projects involving external companies	No target for 2011	<u>Under development</u> (no targets for 2011)		<ul style="list-style-type: none"> ▪ The Business Outreach Broker in Turkey supported the Kosovo project with research, identification of potential project partners and establishment of contacts. In this regard, linkages with BUTGEM-BEGEV, Bursa Kosovo Usküp Türkleri Yardımlaşma Derneği have been established for the VET project and identification of three potential partners for <ul style="list-style-type: none"> • the wool project (Rematex) • potato farming (Pestova) • Ballkan apparel production company in Poduyeve has taken place. ▪ As mentioned earlier in this report, in collaboration with the Outreach coordinator the organization of a business mission of Turkish companies to Kosovo with focus on Poultry, VET and Fruits and Vegetables was envisaged for 2011, but the idea had to be abolished due to budgetary constraints (cost-benefit principle) and

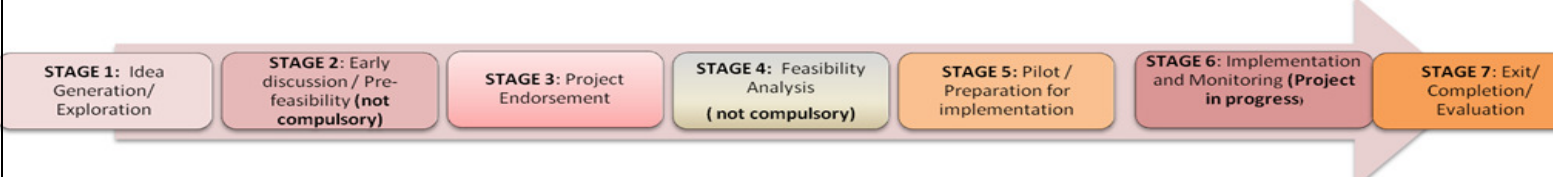
Output: Successfully brokered inclusive business model investment projects in progress in Kosovo				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				need for further development of the project proposal.
5. Multistakeholder alliances around investment projects in place as needed.	No target for 2010	<u>Under development</u> (no targets for 2011)		<ul style="list-style-type: none"> All projects involve several partners and are expected to develop functioning multi-stakeholder alliances.
6. Yearly Project review	One positive project review	<ul style="list-style-type: none"> <u>Achieved</u> A project review mission was carried out in December 	Project reviewed	<ul style="list-style-type: none"> A project review mission was carried out in December 2011 by Mr. Gokhan Dikmener. The project achieved to finalize 3 feasibility studies and developed a pipeline with a sufficient number of projects.

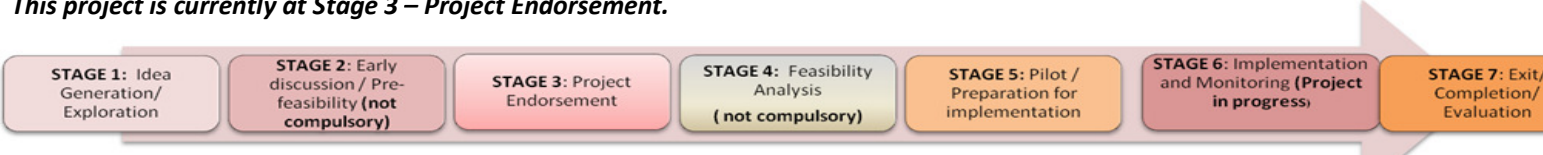
Endorsed Projects in Kosovo

Title of the project and project idea	Kosovo manufacturing value chain program: addressing the fundamental obstacles to Kosovo's industrial modernization and providing vocational training for higher incomes 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.
Lead company	BUTGEM-BEGEV, Bursa Kosovo Usküp Türkleri Yardımlaşma Derneği.
Other project partners	UNDP Kosovo, Kosovo Chamber of Commerce and Government of Kosovo
Development objective	The project aims to address the lack of qualified labor force in order to improve workforce development in industrial processing. The project has assessed the demand for certain skill sets in industrial processing and the capacity of existing talent suppliers and analyzed the service market. The aim is to provide high quality vocational training by establishing a vocational training centre, similar to BUTGEM-BEGEV in Bursa (Turkey) in order to ensure a supply of more skilful and efficient workforce to the light industrial sectors such as wood processing, construction material manufacturing, textile, light metal manufacturing, food industry etc.. The expected development results are reduction of unemployment (particularly among the youth and women), alleviation of poverty and creation of a sustainable industry. The know-how transfer from Turkish experience in vocational training is envisaged. 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)..
Business case	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 facility which is equipped with up-to-date machinery and devices. The cooperation with the Turkish partner should lead to the establishment of a profitable vocational training centre in Kosovo through adaptation and replication of the Turkish model. A feasibility study finalized in Q2, 2011 established the business case for such a center.
Status	<p><i>The project is currently still in Stage 4 – Feasibility Analysis.</i></p>  <pre> graph LR S1[STAGE 1: Idea Generation/ Exploration] --> S2[STAGE 2: Early discussion / Pre-feasibility (not compulsory)] S2 --> S3[STAGE 3: Project Endorsement] S3 --> S4[STAGE 4: Feasibility Analysis (not compulsory)] S4 --> S5[STAGE 5: Pilot / Preparation for implementation] S5 --> S6[STAGE 6: Implementation and Monitoring (Project in progress)] S6 --> S7[STAGE 7: Exit/ Completion/ Evaluation] </pre>
Progress made during the reporting period	The GIM broker was involved in supporting the local consulting firm in the elaboration of the feasibility studies and comments were provided on the draft study. The feasibility study on VET was finalized in Q2, 2011 and recommends that the new VET centre provides training programs.

	<p>for vocations needed in the food and beverage industry, wood industry, motor vehicle repairs, and for (industrial) machinery-, electronics-, and electricians- mechanics. In addition to these core programs, there may be scope for some training in metal processing and the textile industry (especially for design in the latter). The feasibility study was shared with the partners in Turkey (BUTGEM-BEGEV, Bursa Kosovo Usküp Türkleri Yardımlaşma Derneği) and contacts with main project stakeholders were maintained. The municipality of Prishtina expressed their willingness to provide land for the construction of a VET centre in the Prishtina Region. The second half of 2011, was dedicated to partnership building: The Turkish investor visited Kosovo and met separately with Kosovo Chamber of Commerce and Ministry of Education, Science and Technology and Prishtina Municipality on the establishment of the VET center. The GIM project planned to finance a second visit of the Turkish investor to Kosovo, but discarded the idea after assessment of partner commitment and expected cost-benefit. Several months of delay in finalizing the feasibility study and the low quality of the final output may have decreased the interest of the potential investor to invest in Kosovo. The Project Manager and UNDP Broker in Turkey will follow up with the Turkish investor in Q1, 2012.</p>
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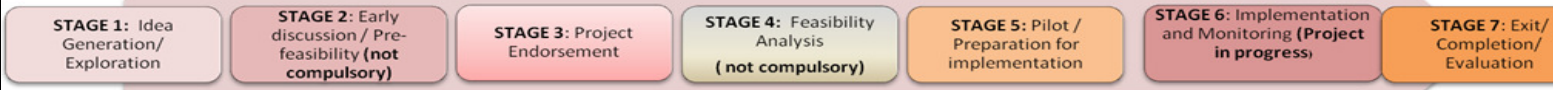
Title of the project/project idea	Poultry farming / broiler - chicken meat processing plant: boosting the poultry sector, substituting imports with local produce, improving value chains and creating employment opportunities for the poor.
Lead company	Potential - Turkish investor or domestic firm Jazi-1.
Other project partners	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, TIKA
Development objective	<p>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. Poor farmers with low or limited skills in poultry farming can be trained in a short period of time to feed the day-old chicks they will receive from the leading company together with the feed. After the period of two months, the leading company collects the fully-grown broilers and the poor farmers will be disbursed as per the number of fully-grown broilers. 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.</p> <p>Through the project, local chicken meat will be made available to the population in Kosovo at a lower price than current imports. As a result, it will be affordable for the poor.</p>

Business case	Investing in poultry meat production is seen with high market potential as current market demands is approx. 15,000,000 units (broilers) whereas local production only amounts to 500,000 units – a business case for import substitution. An investment of approximately 90,000 in establishing a broiler breeder operation is crucial in order to start a functioning poultry meat production in Kosovo. 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 foreign 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.
Status	<p>The project is currently in Stage 4 – Feasibility Analysis.</p> 
Progress made during the reporting period	<p>The feasibility study was finalized in January 2011 and has been shared with relevant stakeholders. As per findings of the feasibility study, the Ministry of Agriculture, Forestry and Rural Development (member of the National Steering Committee) has agreed to support the poultry sector with the amount of 200,000 Euros (in total) in form of grants for small farmers.</p> <p>Furthermore, the GIM project organized with support of the Business Outreach Coordinator (BOC) five meetings for a Kosovar mission represented by Ilir Zenelaj, Kosovar poultry expert and the author of UNDP Kosovo GIM feasibility study; and Jazi, Kosovar poultry and animal feed producer from Kosovo with key sector associations and business leaders from Turkey. As a result of the meetings with Şahin Aydın, president of the "Turkish Poultry Promotion Group" and the General Manager of Hastavuk, (one of the largest suppliers of the broiler industry), General secretary of the "Turkish Poultry Promotion Group", and the representatives of the Turkish Poultry Meat Producers Breeders Association (Besd-Bir), and the Turkish Egg Producers Association, the BOC was planning to organize an investment and business mission to Kosovo and a workshop in Kosovo in the 4th quarter of 2011 in collaboration with "Turkish Poultry Promotion Group", but the mission was cancelled due to a cost-benefit analysis of the mission. During the project review mission, the Business Outreach Broker and the Broker briefed the TIKA Kosovo office on the status of the project. The TIKA coordinator requested a concept note with a project formulation (TKC) similar to an existing TIKA poultry project in Turkmenistan, which was prepared by the poultry sector feasibility consultant and subsequently submitted to TIKA. The current risks of this project are the limited interest of Turkish investors for the small Kosovar mission and the limited time availability for attraction of FDI and project implementation.</p>

Title of the project and project idea	Improving Fruits and Vegetable farming business - The objective of the project is to create a sustainable business chain in agricultural sector for fruits and vegetables, by involving the poor and the private sector. The initiative seeks to remove the obstacles of doing business with farmers, improve the value chain as planting - harvesting – storage - to selling and offering income generation opportunities to the poor (small producers, collectors of berries etc)
Lead company	Potential – private company “Agro Celina” - Rahovec and three farmer NGOs (“Anadrini” - Xerxe, “Dushkaja-Bec” - Gjakova,)- Krusha e marta companies expressed their interest in the development of value chains in a multi-stakeholder approach involving the private sector, farmers associations, individual farmers and governmental actors.
Other project partners	Potential – Ministry of Agriculture, Forestry and Rural Development (MAFRD). USAID’s New Opportunities in Agriculture (NOA) Program DANIDA, ECLO and GIZ
Development objective	The main development objective lies in pro-poor value chain development. Farmers, organized in farmers associations, would be supported to increase productivity and quality of their produce and linkages to buyers would be established. The initiative is to work with over 100 farmers (50 % women headed), farmers associations and companies to support the farmers in quality standards, packaging, storage and management. This implies for small farmers to achieve higher productivity and reach increased revenues by up to 20%. Furthermore, it is expected that seasonal employment (6 months a year) will be created for up to 25 workers. Special attention will be paid to sustainability and potential replicability of the model.
Business case	<p>The Ministry of Agriculture, Forestry and Rural Development (MAFRD) is supporting the farmers and subsidizing several agriculture products. In addition, the donor agencies (USAID NOA, ECLO, DANIDA, GIZ etc.) present in Kosovo are providing grants to the agriculture sector including fruits and vegetables sector especially on testing cultivation of the new species. However, the poor and illiterate farmers are excluded due to lack of knowledge on filling the grant applications, farming, seed and soil productivity, and establishing business linkages which require skilled individuals. In this regard, the farmers and poor have an understanding that filling grant applications and project proposals to MAFRD and other donors is very complicating for them as majority of them have no or little understanding and there is no service to ease them in this process. Moreover, according to some farmers, the donors and MAFRD are focused on supporting large enterprises, which might lead to monopolistic competition because of the low prices that are supported with grants.</p> <p>The GIM project will support businesses in agriculture sector in seeking grant funding and to further support their business activities. Support will be targeted to local farmers, cooperatives, NGO’s or SME’s that are involved in Fruits and Vegetables sector and who deal with harvesting, collecting, processing and trading of fruits and vegetables. Respecting sustainable harvesting principles, and protecting biodiversity, it will also create incomes for the rural population and secure the consistency with the Millennium Development Goals (2000).</p>
Status	<p><i>This project is currently at Stage 3 – Project Endorsement.</i></p> 

Progress made during reporting period	Opportunities in this sector have been identified and the project was endorsed by the National Steering Committee in March 2011. Key donors have been identified along with potential project concepts. Further stakeholder consultations have been carried out and agreement has been reached on the Terms of Reference for a study leading to the identification of viable inclusive business models. The company has been selected to support small businesses in agriculture sector in seeking grant funding and to further support their business activities..
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Title of the project/project idea	Improving value chain and new opportunities in Sheep Wool and Sheep Meat Market
Lead company	Potential – Rematex textile
Other project partners	
Development objective	<p>The overall objective of the project is to improve the value chain in sheep sector by establishing linkages between farmers and private companies, wholesalers and retailers. Quality of supplied wool will be improved to meet standards of the buyers.</p> <p>The main development objectives of the project are threefold:</p> <ol style="list-style-type: none"> 1. Linking farmers to the potential market channels and sales opportunities such as Ramatex textile company in Kosovo and other companies within Kosovo and outside 2. Creation of employment opportunities for poor within the value chains, especially those living in poorest regions as sheep farming is not considered to be capital intensive 3. New markets secured for local producers, which won't be limited to wool and meat, but will also cover complimentary products such as milk, cheese, compost, etc
Business case	<p>According to the feasibility study, the main constraint of the sheep sector in Kosovo is the low production of wool that doesn't meet the needs of local wool processors. Another main constraint is the local breeding which results in poor quality wool and bad lambing rate. The study provides two complementary recommendations; 1) import substitution of wool by establishing wool collection centers and by training wool processors and collectors (estimated value of investment €15,000), 2) identify the appropriate breed and establish the sheep breed farm supported by a training program for sheep breeding and feeding in order to increase the quality of local wool (estimated value of investment €50,000).</p> <p>The only feasible intervention to the sector by Kosovo GIM project is the establishment of the network of wool collection centers, by finding a committed buyer, interested in local supply of wool.</p>

Status	<p>The project is currently in Stage 4 – Feasibility Analysis.</p>  <p>STAGE 1: Idea Generation/ Exploration</p> <p>STAGE 2: Early discussion / Pre-feasibility (not compulsory)</p> <p>STAGE 3: Project Endorsement</p> <p>STAGE 4: Feasibility Analysis (not compulsory)</p> <p>STAGE 5: Pilot / Preparation for implementation</p> <p>STAGE 6: Implementation and Monitoring (Project in progress)</p> <p>STAGE 7: Exit/ Completion/ Evaluation</p>
Progress made during reporting period	<p>The project was endorsed by the National Steering Committee and a feasibility study was finalized in Q4, 2011. The sheep sector consultant presented the findings of his study at the conference on “Development Opportunities of Production Sectors with Export Potential in 10 Municipalities” in Prizren on 26 Oct 2011. At this event, the Kosovo based wool processing firm Rematex expressed its interest to explore cooperation with the GIM project. A follow-up meeting was carried out between Rematex, the GIM broker and the Business Outreach Coordinator. Rematex, a joint-venture between Kosovar and Turkish companies, in need of local wool supply, could be a key partner in the development of collection centers (given that total wool production in Kosovo only satisfies 10% of their raw material needs). Initial meetings between Rematex, the Business Outreach broker and the GIM broker have taken place and a draft Letter of Understanding is currently being cleared by UNDP Kosovo for submission to Rematex.</p>

4.5.4 Uzbekistan

Despite the difficult business environment in Uzbekistan, the GIM project performed well and all annual targets for 2011 were achieved²⁷. The project counts with a functioning National Steering Committee who endorsed three projects in 2010 (handicraft, milk collection and honey promotion). Two inclusive business projects (Fair trade cherries and milk collection centre) are currently in stage 6 – Implementation and monitoring. The handicraft project was brought to stage 4 – feasibility analysis and the honey promotion project is in its stage 3 – project endorsement. Three projects (including the indigo dye promotion project brought to stage 2 - early development/pre-feasibility and the solar greenhouses and aquaculture project identified are currently in stage 1 – Idea generation/exploration) were added to the project pipeline. The project was reviewed by Ms. Brigitte Colarte-Duerr in November 2011. **In order to reach the overall project primary target²⁸ of 5 successfully brokered inclusive investment projects in progress (by the end of the project) and provided that the 2 already implemented project stay either in stage 6 – implementation and monitoring phase or mature to stage 7- Exit, the GIM project in Uzbekistan has to bring 3 additional projects to implementation in 2012, of which at least one counts with an external partner.**

Based on current assessments, in Uzbekistan the project is on track to bring five projects to the implementation stage by August 2012, thereof at least one with external participation.

Output: Successfully brokered inclusive business model investment projects in progress in Uzbekistan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
1. Operational national GIM Steering Committee	At least one GIM National Steering Committee meeting	<u>Achieved</u> ▪ NSC meeting took place on 2 November 2011	Project operational	▪ One National Steering Committee Meeting took place on 2 November 2011 and 3 projects were endorsed (Honey Promotion, Handicraft project, Milk Collection)
2. Number of investment projects brought to the target	At least 2 inclusive business model projects identified, endorsed	<u>Achieved</u> ▪ 2 projects,	New investment projects	Key markets and sectors for GIM interventions: ▪ The project continues to work within the key markets identified in 2010 (Food processing; livestock and dairy; small-scale production

²⁷ The annual target of 4 successfully brokered inclusive investment projects identified, endorsed and in progress set in the Annual Work plans for 2011 in Kazakhstan and Kosovo was reduced in Uzbekistan and Bosnia to 2 projects in progress, due to the difficult business environment in Uzbekistan and the expected termination of the BIH project in April 2011. The projects in BIH and Uzbekistan are nonetheless expected to reach the target of 5 projects in progress by the end of the project.

²⁸ As approved by the Project Board on 15 December 2011, primary indicators and targets are: Successfully brokered investment projects in progress (5 in each country, 20 in total) and “Facilitate linkages between external companies and entrepreneurs/SME’s/producers organizations in target countries (At least 2 projects with external companies in each of the new target countries”. NEW target countries according to project document and project outline being Kosovo, Kazakhstan and Uzbekistan.


Output: Successfully brokered inclusive business model investment projects in progress in Uzbekistan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
country and in progress	and in progress At least 1 inclusive project implemented At least 1 advocacy activity implemented	endorsed in 2010 are currently in the implementation stage(Fair Trade dried cherries and milk collection) <ul style="list-style-type: none"> ▪ 2 additional projects (handicraft & honey promotion) are in progress in its development stage ▪ The project pipeline includes 3 projects (on Indigo Dye, Aquaculture and solar greenhouses) 	identified, developed and supported Advocacy activities on the role of the private sector in development organized	of poultry and fishery; pro-poor tourism; home-based business [e.g. sewing]; cultivation of special plants. No projects are currently ongoing in the tourism sector in the Uzbek portfolio. Communication and dissemination activities were carried out. <ul style="list-style-type: none"> ▪ In June, call for proposals were placed in various business journal and newspapers. ▪ GIM communication and information dissemination were conducted in meeting with Craftsmen Association, various UNDP projects and numerous visitors (both private and international organizations) received by CCI Chairman. ▪ Communication activities have been carried out in form of calls for proposals for inclusive business model ideas, participation in parliamentary sessions on fishery and honey, as well as the dissemination of regional GIM report' Business Solutions to Poverty' to relevant stakeholders and local authorities. ▪ In addition to this, the broker participated in meetings of the CCI with local and international delegations on the occasion of which he explained the inclusive business concept and contributed to awareness raising for private sector's role in development. ▪ The launch of the GIM report, planned for 2011, was again postponed to Q1, 2012 in order to organize a joint event with the inauguration of the milk collection center project. Promotion of the role of the private sector in development: <ul style="list-style-type: none"> ▪ Local and foreign companies are still not well aware of inclusive business models and CSR and it therefore takes time and efforts to promote GIM among them. Most of local companies operate in "survival" mode and can hardly be expected to adhere to inclusiveness in near future. ▪ Annual Presidential Contest among entrepreneurs, TASHABBUS, has

Output: Successfully brokered inclusive business model investment projects in progress in Uzbekistan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				<p>been identified as most effective way to promote GIM and identify new business ideas. 2 laptops were offered as prize for winners in “Best Woman Entrepreneur” and “Best family business” nominations. Best woman entrepreneur nomination winner’s business idea eventually has been developed into support to handicraft production as source of home-based employment and income generation for rural women project.</p> <ul style="list-style-type: none"> ▪ The broker also made a presentation on honey and bee-keeping in the Uzbek parliament and highlighted the role of that the private sector can play in contribution to development. <p>Identification and support of inclusive business projects:</p> <ul style="list-style-type: none"> ▪ The Fair Trade Sour Cherry project, endorsed in 2010, has been supported and is now in its implementation phase with the fair trade certification for sour cherries finalized. ▪ The Milk Collection Centre project, endorsed in 2010, has been supported with the engagement of a local consultant and the identification of a new lead firm interested in establishing the collection centres (considering that the initially identified lead firm withdraw from the project due to financial difficulties). The identified lead firm JV EvroFoodMilk established a milk collection centre, to which the GIM project contributes with equipment and business model development. ▪ A project on handicraft production through home based work for rural women has been identified at the event of the Tashabbus contest for inclusive business ideas and is currently in under development. The project will provide sewing machines and support the firm with identification of marketing channels. ▪ Opportunities for new business models were identified for bee-keeping (honey sales promotion), handicraft, solar greenhouses,

Output: Successfully brokered inclusive business model investment projects in progress in Uzbekistan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
				<p>waste management and fisheries with national partners. Opportunities for the involvement of international companies include handicraft and indigo (Turkey).</p> <ul style="list-style-type: none"> ▪ A contest among students for inclusive business ideas, planned for Q3, 2011, was not carried out as such contest needs approval of university boards and ministry of education, which is difficult to obtain. In addition to this, the project decided to prioritize contacts with the private sector, as students are not seen as constituting the best stakeholders for GIM in terms of inclusive business opportunity identification, implementable within the remaining short project duration. ▪ Due to prioritization of other activities, the project presentations were not carried out in the regions. ,
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"> ▪ Two studies have been finalized (fair trade gap analysis and milk collector readiness) 		<ul style="list-style-type: none"> ▪ Two studies have been finalized: One on Fair trade gap analysis and one on milk collector readiness for the implementation of inclusive business in the Tashkent region. ▪ The TOR's for a honey value chain study have been finalized.
4. Number of facilitated linkages/ projects involving external companies	No target for 2011	<u>Under development</u> (no target for 2011)		<ul style="list-style-type: none"> ▪ An exchange on potential business opportunities involving external firms in Uzbekistan has taken place between the Business Outreach Broker in Turkey regarding the projects on artisan products, milk processing and honey export. The Outreach coordinator has also be involved in the search for potential buyers of natural indigo dye. ▪ External linkages have been established with MARAP, a Austria based company for commercialization of dried fruits and nuts from Uzbekistan and a project is under implementation.
5. Multistakeholder alliances around	No target for 2011	<u>Under development</u> (no target for 2011)		<ul style="list-style-type: none"> ▪ All identified projects involve several partners and are expected to develop strong multi-stakeholder alliances.

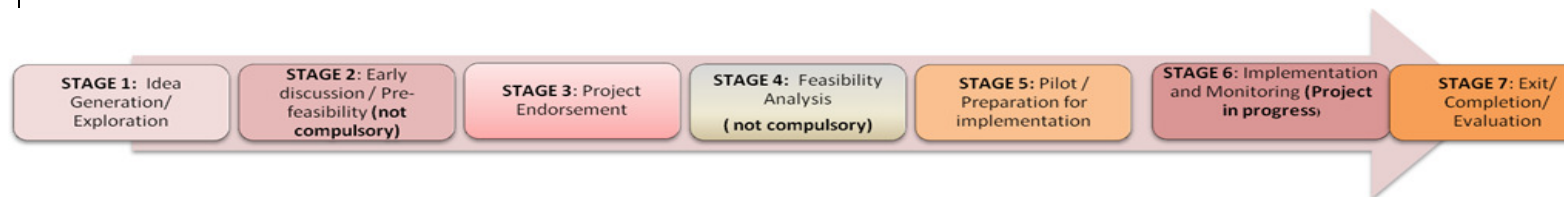
Output: Successfully brokered inclusive business model investment projects in progress in Uzbekistan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
investment projects in place as needed.				
6. Yearly Project review	One positive project review	<u>Achieved</u> <ul style="list-style-type: none"> ▪ Carried out in Q4, 2011 	Project reviewed	<ul style="list-style-type: none"> ▪ The project review mission was carried out in Q4, 2011 by Ms. Brigitte Colarte-Duerr. The Broker should be commended for bringing two viable inclusive business projects to the implementation stage (of which one is counting with an external lead firm) despite the very challenging environment in Uzbekistan. The project counts with a promising portfolio of 4 endorsed projects and a pipeline of 3 projects that should be further explored in Q1, 2012 partly with support from local consultants in order to speed up its development.

Endorsed projects in Uzbekistan

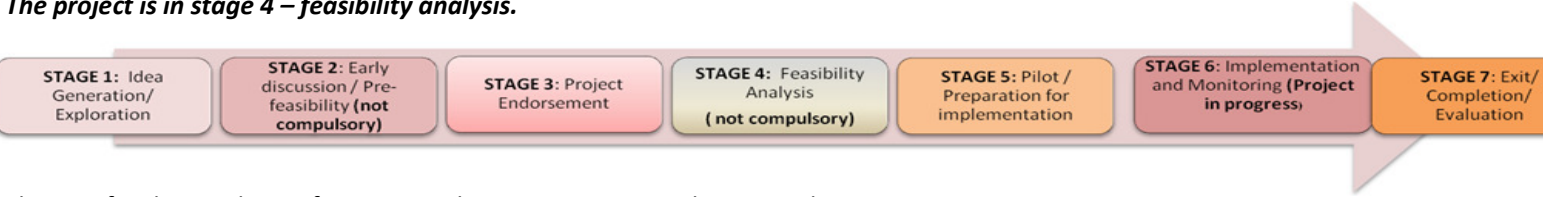
Title of the project/project idea	Fair-trade dried sour cherry sourcing from Samarkand: linking marginalized raisin/cherry producers from Uzbekistan to Fairtrade markets in developed countries.
Lead company	MARAP/Austria - Marap is the world leader in the production of organic dried sour cherries (80% of the market) and one of its main clients currently requesting fair trade certified and organic dried sour cherries. Marap's subsidiary DP Silkroad is drying fruits source in Uzbekistan using solar panels and shipping them in bulk after sorting to Marap in Austria for packaging and marketing.
Other project partners	Area Based Development (ABD) EU-UNDP project. (The ADB co-financed the pre-feasibility study, but is no longer involved in the project.)
Development objective	<p>The project aims links marginalized fruits producers from Uzbekistan to Fair-trade markets in developed economies. Estimated results are (a report on project results will be available in Q2, 2012):</p> <ul style="list-style-type: none"> • Increased income and livelihoods opportunities for the farmers and their families • Increased production of agricultural products in accordance to international standards • Increased awareness of the Fair-trade model and principles in Uzbekistan • Increased awareness of Uzbekistan and its Fair-trade products in developing countries markets <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 provides support and covered certification costs.</p>
Business case	<p>Fair-trade can provide premium prices for dried sour cherry/raisins from Uzbekistan if certain Fair-trade requirements are met and documented annually. The demand for Fair-trade dried sour cherries is high with currently very few producers. Buyers are eager to diversify and increase their sources.</p> <p>Uzbekistan is host for DP Silk Road, the subsidiary of Marap, an Austrian company specialized in producing and marketing organic dried fruits and nuts. DP Silk Road has a production facility in Samarkand and sources its fruits and nuts from 150 producers in the region.</p>
Status	<p><i>The project is in stage 6 – implementation and monitoring</i></p> 
Progress made during the reporting period	<p><u>2010</u>: In 2010, the project was endorsed by the National Steering Committee and a pre-feasibility study has been finalized.</p> <p><u>2011</u>: The Fair Trade Label Organization (FLO) conducted a gap analysis, with recommendations on next steps and carried out, in collaboration with the lead firm, the fair-trade certification. The broker held himself ready to support MARAP, who has taken over the lead in implementation of the project after the conduction of the pre-feasibility study and the gap analysis. Critical questions on the traceability cash flows were solved and the fair-trade certification was successfully conducted by FLO with the lead firm that supported the farmers in</p>

	process and paid the cost for the certification. The export of fair trade certified goods (sour cherries & apricots) is already taking place and project has reached its implementation stage. The lead firm is interested in expanding the range of fair trade certified fruits and continuously
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Title of the project/project idea	Milk collection centre pilot project: ensuring optimal linkages between small producers and milk processing companies
Lead company	Uzbek-American-Russian JV “EvroFoodMilk”
Other project partners	German Development Agency (GIZ), Israeli Center for International Cooperation - MASHAV , UNDP Livestock project (sharing tech knowledge and providing technical assistance)
Development objective	91% of the raw milk in Uzbekistan is produced by households and smallholder farmers. Milk processors report the lack of raw milk for their production capacities and most of the milk is delivered to consumers as raw milk (no quality check, seasonal price fluctuations). Household milk productivity is very low, and there is no access to extension services or market outlets. 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 500 rural households, guarantee good quality and safety of milk and improve the efficiency and productivity of small producers. The expected income increase is USD300 per cow for farmers. The lead company agrees to offer fair prices to the farmers, to provide free of charge vet care services and to assure the supply of adequate forage in order to improve the cow’s health and milk production. A Memorandum of Understanding will be signed in this regard in Q1, 2011.
Business case	Milk processors report a lack of raw milk for their production capacity. The winters are marked with shortage of milk, while in summer there is an oversupply, with farmers getting 30% less than the normal price. JV EvroFoodMilk is a leading producer of butter in Uzbekistan. Currently the lead company is relying on suppliers of cream for butter production and it has a strong interest in the development of a stable supply chain of raw milk. JV “EvroFoodMilk” is planning to establish a first MCC with the assistance of UNDP and has plans to open two more centers if the first center is successful. The milk collection center (MCC) will match supply with demand, can better understand and communicate community needs and capacity in milk production, and can streamline milk collection process. Extension services provided via MCC eventually improve milk supply volume and households incomes, as well as ensure a stable supply of high quality milk for EvroFoodMilk.
Status	<i>The project is in stage 6 – Implementation and Monitoring.</i>



Progress made during the reporting period	<p>2010: The feasibility study was finalized by the end of 2010. The previously identified lead company dropped out from the project due to mismanagement and financial issues.</p> <p>2011: Collaboration efforts were taken by GIM, UNDP, JV and Chamber of Commerce and Industry to ensure success and inclusiveness of pilot project. A milk sector consultant was hired to identify new lead company and also new changes in milk sector like water and feed shortage and possible solutions. The consultant report identified the risk of milk shortage starting September 2011 in Uzbekistan - information that was used to show the benefits of setting up milk collection center. JV MilkEvroFood, a butter producing company was identified as most suitable partner. The company collaborated with the project and invested in the establishment of a milk collection center. GIM provide the equipment for this center. The project and the purchasing of equipment were endorsed by the National Steering Committee in November 2011 and the RFQ for the equipment purchasing has been finalized and will be announced in January 2012. Ensuring the continuation of provision of free of charge vet services and forage at affordable prices after the termination of the GIM project is a key success factor of project.</p>
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Title of the project/project idea	Support to handicraft production as source of home-based employment and income generation for rural women
Lead company	Mrs. Faroxat Sadullaeva, Craftswoman from Khorezm region, TASHABBUS-2011 contest “Best Woman Entrepreneur” nomination winner
Other project partners	Craftsmen Association, Chamber of Commerce (CCI), Bernina company
Development objective	Rural women are often unemployed. This project introduces home-based employment that offers income and flexible working hours for women. On average, each home-employed woman will make an additional income of at least USD 170, while, at the same time, being able to take care of housekeeping activities and their families. The expected number of beneficiaries will be around 30 rural women, including graduates from school for deaf people.
Business case	The entrepreneur is successful in running small-scale sewing operations in Urgench city and covers nearby villages for training and home-based employment for rural girls and women. The GIM project will support the company to find suitable marketing and distribution channels for their produce (e.g. the tourist sector) in order to increase through assured market linkages the number of home employed women. The company benefits from the provision of technical and marketing assistance and procurement of sewing machines through the project as well as through increased incomes and expanded trained workforce.
Status	<p>The project is in stage 4 – feasibility analysis.</p>  <p>The RFQ for the purchase of sewing machines was announced in December 2011.</p>

Progress made during the reporting period	The entrepreneur won the “Best woman entrepreneur” nomination in the annual Tashabbus contest for Uzbek entrepreneurs, which includes a voucher for technical assistance provided by UNDP. The inclusive business model was identified and developed to be based on business social (employment) and easy scalability within GIM. New channels for the handicraft items distribution were identified and coordinated with stakeholders like local authorities, tourism organizations and online stores. The project was endorsed by the National Steering Committee in November 2011 and the RFQ for sewing machines purchase was announced in December 2011. The difficult health conditions of the owner of the lead firm constitute a risk for the project.
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Title of the project/project idea	Honey Promotion
Lead company	Korzinka, a national supermarket from Tashkent, interested in supporting the promotion of honey in their supermarkets.
Other project partners	Tashkent bee-keeping society
Development objective	The aim of this project is to promote quality testing/ certification, branding, labeling and marketing of locally produced honey and the establishment of improved sales channels. This should lead to increased incomes for beekeepers and, through increased sales of quality honey have a positive impact on the health of Uzbek honey consumers (e.g. also through Apitherapy). The project approach and the development results will be refined based on the findings of the honey sector study to be developed in Q1, 2012.
Business case	Korzinka would benefit from including quality honey in their assortment, as it seems to respond to a market demand (to be confirmed in a feasibility study). The members of Tashkent City bee-keepers Society try to counter the low honey consumption due to lack of quality certificates by promoting local honey sales in Bazaars, where the beekeepers respond to any questions related to origin, quality and benefits of their product. Properly marketing their honey and selling it in supermarkets, they would gain market access to a new consumer segment.
Status	<p><i>The project is in stage 3 – Project Endorsement</i></p>
Progress made during the reporting period	The project idea of promotion of honey sales has been presented to the National Steering Committee in November 2011 and was endorsed by the Committee. Two regions (Namangan and Tashkent) have been selected, for the development of a rough value chain study that will be carried out in Q1, 2012. Several stakeholders have been consulted and a lead firm (Korzinka) has been identified. The broker also made a presentation on honey and bee-keeping in the Uzbek parliament and highlighted the role of that the private sector can play in contribution to development. The terms of references for the study have been developed and experts identified. The project success is largely dependent on retailers willing to promote new niche products with little impact on their financial bottom-line for next 3 years.

4.5.5 Turkey Based Business Outreach

In Business Outreach, one annual targets for 2011 was fully achieved, and one partially. A qualified broker is in place since early 2010, which organized the annual broker training in collaboration with the Bratislava Regional Centre and carried out several project management and country backstopping functions in 2011.

The annual target of '4 facilitated linkages/inclusive business projects involving external companies' was mostly achieved (75%). This partial achievement had the following reasons: 1) As already mentioned in previous communications with the Board, the current investment climate in Uzbekistan for inclusive business investments is very unfavourable. 2) In Kazakhstan, the broker had no established office in Eastern Kazakhstan for more than half a year. The new broker, relocated to Eastern Kazakhstan only by the end of August, first needed familiarisation with the project and the environment. This required time. Hence, the outreach broker's possibilities for establishing linkages with external companies were limited. In consequence, no linkages were established. 3) In none of the project countries' and the regional Annual Work Plans, linkages with external companies were explicitly mentioned as annual target.

Given these limitations, the BOC focused his activities on Kosovo and BiH, with supporting activities for the other two countries.

In Kosovo three new project opportunities with external partners were identified and linkages with the Kosovo broker were established (Rematex on wool, Pestova on potatoe puree and Ballkan on textile). During the BOCs mission to BIH, two potential project leads were identified (Sir dedic on diary and TSUAB on improving access to quality agricultural inputs). In Kazakhstan, new pipeline projects were defined in Q4, 2011, and an assessment of cooperation opportunities was conducted.

In 2011, the Business Outreach Coordinator (BOC) organized two match-making conferences (one in Istanbul and one in Bursa), at the event of which more than hundred B2B meetings were held between Bosnian and Turkish companies, and which resulted in at least two trade leads. The BOC attended two matchmaking conferences as participant and delivered 5 trainings on inclusive markets/business. On advocacy, the BOC co-organized the launch event of the GIM regional report with UNDP administrators participation, an Executive Workshop on inclusive business in Emerging Europe and Central Asia and was the key organizer of a conference on "Growing Inclusive Markets: Social Entrepreneurship Case Studies from Turkey". With the aim of codifying case studies from Turkey, the BOC conducted research, collected five case studies, developed case write-shop methodology and compiled the publication "Growing Inclusive Markets: Social Entrepreneurship Case Studies from Turkey".

Overall, two GIM projects brought to implementation in 2011 count with the participation of an external firm: the Uzbek Fair Trade Cherries project (with MARAP from Austria as external partner) and the Paper Collection Network project in BIH (with Turkey-based Natron Maglaj and Alba from Germany). **In order to reach the overall project primary target²⁹, the Business Outreach Broker has to facilitate linkages between external**

²⁹ As approved by the Project Board on 15 December 2011, primary indicators and targets are: Successfully brokered investment projects in progress (5 in each country, 20 in total) and "Facilitate linkages between external companies and entrepreneurs/SME's/producers organizations in target countries (At least 2 projects with external companies in each of the new target countries)". NEW target countries according to project document and project outline being Kosovo, Kazakhstan and Uzbekistan.

companies and entrepreneurs/SME's/producers organizations in target countries. The country brokers have to ensure that at least 2 projects with external companies in each of the new target countries are implemented.

Output: Successfully brokered inclusive business model investment projects in BiH, Kosovo, Kazakhstan and Uzbekistan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
1. Trained Business Outreach Broker in place	One trained Business Outreach Broker in place	<p>- <u>Achieved</u></p> <ul style="list-style-type: none"> ▪ A qualified Business Outreach Coordinator is in place since early 2010 	Project operational	<ul style="list-style-type: none"> ▪ Mapping of key stakeholder that could be engaged in target countries activities has been carried out including business support organizations, companies, and government institutions, missions of the project countries, academic institutions and NGOs. ▪ The broker has established working relationships with several institutions willing to support the project and contribute resources ▪ A Memorandum of Understanding (MOU) with Bilgi Social Sciences Institute, signed in 2010 constitutes a platform where "inclusive business models" are discussed. It has been established by UNDP Turkey and Bilgi University Social Sciences Institute. Istanbul Bilgi University Institute will contribute to reduction of research gap in the field of inclusive markets/businesses in accordance with the signed MOU. Bilgi University also aims to organize the first conference on "Inclusive Markets and Social Entrepreneurship" in Turkey (realized in June 2011) ▪ Mr. Gokhan Dikmener has been assigned to co-share technical backstopping and management functions (including revision of TOR's and project documentation). He has the lead responsibility on technical backstopping to country offices. As such he <ul style="list-style-type: none"> i) organized in close cooperation with BRC the annual training in July ii) conducted one assessment mission to Egypt, iii) one training mission to Kosovo iv) 2 review missions(1x Kazakhstan, 1xKosovo), v) participated to project management meetings.

Output: Successfully brokered inclusive business model investment projects in progress in in BiH, Kosovo, Kazakhstan and Uzbekistan

Indicators	Targets 2011	Progress	Activity results	Key Activities
<p>2. Number of facilitated linkages/projects involving external companies</p>	<p>At least 4 facilitated linkages/inclusive business model projects involving external companies</p>	<p><u>Partially Achieved (75% achievement)</u></p> <ul style="list-style-type: none"> ▪ Linkages have been facilitated for 3 potential GIM projects in Kosovo (Rematex, Pestova, Ballkan) <p>In addition to the targets, two potential project leads were identified (Sir Dedic on diary and TSUAB on improving access to quality agricultural inputs)</p>	<p>New investment projects identified, developed and supported</p>	<p><u>Facilitated linkages in 2011:</u></p> <ul style="list-style-type: none"> ▪ <u>Kosovo:</u> In Q4, three linkages have been facilitated between external companies and the GIM project <ul style="list-style-type: none"> - Linkages have been established between the GIM broker and Rematex (Kosvan-Turkish joint venture), the biggest wool processor in the Balkan region on a cooperation in the establishment of a wool collection network. A Letter of Intent was submitted to UNDP Kosovo for clearance. - A Turkish investor has been linked with Kosovo’s largest potato processing company (Pestova) in order to establish a joint venture for potato puree production. Meetings have taken place with the GIM broker and the two parties agreed to collaborate and requested a project concept note. - Ballkan, a Turkish company, which has investments in textile and apparel business, has been put in touch with the GIM broker and a meeting has taken place on the inclusion of the poor in sewing operations. - A potential lead firm for the poultry project in Kosovo (Jazi), was introduced to key players of the Poultry Sector in Turkey in the event of “Viv Turkey 2011 Poultry Technologies International Trade Fair”.

Output: Successfully brokered inclusive business model investment projects in progress in in BiH, Kosovo, Kazakhstan and Uzbekistan				
Indicators	Targets 2011	Progress	Activity results	Key Activities
			New investment projects identified, developed and supported	<p><u>Facilitated linkages in 2011 (continued):</u></p> <ul style="list-style-type: none"> ▪ <u>BiH:</u> <ul style="list-style-type: none"> - As a result of the two match-making conferences organized by the Outreach Coordinator, Exports from Bosnia to Turkey were facilitated. At least two companies supported by UNDP Bosnia successfully negotiated trade deals for the sale of fresh and frozen raspberries to Kaledonia Company from Bursa (600 tons open order) and local honey producer API-MED - Bihac started exporting first shipments of locally produced honey to Turkey. - The BOC conducted an outreach mission to BiH and participated to the matchmaking conference organized by TSÜAB (Sub-Union of Seed Industrialists and Producers). - The BOC organized a meeting with the President, General Secretary and the representatives of Bosnia UNDP. The parties agreed to develop a partnership to implement a joint project of UNDP Bosnia, TIKa and TSUAB, with an aim to constitute cooperation in enabling the disadvantaged farmers to obtain high quality inputs, therefore increasing their income and enabling them with new production techniques and products. The project will serve as a platform to improve the fruits and vegetables production and farmers' income. - Sir Dedic, a Bosnian dairy firm was identified as potential partner for a new GIM project in BiH and contact details were sent to the GIM broker.

Output: Successfully brokered inclusive business model investment projects in BiH, Kosovo, Kazakhstan and Uzbekistan				
Indicators	Targets 2011	Progress	Activity result	Key Activities
			New investment projects identified, developed and supported	<p><u>Match-making Turkey-based companies with investment opportunities identified in target countries:</u></p> <p>UNDP Bosnia - UNDP Turkey - Istanbul Chamber of Commerce Turkey-Bosnia Herzegovina Matchmaking Conference (21 March 2011) The UNDP Bosnia Value Chains for Employment Project, regional GIM project and Istanbul Chamber of Commerce (ICC) jointly organized a matchmaking conference and B2B meetings for Turkish and Bosnian companies in order to promote further cooperation and create new business opportunities between the two countries. This event brought together major companies from Turkey and Bosnia operating in various sectors; ranging from forest fruits, mushroom, meat, milk, fruits and vegetables, honey to wood and furniture. Turkish and Bosnian firms had the opportunity to conduct bilateral meetings with the companies they were interested in. The representatives of noteworthy corporations of Turkey, i.e. Yataş (furniture), Banvit (meat), İtimat Süt Ürünleri (milk), Kerevitaş Gıda (frozen food), met their counterparts from Bosnia, such as Dallas (furniture), Akova (meat), Milkos (milk), Frutti Funghi (forest fruits) to discuss business affairs and establish trade connections</p>
			New investment projects identified, developed and supported	<p>Regional Business Matchmaking Conference by UNDP Bosnia and Turkey branches, BİGMEV, TİKA and RUMELISIAD (22 March 2011)</p> <p>In cooperation with UNDP Bosnia and Turkey offices, BİGMEV which works for the development of Turkish-Bosnian relations and assistance from TİKA and RUMELISIAD, Bosnia Herzegovina Bursa Honorary Consulate hosted a high profile meeting between Turkish and Bosnian companies, along with UNDP officials. Companies from both countries that conduct business in sectors like furniture, vegetables, forest fruits, meat, milk, honey came together in this organization to discuss business opportunities and connect to new trade partners.</p>

Output: Successfully brokered inclusive business model investment projects in BiH, Kosovo, Kazakhstan and Uzbekistan				
Indicators	Targets 2011	Progress	Activity result	Key Activities
			<p>New investment projects identified, developed and supported</p> <p>New investment projects identified, developed and supported</p>	<p><u>Match-making Turkey-based companies with investment opportunities identified in target countries (continued):</u></p> <ul style="list-style-type: none"> <p>▪ Kosovo Business and Investment Opportunities Conference jointly organized by Kosovo Turkey Chamber of Economy and TUSKON The BOC participated at Kosovo Business and Investment Opportunities Conference jointly organized by Kosovo Turkey Chamber of Economy and TUSKON (Turkey Industrialist and Businessmen Confederation) in Istanbul on 28 April 2011. Kosovo GIM Broker Valdet Osmani delivered a presentation at the event. The BOC and the UNDP Kosovo GIM broker jointly explored business opportunities with the participants.</p> <p>▪ Viv Turkey 2011 Poultry Technologies International Trade Fair The Business Outreach Coordinator (BOC) organized five meetings for Kosovar mission represented by Ilir Zenelaj, Kosovar poultry expert and the author of UNDP Kosovo GIM feasibility study; and Jazi, Kosovar poultry and animal feed producer from Kosovo and key sector associations and business leaders from Turkey. Meetings were held with Şahin Aydemir, the president of the "Turkish Poultry Promotion Group" and General Manager of Hastavuk, (one of the largest supplier of the breeder industry), General secretary of the "Turkish Poultry Promotion Group", and the representatives of the Turkish Poultry Meat Producers and Breeders Association (Besd-Bir), and the Turkish Egg Producers Association".</p>

Output: Successfully brokered inclusive business model investment projects in BiH, Kosovo, Kazakhstan and Uzbekistan				
Indicators	Targets 2011	Progress	Activity result	Key Activities
			<p>Mapping of good Turkish business models and practices which could be available for replication or know-how transfer to the project countries</p> <p>Advocacy activities on the role of the private sector in development organized</p>	<p><u>Promoting exchange of know-how between Turkish businesses and businesses (especially SMEs) in target countries:</u></p> <ul style="list-style-type: none"> ▪ “Growing Inclusive Markets: Social Entrepreneurship Case Studies from Turkey” conference. The BOC conducted a three month long study on Turkish social enterprises to map good Turkish business models. To raise awareness about the Inclusive markets concept and social entrepreneurship, the BOC organized the conference entitled “Growing Inclusive Markets: Social Entrepreneurship Case Studies from Turkey” which was held in cooperation with UNDP and Bilgi University on June 17th. The case studies which served as examples of social entrepreneurship were shared with wider public in a conference. Apart from the chosen case studies, presentations on the general situation of social entrepreneurship in Turkey and the problems faced took place. The cases will be published as a book in Turkish, as well as in English. The forthcoming book will be the first thematic GIM report of the Turkey. The book will also feature a section about the “Case write-shop” methodology. The cases and the methodology will be shared with the CO brokers. <p><u>Advocacy activities on the role of the private sector in development:</u></p> <ul style="list-style-type: none"> ▪ The launch event of the GIM regional report. In collaboration with the GIM regional project management, the Business Outreach Coordinator organized the launch event of the GIM regional report, “Business Solutions to Poverty – How inclusive business models create opportunities for all in Emerging Europe and Central Asia” on March 11 in Istanbul, Turkey. The event was attended by over 100 private sector representatives, academia, government officials as well as civil society representatives, and featured presentations from 4 companies successfully implementing inclusive business models, all of which have been documented as GIM case studies: Mr. Burak Küçükerol from Hey Textile (Turkey), Mr. Andrey Kren from Vitmark (Ukraine), Ms. Galina Cicanci from Rural Finance Corporation (Moldova) and Dr. Jamshid Parvizian from Saraman (Iran).

Output: Successfully brokered inclusive business model investment projects in BiH, Kosovo, Kazakhstan and Uzbekistan				
Indicators	Targets 2011	Progress	Activity result	Key Activities
			Advocacy activities on the role of the private sector in development organized	<p><u>Advocacy activities on the role of the private sector in development (continued):</u></p> <ul style="list-style-type: none"> ▪ Executive Workshop on inclusive business in Emerging Europe and Central Asia. On March 11th the BOC organized, in collaboration with the GIM regional project management, a Workshop on inclusive business in Emerging Europe and Central Asia”, carried out in collaboration with the Koc University Graduate School of Business and the Turkish Cooperation and Development Agency (TIKA). The audience was composed of students at the programs run by the GSB -namely Executive MBA, full time MBA, CEMS Master in International Management and MSc in Finance-, GSB alumni, administrators, faculty and some companies’ executives. Companies represented in this year’s Executive MBA class include A&T Bank, Abbott, Abdi İbrahim İlaç, Arçelik LG Klima, Aygaz, DIGITURK, Emerson Electric, Ericsson, Ernst & Young, Eurobank Tekfen, among others. The workshop event disseminated the findings of the report and the inclusive markets concept to a highly qualified, relevant and senior audience in a very effective and participatory method. ▪ “Social Entrepreneurship for Social Change” radio show The BOC participated to "Social Entreprunership for Social Change" radio show on Açık Radyo (Open Radio), an independent radio station based in Istanbul. The radio show reaches an audience of over 500,000 listeners. The BOC presented the Regional GIM initiative to the audience.

Output: Successfully brokered inclusive business model investment projects in BiH, Kosovo, Kazakhstan and Uzbekistan				
Indicators	Targets 2011	Progress	Activity result	Key Activities
				<p><u>Trainings on inclusive business:</u></p> <ul style="list-style-type: none"> In close cooperation with BRC and in partnership with UNDP's International Istanbul Centre for Private Sector in Development (IICPSD) and Koç University, the BOC organized a four-days project workshop on feasibility studies and strategy adaptation (Istanbul, July 11-14, 2011). The training provided by the Koç University, IICPSD and BRC experts and covered the identification and financial analysis of opportunities, impact evaluation, and case presentations. Two social entrepreneurship cases were presented during the training. UNDP Egypt and Çöp(M)adam agreed to explore opportunities to implement the Çöp(M)adam's business model in Egypt. UNDP Turkey has signed an MOU with the the Rotary clubs in Turkey. On 16 and 17 September 2011, a training of trainers program and a Global Compact group signing ceremony was organized with the senior members of the Rotary clubs in Turkey with the aim to lead to a national and international training campaign on CSR awareness and compliance through the networks of Rotary. At the same event, a CSR Committee established by Rotary was provided with a Training of Trainers by IICPSD. The committee members will utilize their networks and local chambers of industry and commerce to bring awareness and trainings on corporate social responsibility and inclusive business in order to enhance the overall the competitiveness of companies. The BOC presented the inclusive markets concept, inclusive business models and the regional project on 14/10/2011. The participants will explore the opportunities to deliver the message of the GIM project to the local chambers of commerce and industry. Most of the participants are senior level business consultants. The BOC has identified leads in the business networks of the participants.

4.5.6 Egypt

As mentioned in section 4.2.4, the GSB project in Egypt faced important obstacles for its implementation due to the political turmoil of the country in 2011. The project activities were minimized from July 2011. Therefore, the annual targets for 2011 could not be achieved.

Output 1 : GSB Centre providing models to increase the inclusiveness of the poor in the market in Egypt				
Indicators	Targets 2011	Progress	Activity results	Key Activities for January – June 2011 (project put on hold from July-December 2011)
1. Number of BOP business models implemented on the ground	Two business models implemented	<p><u>Not Achieved</u></p> <ul style="list-style-type: none"> ▪ 1 project (Mansour) is under implementation. ▪ 1 project (Unilever) was postponed due to political instability in Egypt. ▪ A pipeline of at least 6 projects has been established. ▪ The terms of Reference for five sectoral studies have been developed 	<ul style="list-style-type: none"> ▪ Business models developed to reach the Base of the Pyramid people ▪ Training and study tour of GSB/IMD staff conducted for experience sharing and knowledge exchange 	<p>GSB Project Board meeting and UNDP Assessment Mission:</p> <ul style="list-style-type: none"> ▪ A GSB Project Board meeting was held on May 11, 2011 including UNDP and IMC top management, representatives of Ministry of International Cooperation and the Project staff. The Meeting highlighted the difficulties the project is facing and discussed the different strategies to pursue progress of the project and recommended organizing an assessment mission from UNDP headquarters. The UNDP Assessment Mission was held from 19 to 23 June 2011. A mission report has been submitted to UNDP Egypt and is awaiting approval. <p>Key markets and sectoral studies for IMD interventions: .</p> <ul style="list-style-type: none"> ▪ The project continues to work on the key markets identified in 2010 and has developed the Terms of References for 5 sectoral studies that investigate the possibility of engaging the poor with the private sector: <ul style="list-style-type: none"> - Feasibility Study for Improving Small-Scale Farmers’ Production of Authentic Egyptian Products and linking them to Medium Sized Food Processors and Retailers. - Feasibility Study for Introducing New Packaging for Milk adapted to the Need of Low-Income Consumers. - Feasibility Study for Producing Semi-prepared food products and Creating Linkages with Medium Sized Retailers. - Feasibility Study for Reviving the Production and Use of Bio-Energy

Output 1 : GSB Centre providing models to increase the inclusiveness of the poor in the market in Egypt				
Indicators	Targets 2011	Progress	Activity results	Key Activities for January – June 2011 (project put on hold from July-December 2011)
				<p>from Agricultural Waste and Expanding it.</p> <p>Inclusive projects have been identified and are being developed with varying degrees of progress in implementation:</p> <ul style="list-style-type: none"> ▪ The retail project with Al Mansour Group is currently in its implementation phase. A preliminary analysis report for the qualitative field research held at two different governorates selected jointly with Mansour Group was presented in June 2011. ▪ The UNILEVER Health Project, identified in 2010, has been put on hold due to the political crisis in Egypt. ▪ A project with Coca Cola, regarding manual distribution centres (identified in 2010) is awaiting feedback from the company for potential collaboration in Egypt. <p>The project pipeline comprises the following project leads:</p> <ul style="list-style-type: none"> ▪ Hi-Pack Waste Management Project The company expressed its interest in establishing a paper recycling company and project development is ongoing. ▪ Malaika Workshop Supply Chain Extension Project Several meetings were conducted, GSB proposed supporting the company with future production by engaging new suppliers. GSB will develop a draft ToR for the required market survey of suppliers after having received the brief on the company as well as its expectations and needs from the study. ▪ El Araby E-Distribution/After Sales Service Project Al-Araby expressed interest in exploring distribution models; particularly related to E- Distribution and suggested examining different distribution models that have been implemented

Output 1 : GSB Centre providing models to increase the inclusiveness of the poor in the market in Egypt				
Indicators	Targets 2011	Progress	Activity results	Key Activities for January – June 2011 (project put on hold from July-December 2011)
				<p>internationally and attempt to replicate them with the company in Egypt. Another idea Al- Araby suggested is designing an after sales services model that includes currently franchised Al- Araby maintenance center where fresh graduates are trained at these centers and licensed as Al- Araby maintenance technicians. Project development is ongoing.</p> <ul style="list-style-type: none"> ▪ Sadko Group Meeting with Sadko group representatives were held and in depth discussion conducted on the possibilities of collaboration in the area of low income housing through the involvement of the poor producers in the manufacturing of home appliance products tailored to the needs of low-income consumers. Another idea presented to the company was to launch vocational trainings for the youth in a number of governorates in Egypt. ▪ Al Nafeza Foundation The GSB team will investigate the possibility of launching a study analyzing the marketing and pricing strategies of AL Nafeza, as an initial step to link the foundation to larger businesses as supplier. Development of a pilot business model around Al Nafeza as a small enterprise with the potential of scaling up and expansion is envisaged. ▪ Low Income Housing – Gerard Philanthropy Centre at AUA On May 24, a roundtable discussion on ‘Low Income Housing’ was held with representatives from the government, the private sector, the civil society and the donors’ community. The roundtable discusses the inclusion of BoP communities within Egypt’s future ‘Low Income Housing strategy’.

Output 1 : GSB Centre providing models to increase the inclusiveness of the poor in the market in Egypt				
Indicators	Targets 2011	Progress	Activity results	Key Activities for January – June 2011 (project put on hold from July-December 2011)
<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 2011</p> <p>Project Targets: Project event launched, sector-specific workshops conducted, media workshop organized, project website constructed and promotional materials developed</p>	<p><u>Not achieved</u></p> <ul style="list-style-type: none"> ▪ GSB Egypt website was established 	<ul style="list-style-type: none"> ▪ Awareness built on IMD concept 	<p>Project launch event:</p> <ul style="list-style-type: none"> ▪ Official launch of the project is postponed till the inauguration of the project's first partnership with Mansour Group. <p>Communication and dissemination activities:</p> <ul style="list-style-type: none"> ▪ GBS Egypt website was established (currently under review by UNDP Communication Department) in order to increase awareness and for the advocacy purposes.
<p>4. Number of SMEs supported</p>	<p>At least one local business organization linked to the project</p> <p>Increased quality and quantity of SME products due to linkages to the value chain</p>	<p><u>Not achieved</u> (no target for 2011)</p> <ul style="list-style-type: none"> ▪ First contacts have been established and project plans provide for value chain links and support to SMEs 	<ul style="list-style-type: none"> ▪ SMEs supported 	<p>The following local organizations have been approached for the project cooperation regarding SMEs' link to value chains:</p> <ul style="list-style-type: none"> ▪ Mansour Group ▪ Coca Cola ▪ Unilever ▪ Hi-Pack ▪ Malaika ▪ Al-Araby ▪ Sadko Group

Projects in Egypt (status as per end of June 2011 - all projects were put on hold in the second half of 2011)

<p>Title of the project/project idea</p>	<p>Retail project with Al Mansour Group entitled ‘Retailing to C and D Consumers in Middle and Upper Egypt’</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>
<p>Lead company</p>	<p>Al Mansour Holding Company for Financial Investments</p>
<p>Other project partners</p>	<p>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.</p>
<p>Development objective</p>	<p>a) 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</p> <p>b) 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</p>
<p>Business case</p>	<p>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 Zamar caters for B consumers. Through this IMD business model, Al-Mansour will target class C and D by expanding its distribution and retailing operations to the areas of Middle and Upper Egypt.</p>
<p>Status</p>	<p><i>This project is at its development stage.</i> Nielsen Company (consultancy company), contracted with the development of the feasibility study, introduced the preliminary analysis report for the qualitative field research held at two different governorates selected jointly with Mansour Group. Upcoming steps will include further analysis for data collected from the field determining feasibility study development timeline.</p>
<p>Progress made during reporting period</p>	<ul style="list-style-type: none"> ▪ Memorandum of Understanding signed between UNDP and Nielsen Company (consultancy company) (January 2011). ▪ Preliminary analysis report for the qualitative field research finalized held at two different governorates selected (June 2011). <ul style="list-style-type: none"> - Developed three different retail distribution models - Developed discussion guides for field research - Administered field research - Prepared a top line report on qualitative findings. - Managed data entry and analysis. - Evaluated different distribution methodologies

Title of the project/project idea	<p>Unilever Project: IMD/Unilever Project for Enhancing Income opportunities for Underprivileged Women in Egypt.</p> <p>This business model will be based on the “Shakti” distribution model developed by Unilever in India. 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>
Lead company	Unilever Mashreq
Other project partners	
Development objective	<p>a) Increasing productivity and real income of poor women; hence resulting in poverty reduction through income generation among women entrepreneurs.</p> <p>b) Regular availability of basic personal care goods to rural population at competitive prices.</p>
Business case	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.
Status	<i>Project was put on hold due to political instability in the country.</i>
Progress made during reporting period	<ul style="list-style-type: none"> • Conference call organized among Unilever/Egypt, Unilever/India and the GSB Project Broker in order to learn from the ways India’s successful Shakti model was implemented (January 2011). • Meeting with El Mobadra, Community Development and Small Enterprise Association and GSB Project Broker was conducted in order to introduce Unilever/GSB business model and explore how El Mobadra can help to provide start-up capital/micro-loans for potential women entrepreneurs in poor areas (January 2011). • Meeting with the purpose of an in-depth discussion for the design of pilot studies, which was scheduled for January 2011 was postponed due to Egypt’s political instability.

Title of the project/project idea	<p>Coca Cola Project</p> <p>IMD intends to partner with Coca Cola North & 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>
Lead company	Coca-Cola North & West Africa
Other project partners	No other project partners have been identified yet.
Development objective	As Coca Cola will recruit local distributors in the poor areas where the MDCs will be established, this model is expected to generate employment, particularly among the youth.
Business case	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.
Status	<i>Awaiting feedback from Coca Cola.</i>
Progress made during reporting period	<ul style="list-style-type: none"> ▪ Re-established contacts with Ghada Makady, Public Affairs and Communications Senior Manager at the Coca Cola North and West Africa Division in order to highlight GSB's interest in formalizing a partnership with Coca Cola. ▪ Ms Ghada Waly, UNDP Egypt, contacted the head of Coca Cola Marketing department at MENA region to discuss possibilities of cooperation