

Annex II:

SEED Case Studies: BMOs

- 1. Association of Private SMEs and Entrepreneurs of Vrsac, Serbia and Montenegro**
- 2. General Association of Entrepreneurs of Sloga, Serbia and Montenegro**
- 3. Employer's Confederation Republika Srpska, Bosnia and Herzegovina**
- 4. Medicinal Herbs Association "Zlatnica", Bosnia and Herzegovina and**
- 5. Medicinal Herbs Association "Dr. Jovan Tucakov", Serbia and Montenegro**
- 6. Regional Beekeepers Association "Matica", FYRM**
- 7. Albanian Construction Association (AVA), Albania**
- 8. Association of Consulting Engineers (ACE), Bosnia and Herzegovina**
- 9. Association for Information Technologies (BAIT), Bosnia and Herzegovina**
- 10. Association of Shoe Industry (ASI), FYR Macedonia**
- 11. Association of Secondary Raw Materials (ZMS), FYR Macedonia**
- 12. Union of Chambers of Commerce, FYR Macedonia**

Submitted to:

IFC/PEPSE

Albania, Bosnia and Herzegovina, FYR Macedonia, Serbia and Montenegro

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BMO Type: Regional Entrepreneurs Association
BMO Name: Association of Private SMEs and Entrepreneurs of Vrsac – Serbia and Montenegro
BMO Description: The purpose of the association, originally founded in January 1998, by a group of entrepreneurs from Vrsac is to represent member interests to improve the conditions for entrepreneurship and SME development. The association intends to provide an opportunity for information exchange and networking; to act as a knowledge base for members, to become a provider of “top-notch” business services, and to help create a better business environment.
Target Stakeholder Group: SMEs, mainly agricultural, exporting to Hungary and Romania.
Sector Importance: The association, which is based in an agricultural area dominated by a large pharmaceutical company Hemafarm, is in a promising region northeast of Belgrade on a major trade route to Timisoara in southeast Romania, an area with significant industry and FDI.
SEED’s Role: Through working closely with SEED to strengthen BMO management the association re-invented itself by redefining its vision, mission and overall strategic plan. SEED introduced a self-sustainable model of active members who pay membership fees. The focus of activity was on capacity building, including a promotional campaign, business roundtables for public-private dialogue, and technical trainings to SMEs on leasing, accounting, financial management, computer skills and business plans. BA Vrsac produced a newsletter which was a powerful means of communication and created sectoral teams to represent the different interests of SME members. It sponsored a youth entrepreneurship seminar and provided in-company interventions, including direct evaluation of dairies -- Pancevo, Caravello, and Mlodst for HACCP implementation. The association’s broad scope of activities reflected member needs.
Major Accomplishments: The association, which now has four staff, increased public awareness of BA activities, enlarged its membership from 167 to 287, and has 56% dues paying members. ¹ The promotional campaign, based on member’s success stories linked to the association’s products and services, produced by an association member and broadcast weekly on TV, led to a 25% increase in membership and an additional \$50,000 in funding. The concept of One-Stop-Shop was introduced. SEED helped BA Vrsac to expand its legal/advocacy capacity and to absorb USAID funding as well as forge links to regional/international associations, including the Dutch government, Care International, the Canadian government and EAR.
Special Comment: “Everything started to develop quickly and move ahead once we had met and decided to partner with SEED. That was a turning point in our strategy; work and the association’s everyday activities. Since then we have realized our own importance, potential and value, and that we should keep adding not only to the association but to our local community as well. In a way, SEED triggered the changes that brought us to where we stand today.” Mr. Radojica Mojsijev President of Business Association Vrsac at the June 2004 annual convention.

¹ These results compare favorably to SEED’s mid-term evaluation when BA Vrsac had established aggressive membership goals of 150 dues-paying members by end-2003 and there were no paid staff as of April 2003.

<p>Risk: Due to the fact that the local political candidate BA Vrsac supported to improve targeted enabling environment issues lost in the election there was a set back on advocacy promotion.</p>
<p>Future Opportunity: BMOs are an excellent channel for trainings and direct interventions to companies seeking to expand to new markets through quality standards and HACCP. Dairy Pancevo (see section on EU standards) benefited from SEED’s pre-HACCP assessment and introduction to agriculture faculty; however, it needs money to make the necessary changes.</p>
<p>Lessons Learned: BA Vrsac, already an active association, greatly enhanced its effectiveness through SEED’s BMO model of membership expansion, sustainability and service provision</p>

<p>BMO Type: <i>Regional Entrepreneurs Association</i></p>
<p>BMO Name: General Association of Entrepreneurs of Sloga – Serbia and Montenegro</p>
<p>BMO Description: This regionally based association, founded in 1983 in Kragujevac, is comprised mainly of owners of different medium and small businesses and craft shops. It is organized into 15 branch groups, each represented on the executive board. The association continues on the tradition of craftsman which existed since the early 20th century. Association goals include enlarged membership, strengthened communication channels between the association and its members and building the capacities of the association to provide services.</p>
<p>Target Stakeholder Group: Members are mostly sole proprietors in this region of entrepreneurs</p>
<p>Sector Importance: Kragujevac is an economically depressed area where the now defunct state-owned automobile manufacturing company Zastava has left high unemployment. As a result of the war and the change in borders, traditional manufacturing links have disappeared.</p>
<p>SEED’s Role: SEED worked with the association to increase its capacity through updating the strategic plan, establishing monthly meetings and an annual meeting, publishing a monthly newsletter disseminated to a wide range of entrepreneurs (1,000 copies) and upgrading and translating the web site into English. Roundtables were organized for public-private dialogue, technical trainings was delivered on leasing, accounting, marketing, financial statement analysis, strategic planning, customer service and human resource management. “Train the trainers” was also provided to ensure sustainability of services after SEED’s exited. There was an internship program and a business assistant was hired. BA Sloga also provided direct company interventions, including two HACCP evaluations. An advocacy expert was engaged to identify priority issues and to mobilize third party resources. Once the association had raised awareness about its existence, it organized 500 entrepreneurs to support the mayoral candidate with the best program for entrepreneurship, sending a signed letter of intent. When BA Sloga’s candidate won, budgetary spending for the agriculture sector was increased, links between the city council and entrepreneurs were simplified and association membership rapidly expanded because people saw that the association could be an effective force for solving their business problems. Suddenly, the association was in high demand for consultancy and advisory services.</p>
<p>Major Accomplishments: The association increased its visibility among businesses,</p>

donors, the government and general public. BA Sloga experienced exceptional growth in membership from 156 to 540 members and increased the percent of dues paying members from 33% to 100%. It achieved financial sustainability through increasing the share of costs covered by membership. Two of the associations groups are particularly active, the shoemakers cluster in cooperation with USAID's ACDI/VOCA project, and textile producers for which a trade fair was organized. Furniture and leather processing are two other important industries where businesses are being linked through clusters. The association is also trying to address problems of unfair competition in the grey economy from a local flea market and moving street vendors which do not get the required business licenses and avoid payment of taxes. BA Sloga is involved with the Italian Association of Craftsman, two EU projects and Junior Achievement for training of economists.

Special Comment: SEED's methodology and approach to BMOs enabled BA Sloga to attain its goals. According to association representatives, the cooperation with SEED was excellent.

Lessons Learned: By aligning itself with the political candidate that won the local election several of BA Sloga's advocacy measure quickly passed. The resulting media attention raised the activity level of existing members and attracted additional SME members in a virtuous cycle.

BMO Type: Employers Association

BMO Name: Employer's Confederation Republika Srpska – Bosnia and Herzegovina

BMO Description: EC RS was founded in August-Sept. 2000 in cooperation with USAID.² The association, comprised of private SMEs and three smaller associations, intends to be a voice of businesses and entrepreneurs in the RS. ECRS is a member of several national/regional bodies including the Social-Economic Council in RS, the Foreign Investment Promotion Agency (FIPA) in BiH and the Southeast Europe Employers Forum. It maintains relations with the ILO and IOE.

Target Stakeholder Group: SMEs in Republika Srpska

Sector Importance: Businesses in the RS face many difficulties due to the lack of uniform laws/ regulations resulting from the two entities. RS is less advanced economically than the Federation

SEED's Role: This was a multi-year integrated platform where SEED helped ECRS to increase membership, organize regular roundtables (advocacy forums) and annual/semi-annual meetings, assistance with publication of a monthly newsletter, and provide support to the secretary. Several technical trainings were delivered with fees of approx. \$20,000 collected in FY04 and 05. ECRS's performance fell short in its membership expansion goals of 200 members, reaching 140 as of the interview in August '05 vs. 115 on SEED's last IA. Also, ECRS did not organize any informal networking activities where other initiatives could be organized by interested parties.

² According to ECRS' President there were two reasons to start the association: 1) because membership in the Chamber of Commerce was obligatory and politically driven, it was not possible to have SME interests fairly represented; and 2) the official Chamber needed competition in the provision of services to SMEs.

<p>Major Accomplishments:³ EC RS was highly successful in the promotion of advocacy issues, including the law on trade, the accounting law, competition law, removal of custom protection on yeast, law on sales and excise tax, VAT law, public sector reform and WTO issues.⁴ ECRS produced an annual Business Barometer surveying companies in RS. It shared the methodology with the Employers FBiH, which produced its own survey of the business environment.</p>
<p>Special Comment: Each association has a particular strength and ECRS' was promotion of advocacy issues thanks to the charismatic leadership of its President Damir Miljevic, who had been a marketing manager for PEPSI in New York in the late 1980s and had started his own software company in Germany. Miljevic was widely respected in the BiH business community.</p>
<p>Lessons Learned: The President of ECRS, who praised SEED's BDO for her commitment and skill, would have deemphasized SEED's consulting services to BMO members which he thought served SEED's objectives for meeting service delivery targets more than the association's goals.</p>
<p>Risk: The President of ECRS said that without SEED's funding it would not have been possible to carry out the many activities. At exit, SEED was unable to find another BMO partner, including the FIAS, which had expressed intial interest in having ECRS involved in their public-private dialogue with government working groups. ECRS will likely have to decrease its level of activity because its focus was less on fee based business services and more on advocacy issues.</p>
<p>Lessons Learned: SEED's BDO noted in the July 2004 PCN that in transition economies fully integrated programs with BMOs are proving to be the right path for developing sustainable, legitimate partners on behalf of the private sector and active stakeholders in the business policy dialogue. She also recommended involving as many managers as possible in the direct implementation and roll out of programs to secure full ownership by the BMO partner.</p>
<p>SME Member Quote: "The training has helped me to realize the significance of financial statements and taught me how to use the information in every day company operations. The skills I acquired thanks to the outstanding training implemented by SEED, I now use every day in operations in the company" Mrs. Rada Latinovic, co-owner Super-Premix Company in Banja Luka a participant of "Understanding Financial Reports" training February 2004</p>

<p>BMO Type: <i>Herbal Sector</i></p>
<p>BMO Name: Medicinal Herbs Association "Zlatnica" – Bosnia and Herzegovina</p>
<p>Target Stakeholder Group: Herbal collectors and processors in NW Bosnia and Herzegovina</p>
<p>BMO Name: Medicinal Herbs Association "Dr. Jovan Tucakov" – Serbia and</p>

³ See Appendix S for ECRS' final Impact Assessment form and Appendix U: ECRS's Advocacy Initiatives.

⁴ This record of accomplishment is very impressive given that prior to SEED's introduction of the new BMO model the mid-term evaluation states of ECRS, "Public advocacy has been slow in getting off the ground due to difficulties in finding qualified legal support at an affordable cost and hesitancy to become involved in issues that are heavily politicized. For example, efforts to hold business roundtables on electricity rates and VAT were shelved." p. 22

Montenegro
Target Stakeholder Group: Herbal collectors and processors in all of Serbia
Sector Importance: Medicinal and aromatic plants have significant economic value. This was an important industry before the war. Since '92 Bulgaria and Albania have taken over the market
Potential Impact: Having successfully completed earlier activities in the herbal sector in cooperation with the IFC's Corporate Citizenship Facility, SEED continued work on medicinal and aromatic plants so they could become more economically viable, socially equitable and environmentally sustainable. ⁵ Most of the herbal collectors are marginalized people needing a way to enhance income. The SMEs and processors in this industry are trying to regain a foothold in an industry structure that makes it difficult for them to have bargaining power in product price setting. The environmental benefit comes from biodiversity. By establishing appropriate quotas, herbs are not over harvested and the government can become involved in the protection of plants.
SEED's Role: SEED helped the associations to achieve goals related to networking, education, information sharing and enhancement of the codex of enterprises and entrepreneurs involved in herbal activities. SEED targeted every aspect in the supply chain from raw material supply to processing and final production for export to Western markets so that economic benefits could be realized by collectors, SME processors, traders and exporters. Through training on plant species, SEED assisted the association in ensuring the quality of products and enabling SMEs to achieve international certification. Advocacy issues were also a focus of activity, with SEED helping the association to lobby the Ministry of Health for fair representation for SMEs. SEED provided assistance in business planning and development services and creation of a website where information on market prices for herbs is available. SEED facilitated introduction to European buyers at trade shows, provided research on value added markets (i.e. organic market), and engaged consultants to assist in setting the appropriate quota for sustainable harvesting levels.
Major Accomplishments: Two companies, one each in BiH and S & M, received an organic certificate from the Institute for Marketecology (IMO), Switzerland. Organic certification puts companies in a better position to access foreign markets, improving overall competitiveness.
Innovation: Although the two herbal associations are heavily reliant upon donors for funding (80-85%), both associations are building links to tourist revenues by printing (for sale) brochures and booklets of herbs and plants and connecting to activities in nature – hiking and kayaking.
Special Comment: Through SEED's assistance, both key holder partners were able to access loans, one for drying facility and machinery and another for a warehouse to store herb. The Japanese have also donated money for drying equipment which helps ensure the quality of herbs.
Mobilizing Resources: SEED worked closely with USAID-LAMP, SIPPO and USAID Pfd to organize and implement an international "Buyer-Seller-Meeting" that took place in Bihac, BiH For the event, the three agencies provided additional organizational and

⁵ From SEED's Partnership Agreement under Herbal Initiative II with Assoc. for MAP, Dr. Jovan Tucakov, S & M

logistical support.
Lessons Learned: Leverage the support of other donors who are present to achieve sector goals. Rebuilding the highly fragmented and high value added herbal industry from the ground up is a slow process. Continued organization and sponsorship of regional trade fairs, like the ones SEED has already organised in partnership with other donors, will improve SME access to European agents and boost export sales. Advocacy work with the government will ensure that environmental standards are met so that the herbal sector can sustain quantity as well as quality.

<i>BMO Type: Beekeepers, Rural Sector</i>
BMO Name: Regional Beekeepers Association “Matica” – FYR Macedonia
Target Stakeholder Group: Rural population, farmers, self-employed, young, old, women, Roma spread over 50,000 hectares of floral area in Eastern and Central Macedonia.
Sector Importance: The BMO facilitates production of >200 tons of high quality honey pr year.
SEED’s Role: SEED worked with the association for four years, first, assisting them with expanding membership. Then, SEED helped the association to implement a tri-partite model to integrate the supply chain; connecting 500 association members with other associations in the region to a local honey production company, which also benefited from SEED’s TA after having received a Euro 25,000 loan from USAID’s SME financing fund. SEED provided training to beekeepers to comply with international standards and provided support in strategic planning. Activities targeted honey production and packaging to be sold in stores, markets and to hotels.
Major Accomplishments: The most important achievement was receipt of an export license number after a Kenyan beekeeping consultant SEED had hired sent sample of local honey to an international accreditation agency. The association increased membership from 350 to 500 fee-paying members. With SEED’s help, the association obtained additional financing of \$75,000, including \$25,000 from USAID’s Community Self-Help Initiative to buy a centrifugal machine
Mobilization of Resources: SEED started a gradual withdrawal once key functions were supported by other donors. The association depends on donors for 90% of their funding.
Special Comment: The beekeepers association is held up as an exemplary model of cooperation. The head of the association said that SEED was always available. He rated them 10+
Lessons Learned: SEED has a complementary role to play in TA when other donors are present.

<i>BMO Type: Construction Sector</i>
BMO Name: Albanian Construction Association (ACA) – Albania
BMO Description: ACA, founded in 2001 with only 30 member companies, increased its membership base by over 200 members. It is a mature BMO which had a pre-identified agenda in a key economic sector. ACA has broad reach, with branches in 9 out of the 12 prefectures.
Sector Importance: Construction is an important industry in Albania. It represents a

<p>sizeable share of GDP and provides significant employment. There is much corruption, and illegal building with out permits is a common. ACA was established to create a better business environment and to promote dialogue with the government at the national and municipal levels</p>
<p>SEED’s Role: SEED assisted with membership expansion and capacity building. It helped to organize demand driven trainings and commissioned relevant position papers and studies, including one on real estate development in Tirana and Dures. Individual company interventions were undertaken to assist two companies in achieving ISO quality standards certification. SEED facilitated ACA in organizing itself and presenting advocacy issues to the government.</p>
<p>Major Accomplishments: Over the last 2 years ACA has been among the most active private sector advocates in the public-private dialogue in Albania. ACA has addressed the following issues: amendments to the law on Fiscal Procedures; changes to the inspections regulation; adjustments in the High Tax Appeal Commission; amendments to specific issues in urban law, improvement in operations of construction policy, and introduction/ allowance of representation expenditures in tax calculation. ACA’s extensive advocacy initiatives based on the experiences of member companies significantly simplified and rationalized the process for receiving permits. The reform of the Tax and Construction police reduced corruption, and improved the predictability in the environment by clarifying rules and regulations. With SEED’s assistance, ACA achieved financial sustainability through establishing a heavy machinery licensing school.</p>
<p>Special Comment: This highly productive association had clear goals from the start.</p>
<p>Lessons Learned: TA is most effective in achieving impact with a motivated partner. An important aspect of SEED’s intervention was to help ACA earn credibility with the government to be a legitimate voice representing the interests of companies in the construction industry.</p>

<p>BMO Type: Construction Sector</p>
<p>BMO Name: Association of Consulting Engineers (ACE) BiH – Bosnia and Herzegovina</p>
<p>BMO Description: ACE BiH was founded in Dec. ‘04 by 12 engineering consulting firms who realized the potential benefits from becoming a member of FIDIC (International Organization of Consulting Engineers) based on findings from construction sector studies undertaken by SEED.</p>
<p>Sector Importance: The construction sector is one of the leading sectors in BiH representing 10% of GDP. Historically, a strong sector, construction has the potential to attract significant FDI through successful procurement of contracts related to the development of the H5 highway.</p>
<p>SEED’s Role: SEED provided assistance to ACE in all relevant areas of BMO development: membership expansion, BMO management, SME services, advocacy and public relations. SEED helped ACE to set up a website for information dissemination to association members and outside partners. A regional/international conference on FIDIC organized in cooperation with SEED brought ACE wide exposure and lead to ACE’s early preliminary acceptance into FIDIC. SEED facilitated five trainings attended by 104 participants in Sarajevo and Banja Luka on FIDIC tendering procedures, project management and environmental / construction safety standards. SEED provided support</p>

to a roundtable where dialogue raised awareness about how FIDIC contracting procedures fit with BiH law. SEED delivered TA to three construction companies to meet international ISO Quality Standards. (See construction section of report)
Major Accomplishments: ACE BiH was invited to join FIDIC at the association's Annual Conference in Beijing in September 2005. The half day roundtable (public-private dialogue) on the "Law on Public Procurement – Opportunities for applying FIDIC contract forms" attracted infrastructure investors, ACE members and government officials who discussed the benefits of FIDIC contracting. As a result, ACE sent a letter to BiH's Ministry of Finance and Treasury, identifying a specific actions to be undertaken by association, on behalf of the private sector (investors and implementers of large public works projects) to enhance public procurement procedures in BiH. SEED completed its set of integrated TA, meeting its objective of building ACE's capacity to become a legitimate partner in creating a better business environment in BiH.
Special Comment: Enthusiastic support from the Director of the IPSA Institute, one of the largest construction engineering and consulting companies in BiH, facilitated rapid success of this project. An open attitude enabled managers to realize that barriers to regional / international markets can be breached through modernizing operations and adopting global best practices. Though ACE could benefit from further TA to ensure its continued effectiveness and financial sustainability it had developed a strategy for increasing BMO revenues through establishing its own accreditation body and through providing educational trainings to construction engineers.
Future Opportunities: ⁶ This association is suitably placed to facilitate the delivery of future TA to companies in BiH (especially large infrastructure and construction companies) seeking expand their operations in the region and in Western Europe. Technical assistance in obtaining EU certifications/ compliance standards would enable companies to improve their competitiveness.
Lessons Learned: IPSA Institute's strong sponsorship of this project was essential for project success, enabling ACE to receive preliminary acceptance into FIDIC.

<i>BMO Type: IT Sector</i>
BMO Name: Association for Information Technologies (BAIT) – Bosnia and Herzegovina
Target Stakeholder Group: IT companies at the state level in BiH
Sector Importance: The IT sector, one of the most important sectors in BiH before the war, has been receiving support from UNDP to develop a national plan. Although the industry was once dominated by large companies, it is now made up of over 3,000 SMEs. There is potential for BiH's IT professionals to be employed abroad, thus establishing an outsourcing relationship. The idea for establishing an IT association on the state level had existed for a very long time.
SEED's Role: SEED's facilitation of a roundtable with 50 IT companies helped BAIT to get established in December 2003. After a slow start, SEED assisted the association in capacity building through development of a strategic plan, a budget, a promotional brochure, a website and a member database. An advocacy and legal framework was set up to ensure copyright protection for software producers, fair tax treatment for hardware

⁶ FO and LL sections summarize comments made by SEED's BDO in the June 2005 PCN.

importers, and appropriate mechanisms to introduce e-commerce. BAIT worked with officials in the Ministry of Civil Affairs to develop software tenders for ID cards. Members of the association participated in UNDP's roundtable on ICT businesses in BiH. SEED provided direct TA to a software company.
Accomplishments: Creation of the IT Association at the state level was purely demand driven by owners and managers of the biggest IT companies in BiH who saw SEED as a partner that could help them to meet their goals. BAIT was nearly self-sustainable from the start; renting space immediately and hiring a professional staff person. SEED's close relationship with UNDP helped to ensure that BAIT was a legitimate partner of choice on government policy initiatives.
Special Concerns: Reticence of IT companies in BiH to share data amongst themselves, due to understatement of earnings for tax purposes and fear of competition, has hindered development of BAIT and inhibited growth of the industry. The lack of cooperation stems from the fact that IT companies do not know what information to share and what information is privileged. Despite a study commissioned by SEED with UNDP there is no accurate assessment of industry size.
Future Opportunities: Given that this is a new association much work remains to be done to strengthen association capacities, expand the database, increase the number of dues paying members, enhance the level of activities and to provide relevant business services. BAIT needs to lobby the government re. development of the national plan and to support individual firms.
Lessons Learned: Provision of organizational support facilitates BMO lobbying efforts.

<i>BMO Type: Shoe Production Sector</i>
BMO Name: Association of Shoe Industry (ASI) – FYR Macedonia
Sector Importance: This sector, which was once competitive, has potential from the base of highly skilled manual laborers. Thirteen years ago the shoe industry was highly developed in FYRM, with 3 large manufacturers employing 20,000 people and 3 leather processing facilities.
Target Stakeholder Group: ASI is located in Kumanova where the break up of a large company led to 50-80 smaller ones, many not registered properly.
SEED's Role: SEED has had a series of projects in the shoe sector over four years. SEED organized a trade mission to Milan in 2002 (met w/Italian Shoe Assoc.), set up a series of management trainings, and prepared a shoe industry sector study which was presented it in front of the MoE. In FY04 SEED supported promotional activities, including a position paper for advocacy efforts. SEED organized regular ASI meetings, met several times with an MoE representative, helped to create a web portal and facilitated 6 roundtables in FYRM and abroad.
Major Accomplishments: SEED helped to raise the industry's profile and increase awareness at the MoE of the need to improve legislation to support 10,000 skilled workers in this industry.
Mobilization of Resources: SEED liaised with other strategic stakeholders; raising funds from USAID for trainings and accessing funds from GTZ for a public-private partnership event.
Problems in the sector: This is not a competitive sector. Due to the import of

<p>inexpensive footwear from China, FYRM producers cannot compete on lower quality shoes; though they could supply children's shoes to the domestic market. In order to export, shoe producers need to go to the upper end of the market where they are lack experience in producing high quality fashionable shoes. Given WTO and irrational local legislation this industry has an uphill battle.</p>
<p>Lack of Leadership: It took more than a year after the trade mission to Italy to form a shoe association, though the Italian manufacturers said they would not deal with individual companies. The Presidents role was delegated a local NGO when SME members could not agree.</p>
<p>Special Comments: No membership growth occurred. Out of approx 110 SMEs, 60 were active.</p>
<p>Lessons Learned: In order to work with a BMO there needs to be strong leadership. Also, the industry must hold promise. Although this sector could absorb a lot more TA, including funds for a planned \$300,000 technology system for CAD/CAM equipment paid for by donors (and investors possibly), the low general level of education and limited mindset are handicaps.</p>

<p>BMO Type: Scrap Metal/Recycling Sector</p>
<p>BMO Name: Association of Secondary Raw Materials (ZMS) – FYR Macedonia</p>
<p>Sector Importance: The scrap metal industry, which contributes to more than 3% of GDP in FYRM, is comprised of 10 large scrap metal recyclers, a number of SMEs and many collectors.</p>
<p>SEED's Role: Through SEED's extensive work with the association which began in June 2004, including the launch of a magazine covering different recycling topics each month, and a recycling awareness campaign, a conservation law was passed. SEED assisted the association in developing a membership database and website to share price and market information among its stakeholders. Research was conducted on all the companies dealing with raw materials, a strategic plan was developed for 2005-07, an evaluation of the recycling industry was conducted and the Law on Solid Waste was evaluated by an international consultant. A technical secretary joined the association in December 2004. Six representatives of the association attended a meeting of the International Recyclers Association in Barcelona in January 2005 and with further financial and organizational support from SEED, association members also went to Italy to view recycling equipment. SEED provided trainings on SME loans, leasing and writing business plans</p>
<p>Major Accomplishments: A recycling awareness campaign led to passage of a conservation law. Thanks to the Law on Environment and Protection, what was once perceived as garbage is now recognized as a raw material so people will no longer throw cars in the river. The association became a member of an international federation: Bureau of International Recyclers.</p>
<p>Impact: SEED's combined work with Makstil linkages, the dominant company in the sector, and access to relevant SMEs in the value chain through this BMO, had an impact on the entire sector. The business environment was improved and the sector became more competitive.</p>
<p>Special Comment: (See Linkages section) This was one of SEED's most effective activities.</p>

Replicable Model: PEP SE is replicating this model for recycled products the region.
Lessons Learned: Joint BMO/linkages activity has a major impact on the enabling environment

<i>BMO Type: Chambers of Commerce</i>
BMO Name: Union of Chambers of Commerce – FYR Macedonia
BMO Description: UCC, officially established in September 2004 with more than 300 SMEs, is organized into four different industry groups: Manufacturing, Services, Trade and Agricultural Processing. UCC’s mission is to create a suitable environment for the development of SMEs.
Target Stakeholder Group: Association members are key companies and SMEs in FYRM. ⁷
SEED’s Role: SEED assisted UCC in getting established and strengthened management by providing trainings to board members and technical staff. SEED helped with preparation for the annual meeting, monthly newsletter “Biznis Informator”, quarterly networking events, strategic plan, promotional campaign, and advocacy strategy. SEED provided business services to SME members through trainings and assistance to companies including Lesnina a wood products firm.
Major Accomplishments: Over a six month period before close-out, SEED had intense activity with UCC, firmly establishing the BMO, organizing a meeting with the Prime Minister, gaining UCC legitimacy for inclusion in policy dialogue and helping to change a law on raw material imports so that they would no longer be taxed if the finished product was exported from FYRM.
Special Comment: When the founders of UCC, among the best companies in FYRM, wanted to start their own association they approached SEED, which had a known reputation in the market for training and consultancy services, as well as interventions with companies and BMOs.
Risk: SEED’s BDO wrote in the Nov 2004 IPD that “there is a threat that UCC becomes a target of many other donor programs; with the risk that it could not absorb all the TA.”
Future Opportunities: In the focus group UCC’s Board Members stressed their continued need for SEED’s (PEP SE’s) support because they are business owners who have to concentrate on day-to-day operations and can not focus on policy dialogue. Continued support on legal and policy reform, they argue, is essential for success in business due to underlying adverse conditions that have a negative effect on profits and performance. ⁸

⁷ The WBG’s Handbook on BMOs published by the SME Department, p.40; “Because of their coverage of the businesses of a certain region, (similar to public bodies) and their multi-sectoral characteristics, chambers are usually more suited to take over delegated functions from government than are business associations.”

⁸ The owner of Lesnina said that although he was pleased with SEED’s consulting interventions because the environment in FYRM is not conducive to business he was only able to “run in place” instead of “taking huge steps forward”. The lack of access to finance was a major obstacle to growing his business. He had not succeeded in getting financing to purchase equipment and would meet with LBIS, one of the two leasing companies in FYRM.