**Project Fiche – IPA National programmes / Component I**

1 IDENTIFICATION

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Implementation of the EBRD Small Business Support Programme through two complimentary instruments, the Enterprise Growth Programme (EGP) and the Business Advisory Services (BAS)</th>
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<tr>
<td>CRIS Decision number</td>
<td>2013 / 024-190</td>
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<tr>
<td>Project no.</td>
<td>06</td>
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<tr>
<td>MIPD Sector Code</td>
<td>Private Sector Development</td>
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<tr>
<td>ELARG Statistical code</td>
<td>02.20 - Enterprise and industrial policy</td>
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<td>DAC Sector code</td>
<td>32130 – SME development</td>
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<td>Total cost (VAT excluded)</td>
<td>EUR 2 630 000</td>
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<td>EU contribution</td>
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<td>Management mode</td>
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<tr>
<td>Implementing Agency</td>
<td>European Bank for Reconstruction and Development (EBRD)</td>
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<td>Implementation management</td>
<td>Ministry of Economic Development, Trade and Entrepreneurship Competitiveness Policy Department Bashkim Sykja Director Email: <a href="mailto:bashkim.sykja@mete.gov.al">bashkim.sykja@mete.gov.al</a> Tel: +355 4 22222 45 (ext.74132)</td>
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<td>Implementing modality</td>
<td>Stand-alone project</td>
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<td>Project implementation type</td>
<td>Contribution Agreement between the EU Delegation to Albania and the European Bank for Reconstruction and Development</td>
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<td>Zone benefiting from the action(s)</td>
<td>The whole territory of Albania</td>
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2 RATIONALE

2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

Micro, small and medium-sized enterprises (MSMEs) form the backbone of a dynamic market economy and are vital to Albania’s economic performance and development. However, regional discrepancies remain significant and its growth and competitiveness remain constrained by low levels of exports and foreign investment, weak governance and structural bottlenecks in the infrastructure. An important constraint remains the lack of SMEs management capacity and specific

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1 The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.
knowledge in human resource management and organisation, international best practices, quality
management and certification, product development and marketing. According to the EBRD
Assessment of Transition Challenges (ATC), the MSME support infrastructure faces large transition
challenges. The quality of available advisory services is perceived as relatively low and local
consultants lack experience and international market insights and standards.

The European Bank for Reconstruction and Development (EBRD) Small Business Support (SBS)
Programme, through its two complimentary instruments, Enterprise Growth Programme (EGP) and
Business Advisory Services (BAS), will facilitate access to high quality business support services,
enhancing managerial capacity in all areas, and striving to develop local SMEs as well as the
business advisory service market in Albania. Beneficiary enterprises will be able to engage with
consultants aimed at improving management effectiveness and enterprise competitiveness. The two
Programmes will combine direct assistance to the private sector at the enterprise level with systemic
market and sector development and capacity building interventions, such as training for MSMEs
and consultancies and dissemination of market economy best practices. In this way, they will
achieve enterprise level change and the development of a sustainable infrastructure of business
advisory services in Albania.

SBS will work in close collaboration with donors and relevant stakeholders to increase the
Programme’s impact on MSMEs. It will also organise sector and market development activities and
promotional events to leverage existing MSME support activities, and help to increase the capacity
of local SME support institutions. SBS activities will address cross-cutting issues such as gender
equality, rural development, energy efficiency and environment protection inherently as part of the
Programmes’ best practices transfer. The Programmes strives to reflect cross-cutting issues in an
integrated manner throughout all activities.

2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES

IPA Multi-annual Indicative Planning Document for Albania – 2011-2013

The proposed Programme supports the development of the sectors the European Commission has
identified to be of strategic importance for Albania. Within the framework of the IPA component
III, SBS can contribute to the development of the transport sector and support Albanian enterprises
in adjusting to new environmental standards and climate change, which is an important aspect of the
Programme. Furthermore, within the framework of the IPA component V, it can aid the
development of less advanced areas in rural regions and the agricultural sector.

Business and Investment Development Strategy 2007--2013

The proposed Programme’s objectives support the aims of the Business and Investment
Development Strategy. SBS seeks to foster an entrepreneurial culture by supporting the
development of an MSME-favouring business environment and human capital, and in particular
provides assistance to enterprises with high growth and export potential, as well as enterprises that
have scope for import substitution. In addition, facilitating access to finance is an important
component of the Programme, and it will work closely with the EBRD Resident Office and EBRD
partner financial institutions in Albania for SBS clients to receive external financing.

National Strategy for Development and EU Integration, 2007-2013

The aim of the proposed Programme is in line with the NSDI’s objective of improving the quality
of business services, to facilitate a knowledge and skills transfer and to help small and medium-
sized enterprises to become familiar with quality systems. SBS will further contribute to the
development of an entrepreneurial culture in Albania by supporting the development of an MSME
support infrastructure and by actively engaging in policy dialogue with the authorities and other
stakeholders to create a business-enabling environment.
Under the IPA 2007 project “Supporting SME-s to become more competitive in the EU market”, a Business Innovation and Technology strategy for the period 2011-2016 was approved in February 2011. This strategy provides for the establishment of Business Relay and Innovation Centre (BRIC), as a part of the Albanian Investment and Development Agency (AIDA). BRIC will serve as the main mediator and facilitator to promote innovation and technology development in business and to liaise with the Research Technology and Innovation Agency (ARTI) and the National Agency of Information Society (NAIS), universities and centres of excellence.

The main objective of SBS is to combine direct enterprise assistance with helping to improve the quality of the local consultancy market in order to develop a sustainable SME support infrastructure. This way, it directly contributes to the objectives of the Business Innovation and Technology Strategy of increasing the supply of good quality consultancy services and raising awareness of the benefits of seeking external advice amongst Albanian MSMEs. The SBS team will continue the cooperation with the AIDA and its BRIC centre, as well as actively engage in policy dialogue with the authorities and other stakeholders, and will contribute to the establishment of a functioning innovation system.

2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT

Stabilisation and Association Agreement (SAA)

Article 93 of the SAA on small- and medium-sized enterprises suggests that the cooperation between the European Community and Albania shall be targeted towards developing and strengthening private small and medium-sized enterprises.

European Commission Albania 2012 Progress Report

The 2012 Progress Report on Albania underlines that the business environment for the SME industry remains at a nascent stage and requires further development, which is one of the main objectives of SBS. The proposed Programme will combine direct enterprise assistance with systematic market development interventions, therefore supporting local small and medium-sized enterprises in coping with competitive market forces, and contribute to the development of a functioning market economy and the development of human and physical capital.

2.4 PROBLEM ANALYSIS

MSMEs play a very important role in the Albanian economy, generating nearly 75% of the national GDP and accounting for over 70% of employment. They account for about 99.9 per cent of the total number of companies, and the majority are micro enterprises (96 per cent) according to Eurostat figures. MSMEs generated nearly 57 per cent of value added of non-financial enterprises compared to 58.5 per cent in the 27 EU economies, and they account for 77 per cent of the official employment (67 per cent for EU 27).

SBS’s previous experience in Albania has shown that SME growth potential is hindered by numerous factors, such as limited management skills and experience of owners; limited ability to identify problems and defining needs; lack of attention to strategic planning and strategic management to improve market position; limited use of domestic and international market research and forming new channels for sales; outdated technology and limited automation of manufacturing process; poor financial management and cost control; insufficient level of innovation and limited ability to comply with European standards.
According to the EBRD/ SBS Assessment of Transition Challenges findings, the Albanian consultancy sector lacks demand, diversification and market development. The industry has steadily grown in recent years and initial consolidation efforts materialised in 2011 when the first professional consultancy association formally launched operations. However, significant improvements are still required with respect to providing information, quality assurance, pricing and availability of an appropriate range of services. Most consultants are located in the main city; therefore even further restricting access to good quality advisory services for entrepreneurs in more rural areas. The spectrum of advisory services offered is adequate but requires more diversification, and most consultants seem to be concentrated in the area of market analysis and development planning.

The above challenges are reflected in low productivity, unfavourable sector distribution and concentration in low-technology production. The MSME sector needs high quality professional support services, specifically targeting improvements in productivity and efficiency levels, with an emphasis on the most promising sectors where MSMEs can significantly improve their results. There is a need to balance the provision of direct and immediate help to SMEs with building the capacity within the SME consultancy sector to provide these services on a sustainable basis.

SBS is taking a twofold approach in addressing these challenges: it combines direct assistance to MSMEs through provision of specific, tailor-made consultancy services customised to the needs of each enterprise with systemic market development and capacity building interventions, such as training for MSMEs and consultancies and dissemination of market economy best practices. Furthermore, it focuses on enhancing the capacity and capability of advisory service providers, increasing their skills and competences to provide business advice and guidance to MSMEs. Thereby, the Programme achieves enterprise level change and the development of a self-sustaining infrastructure of business advisory services to support the MSME sector in the long term.

2.5 LINKED ACTIVITIES AND DONOR COORDINATION

The SBS team will coordinate the work and use synergies with the EU funded projects implemented under the Competitiveness and Innovation Framework Programme (CIP), Entrepreneurship and Innovation Programme (EIP) and the Enterprise Europe Network (EEN). The cooperation will typically involve referrals of potential beneficiary enterprises and dissemination activities.

The SBS team will make sure that TAM and BAS-assisted companies are fully aware of the financing opportunities available under the Western Balkans Enterprise and Innovation Facility (EDIF) funded by the Western Balkan Investment Framework.

SBS will particularly complement the activities of the AIDA / BRIC, aimed at enhancing private sector competitiveness through innovation. It will also complement the MSME support activities of other donors and programmes in Albania, including the Italian Development Cooperation, IFC, GIZ and the USAID.

2.6 LESSONS LEARNED

The parallel operation of BAS and EGP in Albania has been extremely beneficial for assisted enterprises in terms of efficiency and effectiveness. This was demonstrated by many cases where the blending of local expertise (BAS consultants) with international experience (EGP Teams) resulted in immediate implementation of proposed business solutions.

SBS has been active in Albania since 1996 with over €5.7 million of donor funding mobilised from the EU, the EBRD, the Netherlands Luxembourg, the UK, Japan and other bilateral donors.

**BAS** has succeeded in becoming a visible and much appreciated financing support for small and medium enterprises looking for professional advice. To date, BAS has undertaken nearly 300
projects with Albanian MSMEs, engaging over 120 local consultants. It has also implemented several Market Development Activities (MDAs), including specific trainings for local consultants and MSME's on the EU food safety and product compliance standards, development of tourism in rural areas, increasing awareness of energy efficiency opportunities, developing managerial skills of women in business and supporting the professional development of local consultants.

BAS has contributed significantly to development of business consultancy as profession, as at its inception in 2006 the consultancy hardly existed and was limited to large international firms. Through engagement in BAS projects, Albanian consultants have developed commercial and professional skills and managed to establish their own consultancy firms. Over 90% of BAS consultants are locally owned and operate as legal entity. BAS is also actively supporting the professional development of Albanian consultants through introduction of the international professional standards and promoting the establishment of Albanian consultants' association. However, there are still substantial challenges ahead. The demand for consultancy is generally still far from satisfactory, as particularly smaller businesses are unaware of availability and benefits of using external consultancy.

The evaluation of BAS activities has concluded that enterprises require further assistance in the following areas:

- Management effectiveness in order to provide prompt responses to challenges posed by the ongoing economic slowdown;
- Improved management culture by promoting business advice related to organizational development and human resource management;
- Strengthen financial management and strategy development in order to enable companies to access external financing.

BAS requires continuous funding in order to adequately support the development of the consultancy market. Efforts have been made to ensure close cooperation and involvement of donors in the implementation process. Meanwhile, EBRD bridge-financing will assist in ensuring continuity of donor contributions.

The EGP (formerly known as the ‘TAM programme’) has initiated 47 projects with Albanian enterprises. In 2010, EGP completed a large EU IPA-funded programme of 18 projects. After EGP assistance, in many cases turnover and/or profitability increased. 38% of assisted companies received external finance resources, whilst 50% of beneficiaries have reported an increase in employment and improved managerial skills.

In general, the key challenge has been to maintain the quality and entrepreneurial culture found in almost all assisted Albanian beneficiaries, while introducing a more structured environment that can allow a sustainable growth path of companies, and, in the medium term, help increase the competitiveness of strategically important sectors.

Frequent problems identified within the framework of the EGP among companies in Albania that need to be further addressed include:

- Poor financial management;
- No efficient organisational structures, lack of delegation authority;
- Lack of adequate strategic and business planning, leaving companies without a clear vision and direction;
- Difficulties in accessing markets and identifying new sales and supply channels;
- Access to credit.
Lessons learned at company level are used to introduce a number of wider issues and challenges faced by the whole sector and relevant for its future expansion and development. In Albania, EGP has had notable success in the agribusiness sector by promoting backward linkages:

- **Meat processing:** EGP assisted two of the bigger competitors in the meat processing industry in Albania. While working with the two clients, a number of wider problems and bottlenecks at industry sector level were identified. EGP drew on the two clients’ experiences to disseminate a number of key technical changes and good practices to other enterprises in the industry (e.g. EU standards for slaughtering; European hygiene standards; product label brands, including accurate product declaration). Lessons learned at company level were also used to introduce a number of wider issues and challenges faced by the whole sector and relevant for its future expansion and development (e.g. introduction of a system for EU licensing; animal passports and tagging for EU importation; need for livestock farmers to record treatments and movements of animals; need to improve the slaughter houses infrastructure according to EU standards);
- **Dairy production:** EGP has also worked with two Albanian dairies, where the milk processing technology has been upgraded to ensure that industry hygiene standards were maintained. However, highly unreliable relations with milk farmers were a main problem the enterprise was facing in its attempt to bring the quality and quantities on to a higher level. During the project the enterprise installed new laboratory equipment for milk quality checkups, and gradually established new relations with supplying farmers who were encouraged and instructed to control the quality of raw milk. This experience revealed the opportunities and challenges faced by the whole milk processing sector.

Previously, EGP services have been provided free of charge with only translation and local transport costs covered by the beneficiaries. One of the main selection criteria for beneficiaries’ was a proven commitment by the CEOs. However, commitment was not always guaranteed or promoted. This has sometimes resulted in projects being closed early due to lack of participation in projects activities. A new cost sharing concept has been introduced in 2012 in order to ensure better commitment and also improved ownership of the process.

3 **DESCRIPTION**

3.1 **OVERALL OBJECTIVE OF THE PROJECT**

The overall objective is to enhance the competitiveness of the Albanian economy and the transition to a market economy.

3.2 **SPECIFIC OBJECTIVE(S) OF THE PROJECT**

The specific objective for the SBS programme is to promote the development of the MSME sector through supporting selected enterprises and building a sustainable infrastructure of local advisory services.

3.3 **RESULTS**

The following main results will be achieved through the implementation of the SBS Programme:

**Result 1: Enterprise-level change and enhanced performance in 130 assisted MSMEs through the EGP and BAS**

The following performance indicators will be developed and applied in the case of EGP:

*At Programme level:*
Minimum 19 companies assisted through EGP projects;
Introduction of a new management culture and improved management skills;
New management methods and business tools introduced to all enterprises during the project;
Understanding of market economy best practices and managerial know how by management/owners;
Development of independently capable management able to lead company after EGP Team leaves as essential analysis tools have been transferred;
At least 80% of enterprise CEOs judging that EGP support has made their enterprise “better” or “much better”, and significantly enhanced their business performance;
At least 80% of projects rated as successful at the end of the programme;
Successful rating is confirmed during the one year after visit for at least 80% of projects;
Less than 5% of aggregate EGP projects closed early.

At Project level (as applicable according to the pursued objectives):

- Improvement of key financials, including a 5-15% increase in sales 1 year after project completion;
- Improvement in operations; specifically production line efficiency by 5% and utilisation increases by 5%;
- Improvements in organisation and management; determined by implementation of new organizational structure, MIS, annual planning and budgeting, new HR management practices;
- Improvements in sales and marketing; number of new contracts and foreign contacts established, 5% increase in foreign sales;
- At least 50% of all companies seeking external financing obtain the financing 1 year after project completion.

The following performance indicators will be developed and applied in the case of BAS:

At Programme level:

- Minimum of 110 MSMEs received consultant support;
- Less than 5% of all projects undertaken cancelled;
- At least 75% success rate (successful or highly successful) in projects rated one-year after completion;
- At least 50% of assisted enterprises report an increase in turnover one-year after the BAS project. At least 20% of assisted enterprises report an increase in number of employees after the BAS project. At least 10% of BAS assisted enterprises receive an external investment after the BAS project;
- At least 60% of BAS assisted enterprises declared to have engaged a consultant again after the BAS project.

At Project level (as applicable according to the pursued objectives):

- Enhanced performance of assisted SMEs as measured by changes in Turnover, Employees, Productivity, Access to finance or Increase in export activities;
- Improved Market Performance (as seen by increased sales; increased exports; introduction of new product lines);
- Improved Management Effectiveness (as seen by increased turnover; increased productivity per worker; introduction of new organisational structure);
- Reduced Costs (as seen by reduced production costs; labour productivity increased);
• Introduced Quality Management & Certification (as seen by related certification awarded; associated new business; associated internal organisational improvements):
• Improved environmental management (as seen by related certification awarded; associated new business; reduced emissions or energy consumption).

Result 2: training on best practise and dissemination of management models established for a minimum of 40 entrepreneurs in priority sectors
• A minimum of 6 sector- and market development activities implemented with a minimum of 40 entrepreneurs, including trainings, visibility and awareness raising events;
• Improved understanding of industry specific problems as evidenced by an increased use of specialised business advisory services;
• Increased networking and cooperation of MSMEs with other stakeholders advocating industry interests (Chambers of Commerce etc.).

Result 3: Improved infrastructure of local business advisory services through a minimum of 110 BAS projects and training of a minimum of 30 local consultants
• A minimum of 5 activities implemented with a minimum of 30 local consultants, including trainings;
• Increased demand for local business advisory services (as seen by increased number of projects undertaken by BAS supported consultants);
• Increased supply of local business advisory services (as seen by increased number of consultants engaged by BAS and/or services offered by these);
• Improved quality standards in local business advisory services (as seen by changes in services offered by engaged consultants);
• Strengthened institutions and consolidation of the market (as seen for example in the development of industry associations or accreditation of these with international bodies).

3.4 MAIN ACTIVITIES
Activities related to result 1: enterprise assistance to 130 MSMEs through the EGP and BAS

Enterprise assistance through the EGP
EGP will aim at implementing at least 19 projects in Albania, which will focus on organisation and management, operations, sales and marketing, financing and innovation management. Potential enterprises will be screened based upon the viability of the enterprise, and demonstrated willingness of management and owners to undergo change and benefit from advice. Enterprises may be introduced to the EGP by any means, including through recommendations by Government institutions, Chambers of Commerce, the EBRD Resident Office and the BAS Team. EGP will seek recommendations from the Albanian Investment Development Agency (AIDA) and in particular from the newly established Business Relay and Innovation Centre (BRIC).

EGP will introduce cost sharing with clients, based on a matrix comprising company turnover, size of EBRD investment (if applicable), and previous EGP engagement. A minimum of 10% cost share from the assisted enterprise will be required.

Eligibility criteria for EGP beneficiary companies:
• Privately owned;
The company must be majority locally owned and have no more than 49% foreign ownership;
Up to 500 (exceptionally more) employees, with sales up to EUR 50 million (exceptionally EUR 100 million). Exceptional cases have to be justified by the transition impact on the local economy on the basis of a cost-share arrangement with the client;
The enterprise CEO must have strong willingness and commitment to achieved agreed objectives;
Priority sectors will be defined in the Inception phase, with a focus on export oriented companies with strong growth potential in those sectors;
The following sectors are not eligible: Banking or financial services, military products/services, gambling, tobacco or hard liquor. Industry sectors may also be ruled out if the respective EBRD country strategy specifically excludes them from the Bank’s operations;
The enterprise must have significant importance for the local economy and also preferably manufacture products or offer services with the potential to generate export earnings or import substitution;
Acceptable debt structure. Companies must not have crippling outstanding debt or tax liabilities, or any contingent liability for formerly polluting activities which would make them economically un-viable.

Enterprise assistance through BAS
BAS will carry out at least 110 projects. Typical projects supported will include market analysis & planning, development planning, feasibility studies, partner search, reorganisation / restructuring, computerised financial / management information systems, computerised manufacturing systems, engineering studies, quality management & certification systems, and other business innovation services.

The SBS Team in Albania will qualify local consultants prior the start of BAS projects and maintain an active database of local consultants. The duration of a BAS project depends on the type of project supported but typically lasts 4-6 months. The local SBS team will provide support with regard to project development (including enterprise diagnostics, matching enterprise needs with consultancy offerings and support in defining consultant assignments) and monitoring during project implementation. In addition, the SBS Team has developed a flexible grant scheme (Grant Guideline Matrix), which is reviewed annually to reflect the local business advisory services’ market conditions. In Albania, the flexible grant of 25% to 75% of net project cost will be capped at € 10,000. Minimum of 25% cost share from the assisted enterprise will be required; however the average actual client cost share is estimated at 45%.

Eligibility criteria for BAS beneficiary companies:
• Size: up to 250 employees (preference will be given to enterprises employing up to 50);
• Ownership: be majority privately and locally owned;
• Area of activity: operate in all sectors of the economy except banking and financial services, insurance, military products or services, gambling facilities, tobacco and illegal substances;
• Maturity: Operate from a minimum of 2 years and be able to demonstrate potential for growth;
• Integrity: enterprise and management should be credible and respectable; no previous or on-going legal proceedings which may affect the implementation of BAS project(s) or constitute reputational risk to the EBRD or the donor;
• Viability: should have a discernible competitive advantage, credible track record over recent years, be financially viable at the time of the application and have the management and financial resources to follow through any business advice and take effective action;
• Experience with external consultancy services: have a genuine need for business advice and a capacity to absorb the assistance given yet little or no previous experience of using external consultants, and/or not to have resources to finance a complete project;
• Financial commitment: be ready and able to pay 25-75% of the total project cost according to the relevant Grant Guideline Matrix;
• Management commitment: management should be open to cooperate with the BAS team and the consultant.

Activities related to result 2: training on best practise and dissemination of management models
SBS aims to implement a minimum of 6 Sector / Market Development Activities in Albania, aiming at dissemination of best practices, increase the awareness about the importance of MSMEs for the development of the Albanian economy, as well as specific trainings and visibility SBS will seek to cooperate with partners, in particular AIDA/BRIC in training related to innovation issues. These activities will typically involve:

• Dissemination of best practices through seminars and workshops with a group of suppliers in agribusiness sector. The activity will aim to create an example of efficient backward linkages that can be replicated within a sector;
• MSME trainings, which will mainly focus on addressing cross-cutting issues such as women in business, rural development, energy efficiency and environment protection;
• Visibility and dissemination of best practices and raising awareness about the importance of the Albania MSME sector for economic development.

Activities related to result 3: support to sustainable infrastructure of local business advisory services
EBRD SBS in Albania will undertake a minimum of 5 activities in order to develop a sustainable local business advisory services infrastructure:

• Raising awareness about business advisory services and increasing demand from SMEs through implementation of workshops, conferences, round tables and/or other activities;
• Implementation of training sessions targeting the capacity building of local consultants to increase supply of services available to local MSMEs and improve their quality;
• Consolidation of local business advisory market through supporting associations of consultants.

The consolidation of the local business advisory market will be supported by strengthening professional consultancy associations and by encouraging introduction of internationally recognised industry standards, such as CMC and others.

3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT
EBRD SBS impact on MSME sector performance is achieved through:

• Enhanced competitiveness of assisted MSMEs (increased exports, productivity and sales, new foreign contacts, new production line/technology, changes in product ranges and production processes);
• Stimulated sectors with high growth potential (disseminated best practices, shared successful models);
• Strengthened and sustainable infrastructure of local business advisory services (increased supply of services, broadened range of services, improved quality, and increased consolidation of the industry).
The catalytic effect of the project is present on various levels, including improvement of business environment through informed contributions to policy dialogue: the team will assist the EBRD Resident Office to collate information from MSMEs across regions on the overall business environment and communicate the views of the “grass roots” SME. The local BAS Team, primarily through the Head of Regional Programme and the National Programme Manager, will play a role in strengthening the capacity of local institutions, such as industry associations, Consultants’ Associations, and Chambers of Commerce to influence government through policy dialogue on issues related to MSMEs and that affect the development of the local consultancy sector, such as regulation, registration and accreditation which all have a bearing on its development.

At the enterprise level, SMEs receiving assistance through the project have a better chance of attracting external financing. SBS regularly monitors beneficiaries’ needs for external financing and facilitates contacts with financial institutions including EBRD partner banks.

Cross-border impact is achieved through on-going cooperation and sharing of best practices with SBS projects operating in other countries of the region. Joint market development activities such as trainings can be carried out, involving beneficiaries from more than one country. The development of the export dimension for local business consultants can also be supported through the BAS network. Likewise, EGP projects often promote inter and intra-regional export linkages.

3.6 SUSTAINABILITY

The project’s overall results will be visible over the mid- and long-term period which indicates its strategic importance – the activities will allow MSME to improve financial conditions, production lines, innovation organization and management, sales and marketing.

Sustainability, perceived as the continuation of benefits to MSMEs beyond SBS intervention, is at the core of the programme.

In the case of EGP, sustainability on the individual project/micro level is established when an EGP project comes to a successful closure and skills and knowledge have been transferred. The increased competitiveness of EGP clients puts pressure on their peers, encouraging them to improve their operations to survive and therefore providing an impact at the sector level. Through Sector Development Activities (SDAs), EGP will disseminate best practices from projects implemented, which shall enhance the innovation and sustainability aspect of EGP.

In the case of BAS, the key element is the development of a sustainable infrastructure of local business advisory services, as this will contribute to the improved performance of the MSME sector. A sustainable infrastructure of local business advisory services can be characterised by Broad supply of local consultancy services; Adequate/high quality standards in local consultancy services; Consolidation of the consultancy industry and Strong demand for local consultancy services. Existing MSMEs and local consultancy institutions will be strengthened, and assistance will be given to the professional consultancy association to further promote and maintain the professional standards.

Lastly, sustainability of the proposed SBS Programme is ensured by cost-sharing. Long-term experience has shown that cost-sharing is vital to secure beneficiaries’ commitment to working with business advisory service providers, taking ownership of the consultancy process and delivering long-term project impacts.

At project level, actual and potential EGP and BAS projects are assessed to determine the level of cost-share, with less cost-share for those with higher additionality and transition impact, and higher company contributions to the project costs for those with less additionality and impact. Over time, a gradual escalation in cost-share in EGP and BAS projects is expected. Gradually, the more the client pays for international advisory services, the less EGP and BAS will operate in a given country/sector. The ultimate aim is for the clients to continue engaging external advisory services paying 100% of costs – a demonstration of a sustainable market having been established.
EGP cost-share is determined under 3 scenarios:

A) The company is required to contribute to minimum of 50% to the total project cost when one or more of the following conditions apply:
   - A follow-on or second phase of the EGP project;
   - EBRD / non-EBRD investment more than EUR 10 million;
   - Turnover more than EUR 50 million.

B) The company is required to contribute to minimum of 10% to the total project cost when one or more of the following conditions apply:
   - First phase EGP project;
   - EBRD / non-EBRD investment less than EUR 10 million;
   - Turnover less than EUR 50 million and more than EUR 1 million.

C) No client contribution is sought during first phase projects when the company meets either of the conditions below:
   - The project is specifically designed, with 50% or more of the advisory objectives targeting 1 or more cross-cutting issue; such as gender, environment/energy efficiency and/or rural development;
   - Turnover less than EUR 1 million.

BAS applies a graduation policy for grants. Local BAS teams develop grant guideline matrices, which are reviewed annually to reflect the local business advisory services’ market conditions. The grant percentage varies typically between 25 and 75%, depending on assessments made by the BAS teams of the overall additionality of the project.

Grant Guideline Matrices (GGM) is typically built on 3 dimensions:

A) Location of the enterprise;
B) Size of the enterprise;
C) Type of advisory service.

3.7 ASSUMPTIONS AND PRE-CONDITIONS

- Government committed to actively promoting MSMEs and facilitating conditions of their growth;
- Removal of administrative and legal restrictions on MSME development;
- Government commitment to promote MSME development;
- Enterprises have absorbed the specific skills and are able to use them in their daily operations;
- Enterprises are fully committed to take part to project activities;
- There are no major changes in companies assisted, which might affect/delay the project implementation (change management, change of ownership);
- Demand and supply of local consultancy has increased to the level that they can serve the needs of the enterprises;
- Overall business climate and MSME regulations are not adversely changed; economic situation has not drastically worsened.

Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.
4 IMPLEMENTATION ISSUES

The project will be implemented through a contribution agreement with the EBRD (the Implementing Agency) under joint management mode. Co-financing will be ensured by EGB and BAS final beneficiaries as client contribution.

The Implementing Agency will support the proper functioning of the Steering Committee, including the holding of meetings, the preparation and circulation of the agenda and other associated documentation.

The Ministry of Economic Development will appoint members of the Steering Committee who will be a contact point and person for coordination between the project and the Ministry.
### 4.1 Indicative Budget

**Indicative Project budget (amounts in EUR)** *(for centralised management)*

<table>
<thead>
<tr>
<th>PROJECT TITLE</th>
<th>TOTAL EXPENDITURE</th>
<th>IPA CONTRIBUTION</th>
<th>NATIONAL CONTRIBUTION</th>
<th>PRIVATE CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR (a)=(b)+(c)+(d)</td>
<td>EUR (b)</td>
<td>% (2)</td>
<td>EUR (c)=(x)+(y)+(z)</td>
</tr>
<tr>
<td>Activities 1, 2, 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution agreement with EBRD</td>
<td>X</td>
<td>–</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Clients contribution at EGP and BAS project level</td>
<td>X</td>
<td>–</td>
<td>630,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL IB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL INV</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL PROJECT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW**

Amounts net of VAT

(1) In the Activity row, use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))
4.2 **Indicative Implementation Schedule (periods broken down by quarter)**

Dates indicated in the schedule cannot go beyond the contracting and execution deadlines in the financing proposal

<table>
<thead>
<tr>
<th>Contracts</th>
<th>Start of Tendering/ Call for proposals</th>
<th>Signature of contract</th>
<th>Project Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution Agreement with EBRD</td>
<td>N/A</td>
<td>1Q 2014</td>
<td>3Q 2016</td>
</tr>
</tbody>
</table>

4.3 **Cross Cutting Issues**

4.3.1 **Equal Opportunities and non-discrimination**

The Programme will address gender equality and broader gender related issues as an increasingly important component of the transition process, in particular in terms of helping to better realise the potential of women to contribute to economic development in emerging markets. It will provide support in direct response to demands expressed by female entrepreneurs in Albania.

4.3.2 **Environment and climate change**

Whenever required, the programme will support MSMEs to comply with environmental regulations and to promote energy efficient technologies and environmental protection. The hands-on advice that the programme provides enables companies to recognise the long-term benefits of investing in, and overcoming, environmental and energy problems.

4.3.3 **Minorities and vulnerable groups**

SBS will be working with MSMEs all over the territory of Albania, and in regional and rural areas, and involving partners regardless their racial or ethnic origin, religion or belief, disability, sexual orientation.

4.3.4 **Civil Society/Stakeholders involvement**

In the course of the programme preparation, a consultation meeting was held with the representatives of the business sector who indicated the need for the programme that would directly support the MSMEs and increase their capacities to cope with market pressures through direct engagement of experienced CEOs and tailor made advice. The Programme will be implemented in close cooperation with relevant institutions and business society representatives.
ANNEXES

Documents to be annexed to the Project fiche

1. Description of Institutional Framework

The Ministry of Economic Development, Trade and Entrepreneurship supports the competitiveness of Albanian Economy through provision of strategic directions, policies and legislation. The Directorate of Economic Competitiveness Support is responsible for proposing and implementing legislation and initiatives in relation to the competitiveness of Albanian MSMEs. In 2010, the authorities created the Albanian Investment Development Agency (AIDA), a successor of the former Albinvest, which implements the investment promotion, SME development and export promotion activities in Albania. The Business Relay and Innovation Centre (BRIC) is established within the agency, to promote innovation and technology development.

During the inception phase, a Steering Committee (SC) will be established to ensure coordination of activities and enable policy dialogue on the MSME sector in Albania. The SC will include the representatives of the Ministry, AIDA and BRIC, relevant sector associations and chambers as well as the EU Delegation in Albania and the EBRD Tirana Resident Office. Representatives of other relevant stakeholders, including the donor community, may be invited as observers if applicable.

2. Reference list of relevant laws and regulations only where relevant

The small and medium - side enterprises stand among the main priorities for Albanian Government. This project’s intervention field is in line with the objectives set out by the Stabilization and Association Agreement, in particular Article 93 – “Small and medium - side enterprises” – which states: "Cooperation between the Parties shall be aimed at developing and strengthening private sector small and medium-sized enterprises (SMEs) and shall take due account of priority areas related to the Community acquis in the field of SMEs, as well as the principles enshrined in the European Charter for Small Enterprises (Small Business Act)".

In the legislation of the Republic of Albania, SMEs are defined in the SMEs Law No.10 042, dated 22.12.2008 (Official Gazette, year 2008, No 199, Page 10840); Publication year: 14-01-2009; On some changes and supplements in Law no. 8957, dated 17.10.2002 “On small and medium enterprises”, (Official Gazette Year 2002, No.73, Page 2042), Changed. In the meaning of this law, enterprises shall classify as follows: micro enterprises, Small Enterprises and Medium Enterprises.

The category of micro, small and medium enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover and/or an annual balance sheet total not exceeding 250 million ALL (approx. 2.03 million €).

A small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed 50 million ALL (approx. 0.41 million €).

A micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed 10 million ALL (approx. 0.08 million €).
For statistical purposes, enterprises are classified:

a. Micro enterprises: 0 to 9 persons, within this group shall be divided in 0-1 persons and 2-9 persons;
b. Small enterprises: 10 to 49 persons;
c. Medium enterprises: 50 to 249 persons.

The framework policy towards SME-s, is included in the Business and Investment Development Strategy/BIDS for the period 2007-2013, which is approved by Gov. Decree No.795, data 11.07.2007. Chapter II of this strategy is dedicated to SME promotion and development.

Strategic priorities in the development of the SME sector include: Harmonization with sector strategies that have an impact on the SME sector; ensured transparency of decisions, actions affecting the business environment; ensured fair competition and support for the integration of SMEs in the international market and development of information technologies and entrepreneurship culture.

Another document is the Strategic Programme on SMEs Development for the period 2007 – 2009 which is an integral part of Sectorial Strategy of Business and Investment Development. The overall goal of the SME strategic program is to ensure sustainable economic development of SMEs through increased number of new enterprises and improved productivity, competitiveness and exports among companies with internationalization potential. Specific objectives, which will help achieve the overall goal, are:

a) Promote entrepreneurship culture;
b) Develop businesses with internationalization potential;
c) Increase SME financing. The developments in these areas are preceded by measures for improving business climate for the development of the private sector.

The overall objective of this strategic program is sustainable economic development of the SME sector through increasing the number of new enterprises, and ensuring continuous improvement on productivity, competitiveness and export indicators.

The specific objectives that will help achieve the overall goal are as follows:

- Promote an entrepreneurship culture;
- Draft entrepreneurship learning strategy;
- Increase labour force skills and promote creative businesses.

Develop growing businesses with internationalization potential. Many laws and regulation are in place which contributes for the development of the SME-sector:

- The Law No. 9723, dated 3rd of May 2007 “On the National Registration Centre (Law No. 9723, and Date 3.5.2007, Official Gazette No. 60, dated 23rd of May 2007, Page 1604);
- Decision of Council of Ministers No. 157, dated 15.03.2006 on the approval of "Regulatory Reform Action Plan on the improvement of business climate" and for its implementation, Order No. 170, dated 31.10.2005 on the establishment of Task Force "On managing and monitoring of regulatory reform in function of the improvement of business climate" which is conducted by the Prime Minister;
• The Law No. 10081, dated 23.02.2009 “On licenses, authorisations and permits” (Law No. 10081, dated 23.02.2009, Official Gazette No. 31, dated 25.03.2009, page 1763;
• The Law No. 10128, dated 11th of May 2009 “On Electronic Commerce” (Law No.10128, dated 11.5.2009, Official Gazette No. 85, dated 12th of June 2009, page 3726);
• “Sectorial Strategy on Employment and Vocational Training 2007-2013”, approval of this Strategy and respective Action Plan for its implementation by the Council of Ministers with CoM decision No. 751 dated 7.11.2007;
• Regional Development Crosscutting Strategy, is in line with BIDS. This document is approved by Decision Nr.773 dt.14.11.2007 of Council of Ministers;
• Export Credit Guarantee Fund (ECGF) with a Government Decree No. 489, date 25.07.2007;
• Albanian Research, Technology and Innovation Agency (ARTI) with a government decree nr. 903, dated 26.08.2009.

The institution responsible for drafting policies for SME development is the Ministry of Economic Development – Competitiveness Policy Department.

Implementation of the SME policy is under responsibility of AIDA as a responsible public institution in implementing government policies in the field of SME-s. AIDA is coordinating all the actions in close cooperation with all business service providers that are operating in the local market, like chambers of commerce, regional development agencies, business associations, NGOs, and different programs operating in the field of SME-s.

3. Details per EU funded contract(*) where applicable:

The project will be implemented in joint management with the European Bank for Reconstruction and Development (EBRD). EBRD will sign one contribution agreement with the EU Delegation to Albania, according Article 53 d (1) c of the Financial Regulation and the corresponding provisions of the Implementing Rules.

4. Project visibility activities

Project will apply EU Visibility guidelines.
**ANNEX 5: Logical framework matrix in standard format**

**LOGFRAME PLANNING MATRIX FOR Project Fiche**

<table>
<thead>
<tr>
<th>Project title and number</th>
<th>Implementation of the EBRD Small Business Support Programme through two complimentary instruments, the Enterprise Growth Programme (EGP) and the Business Advisory Services (BAS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting period expires in 36 months</td>
<td>Execution period expires in 24 months</td>
</tr>
<tr>
<td>Total budget</td>
<td>€ 2,630,000</td>
</tr>
<tr>
<td>IPA budget</td>
<td>€ 2,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators (OVI)</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribute to enhance competitiveness of Albanian economy</td>
<td>Improvement in macroeconomic performance: • Real economy • Development of financial sector • Access to finance for SMEs • External consultancy sector development Progress in EBRD transition indicators such as: • Business environment and competition • Infrastructure • Financial sector</td>
<td>• EU Progress report • INSTAT • EBRD Transition Report • EBRD Country Strategy for Albania • EBRD World Bank Business Environment and Enterprise Performance Surveys (BEEPS) • EBRD Office of the Chief Economist sector studies and surveys for Albania • The World Economic Forum Global Competitiveness Index (GCI) • SBS Country Brief for Albania</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Specific objective</th>
<th>Objectively verifiable indicators (OVI)</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>To promote the development and sustainability of the MSME sector in Albania</td>
<td>Where available from national sources: SME sector performance: • In terms of market share, productivity and profitability, against relevant comparators • SME share of GDP • SME employment • SME share of national exports • In terms of performance improvements over time • In terms of skills, ability to meet standards, finance, information and market infrastructure • In terms of regulatory and policy environment Consultancy market performance: • Increased demand for local consultancy services • Increased supply of local consultancy services</td>
<td>• EBRD Transition Report • EBRD Country Strategy for Albania • EBRD World Bank Business Environment and Enterprise Performance Surveys (BEEPS) • EBRD Office of the Chief Economist sector studies and surveys for Albania • The World Economic Forum Global Competitiveness Index (GCI) • SBS Country Brief for Albania</td>
</tr>
</tbody>
</table>

| Assumptions |
|----------------|---------------------------------------|------------------------|
| • Government committed to and actively promoting SMEs and facilitating conditions of their growth; • Removal of administrative and legal restrictions on SME development; • Government commitment to level playing field to promote SME entry and development and to smooth exit; • Development of a financial sector to lower costs and increase SME access to financial intermediation. • Economic situation has not |
1. Enterprise level change and enhanced performance in assisted enterprise:

### 1.1 Enterprise Growth Programme (EGP):

**Programme level:**
- Minimum 19 companies assisted through EGP projects
- Introduction of a new management culture and improved management skills.
- Understanding of market economy best practices and managerial know how by management/owner.
- Development of independently capable management able to lead company after EGP Team leaves as essential analysis tools have been transferred.
- At least 80% of enterprise CEOs judging that EGP support has made their enterprise “better” or “much better”, and significantly enhanced their business performance.
- At least 80% of projects rated as successful at the end of the programme;
- Successful rating is confirmed during the one year after visit for at least 80% of projects.
- Less than 5% of aggregate EGP projects closed early.

**Projects level (as applicable according to the pursued objectives):**
- Improvement of key financials, including 5-15% increase in sales 1 year after the completion of a project;
- Improvement in operations; specifically production line efficiency by 5% and utilization increases by 5%;
- Improvements in organisation and management; determined by implementation of new organizational structure, MIS, annual planning and budgeting, new HR management practices.
- Improvements in sales and marketing; # of new contracts and foreign contacts established, 5% increase in foreign sales.
- At least 50% of all companies seeking external financing obtain the financing 1 year after completion.

### 1.2 Business Advisory Services (BAS):

**At Programme level:**
- Minimum of 110 MSMEs received consultant support;
- Less than 5% of all projects undertaken cancelled;
- At least 75% success rate (successful or highly successful) in projects rated one-year after completion;
- At least 50% of assisted enterprises report an increase in turnover

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**Objectively verifiable indicators (OVI):**
- EGP Standard Reporting on every project:
  - Screening Reports
  - Baseline report
  - Midterm report
  - Impact report
- Reports to enterprises
- Donor Reports
- Donor Steering Committee Meeting Minutes
- EGP Financial Reporting
- Dissemination activities reporting and materials

**Sources of Verification:**
- Enterprises have absorbed the specific skills and are able to use them in their daily operations
- Enterprises are fully committed to take part to project activities
- There are no major changes in companies assisted, which might affect/delay the project implementation (change management, change of ownership)
- Demand and supply of local consultancy has increased to the level that they can serve the needs of the enterprises;

**Assumptions:**
- Overall business climate and MSME regulations are not adversely changed

---

**Enterprises have absorbed the specific skills and are able to use them in their daily operations**

**Enterprises are fully committed to take part to project activities**

**There are no major changes in companies assisted, which might affect/delay the project implementation (change management, change of ownership)**

**Demand and supply of local consultancy has increased to the level that they can serve the needs of the enterprises;**
2. Best Practices and management models disseminated in priority sectors

3. Improved infrastructure of local business advisory services

- At least 20% of assisted enterprises report an increase in number of employees after the BAS project.
- At least 10% of BAS assisted enterprises receive an external investment after the BAS project.
- At least 60% of BAS assisted enterprises declared to have engaged a consultant again after the BAS project.

At Project level

- Enhanced performance of assisted SMEs as measured by changes in Turnover, Employees, Productivity, Access to finance or Increase in export activities;
- Improved Market Performance (as seen by increased sales; increased exports; introduction of new product lines)
- Improved Management Effectiveness (as seen by increased turnover; increased productivity per worker; introduction of new organisational structure)
- Reduced Costs (as seen by reduced production costs; labour productivity increased)
- Introduced Quality Management & Certification (as seen by related certification awarded; associated new business; associated internal organisational improvements)
- Improved environmental management (as seen by related certification awarded; associated new business; reduced emissions or energy consumption)

- 2.1 A minimum of 40 entrepreneurs trained on the common problems identified through the projects;
- 2.2 A minimum of 6 sector/market development activities implemented.

- 3.1 Minimum of 30 local consultants trained to deliver business support on the local market through BAS
- 3.2 A minimum of 5 activities implemented;
- 3.3 Increased demand for local consultancy services (as seen by increased average client contributions to BAS projects; increase usage of consultancy services after BAS)
- 3.4 Increased supply of local consultancy services (as seen by an increased number of consultants qualified by BAS with an increase in % located in rural areas and from broadened spectrum of services offered by consultants).
- 3.5 Improved quality standards in local consultancy services (as seen by an increased number of consultants that increased their skills and experienced greater scope of projects while working with...
- 3.6 Strengthened institutions (as seen by the development of a local association of consultants).

<table>
<thead>
<tr>
<th>Activities to achieve results</th>
<th>Means / contracts</th>
<th>Costs</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Component 1: Enterprise assistance to 129 assisted MSMEs through the EGP and BAS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EGP Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1. Referrals collection of potential beneficiary enterprises</td>
<td>Contribution agreement</td>
<td>EUR 2,000,000 EU IPA contribution, matched by EUR 630,000 in client contributions</td>
<td>Relevant stakeholders are included in the implementation of the project</td>
</tr>
<tr>
<td>1.2. Screening carried out by the appointed EGP Team Coordinator and/or Local Manager.</td>
<td></td>
<td></td>
<td>Selected consultants perform according to standard</td>
</tr>
<tr>
<td>1.3. Approval of selected screened enterprises by EGP team, EBRD RO and Steering Committee of the project;</td>
<td></td>
<td></td>
<td>Activities are being implemented according to schedule</td>
</tr>
<tr>
<td>1.4. Issuing of project proposal and selection of EGP Senior Industry Advisors;</td>
<td></td>
<td></td>
<td>Funding is available and donor priorities remain unchanged</td>
</tr>
<tr>
<td>1.5. Project implementation</td>
<td></td>
<td></td>
<td>The local BAS team is adequately staffed</td>
</tr>
<tr>
<td>1.6. Project evaluation</td>
<td></td>
<td></td>
<td>Less than 5% of all projects undertaken cancelled</td>
</tr>
<tr>
<td><strong>BAS Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1. Project screening and selection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2. Consultants qualification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3. Project development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4. Project implementation, monitored by BAS team</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5. Project evaluation and grant disbursement upon successful project completion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.6. Project Evaluation 12 months after disbursement (This activity will be financed by the EBRD)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Component 2: Sector / Market Development Activities to disseminate best practise

**Activities**
- SBS will identify common problems relevant for all enterprises in the sector and design a minimum of 6 trainings/ workshops/ other dissemination activities to address these problems;
- Raising awareness about consultancy services and increasing demand among MSMEs;
- SBS will devote significant efforts to disseminate the role and results of the Programme, increasing its visibility and that of the donor.

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### Component 3: Support to sustainable infrastructure of local business advisory services

**Activities**
BAS will support development of local consultancy market through a minimum of 5 of activities targeted at:
- Increasing supply and improving quality of consultancy services available to local SMEs;
- Consolidation of consultancy market;
- Assistance to MSME supports infrastructure services.