

Meat processing cluster

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Why competitiveness?

- A low level of competitiveness on the international markets as demonstrated by:
 - Exports/imports = 1:5
 - Exports/GDP = 7%
- On the domestic market:
 - Positive trends on the import substitution for certain products;
 - A stronger preference for domestic products because of being natural
- How to build on the positive experiences and grow?

The change: where to start

- Key challenges identified is the mental change:
 - a series of regional meeting were organized (in 10 districts)
 - More then 250 businesses participated on the exercise
- The great leap forward: change on the mentality of the business:
 - The business drives the process not the governments;
 - Competitiveness is productivity and not government support (low wages, tariff protection, tax evasion ...);
 - Competition is also cooperation (things of common interest; increasing of fixed costs, etc)
 - Building trust among the businesses helps in addressing the development issues
- Change by way of organization of clusters among the industries : an internationally successful experience

Clusters as an effective way of

- **Clusters increase productivity by way of:**
 - offering easy access to specialized inputs, employment, information and other public goods (training, etc);
 - facilitation of coordination among firms ;
 - quicker dissemination of best practices on the business;
- **Clusters stimulate the innovation:**
 - better understanding of possibilities for innovation;
 - the presence of many suppliers and institutions assist in the creation of knowledge;

Cluster benefits ...

- **Clusters facilitate the commercialization:**
 - possibilities for new companies and new business lines for the existing companies are more visible
 - reduced barriers for commercialization of new products due to the existence of the suppliers, knowledge, etc.
- **Clusters are a more efficient way of lobbying the policy changes**

Clusters support by the project

- Marketing:
 - Market research;
 - Market strategies;
 - Promotion;
 - Pricing policies; and
 - Distribution
- Planning:
 - Business planning
 - Feasibility analysis
 - Financial strategies

Clusters support by the project

- Policies:
 - Regulatory framework
 - Customs; taxation; licensing, etc
 - Transparency and law enforcement
- Other technical assistance on:
 - Staff training
 - E-commerce
 - Quality standards
 - Production/technology improvement
 - Public support

Objectives of the project

- USAID supported the idea and lunched the project currently under implementation; actually two USAID funded projects work on competitiveness and clusters.
- Objectives: facilitate the clusters creation as a way of:
 - Promoting economic growth;
 - Increasing marketing capacities of the companies both in foreign and domestic market;
 - Job creation.
- These are the indicators our project has to report.
 - The project is build on other existing projects operating on supporting the private sector development
- The project intents to support the creation and development of 6-8 clusters both in agricultural and non-agricultural sector

Selection criteria of clusters...

- Based on our program objectives (possibilities for job creation, value added, etc);
- Chances for success in order to encourage the other industries organize in clusters;
- In practical terms:
 - Build industry profiles;
 - Disaggregated analysis of the sectors within industry;
 - Expert meeting for the pre-selected clusters;

Industry profile assessment:

- **Competitive potential: (L-M-H)**
 - Product/service with value-added potential; ability to differentiate, etc;
 - Market demand (export/domestic);
 - Five forces analysis (market rivalry; bargaining power of suppliers; bargaining power of buyers; threat of new entrants; threat of substitutes)
- **Economic impact:**
 - Ability to pull own industry forward;
 - Potential for sustainable job creation;
 - Potential for enhanced branding of Albania

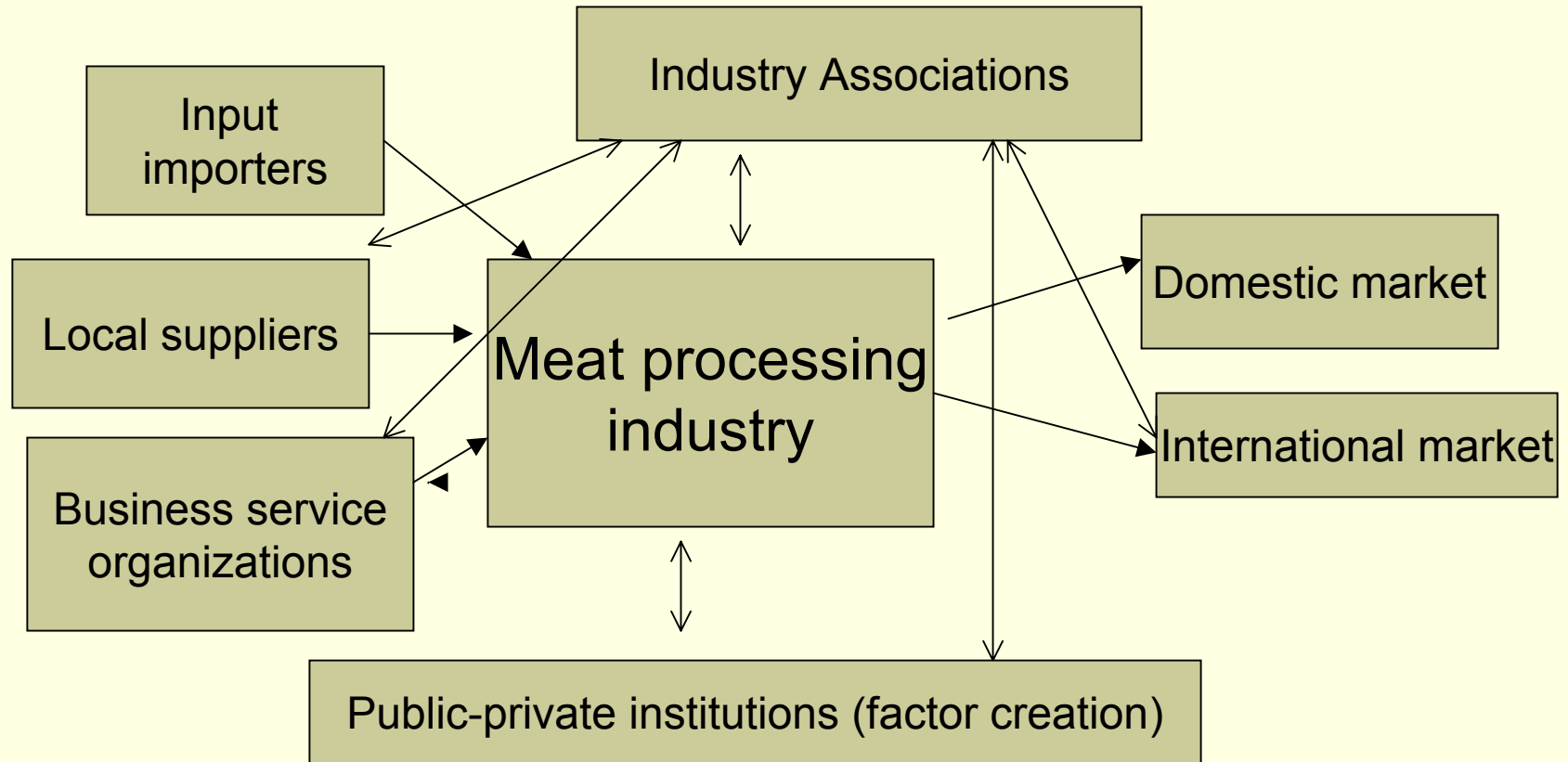
Industry profile assessment:

- Potential for collaboration:
 - Geographic proximity of cluster members;
 - Opportunity for regional cooperation
 - Correlation with existing or planned programs

Candidate cluster meetings

- Implementation potential
 - Sufficient interests among the industry members;
 - Existing linkages within candidate cluster
 - Ability to identify bottlenecks and prioritize;
 - Shared vision;
 - Commitment to work together
 - Willingness to commit resources

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Just the start

- Two meetings were organized and there seems to be interest from the industry members;
- The first meeting of the cluster is to be organized in three weeks now.
- Cluster coordinators are hired by the project to facilitate discussion and help the industry build the work program; coordinators are consultants with a strong experience on private sector or private development organization
- Based on that, the project will plan the future support for the cluster

Lessons for the future

- The approach we are using seems to be feasible and therefore to be used for other cluster formation:
 - transparent
 - welcomed by the business community;
- We wish the project serves as a pilot project to generate sufficient interest from other industries and local development authorities to be replicated on other cases;
- The project will contribute to strengthen local capacities who can serve as cluster facilitators for other industries who wish to apply this approach.