

Essences Producers, Cultivators and Exporters Association (EPCA) Development Plan

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INTRODUCTION

The objective of this report is to provide blueprint for the structure and activities that will make EPCA a self-reliant association in the Albanian context and sustainable for the long-term.

Specific Elements to Consider Included:

A five-year development plan for the association. ¹

The plan should include initial actions and budget that are required to further develop the association. The plan should also include a business plan for the association, including items such as an employment plan with job descriptions of personnel that would be required to sustain the association.

Attention should be paid to explain the precise detail of any assumed income and the type of services that members of the association would receive.

In the light of the due diligence and history of trade associations in Albania, the consultant(s) should give strong reason why this plan will succeed.

Training needs assessment for executive association members

Assess the training needs of executive members of the association, where necessary, suggest visits or training requirement that will help create a successful H+S trade association

The development of this plan followed the Due Diligence Report that was finalized after many meetings and discussions with EPCA Board and regular members, other trade associations, ProMali staff, and consultants to ProMali from KASH and other local organizations.

The ideas presented here represent a consensus of thoughts that have been discussed with all these people, which resulted in a plan which we believe has the greatest likelihood of achieving the overall objective during ProMali's remaining tenure in Albania.

While no plan or forecast is ever totally accurate, we believe that if the tasks and objectives set forth are carried out in principle and if those involved in the plan's implementation can vary their activities to meet future conditions without sacrificing the principles and overall objectives set out in the plan, then the herb and spice industry and EPCA should have a very realistic chance to be self-sustaining and thrive in the long-term.

¹ Based on our discussions and at the direction of the ProMali, we have undertaken to present only the outline plan and consultant's budget for the next six months. Budgeting for the association and development of a more complete business plan will occur during the coming months.

SWOT Analysis of EPCA

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong leader, who has a long-term vision for the industry • Committed and active Board of Directors, willing to spend time, effort, and money on behalf of the industry • Membership encompassing all segments of the industry in Albania • Recognition by the Albanian Government • History of success in advocacy that has improved conditions for the industry • History of being able to galvanize the membership at the national and regional levels to participate in meetings and seminars • Appears to be open and transparent in its' actions • Greatly increased openness and transparency within the industry resulting in a willingness to discuss issues 	<ul style="list-style-type: none"> • Lack of management and administration infrastructure in place • Lack of formal dues structure and history of collections • Inadequate documentation of discussions and decisions by the Board or at General Meetings • Lack of short or long range strategic planning by the Board of Directors • Lack of financial planning and budgeting for the association • Inadequate resources – both manpower, time, and money – to carry out ambitious ideas and programs • Some significant members of the industry have not been participants to date
Opportunities	Threats
<ul style="list-style-type: none"> • Positive attitude toward building a strong, viable, and sustainable association to represent the interests of the industry • Continued effectiveness in improvement of the legal and regulatory climate for the industry • Increased income to the industry through improvements and efficiencies • Increased volume and sales abroad which will improve incomes and profits to the sector • Improvements in the supply chain which would both reduce overall costs as well as improve rural livelihoods • Training and education of the industry that would instill a long-term tradition of a high level of quality and reputation • Establishment of an export development program that would open up new markets and opportunities • Capturing a value added by the industry which is currently being lost to other countries 	<ul style="list-style-type: none"> • If an independent, qualified staff cannot be put in place, the members will not have confidence in the association • Highly dependent on one or two people – if they change their approach or attitudes, difficult to continue • Very difficult to establish long-term, strong direct contacts with overseas buyers • Strong competition from overseas companies who have established supply and sales channels • Lack of organized efforts in Albania to provide adequate laboratory facilities and testing • Lack of internal resources within Albania to teach and train the staff, Board, and membership, whether it be for association management or industry's needs

CONCLUSIONS AND RECOMMENDATIONS FROM EPCA DUE DILIGENCE

In the mid 1980's, the American Spice Trade Association (ASTA) began the Clean Spices Program. Through that program, ASTA created a comprehensive training manual and program to promote higher quality and cleaner spices and herbs from suppliers to the United States market. Training seminars were conducted in many countries around the world. History has shown that those supply countries that had strong, visionary leaders progressed significantly (i.e., India, Egypt, and Turkey). Where this happened, the trend has been an increase in overall export values, a stronger supply chain with all levels up the chain doing better, and higher and more sustainable volumes and values throughout the chain. Those that did not took much longer, if at all, to enhance their supply chains and capture a true value added amongst their exporters and the internal supply chains.²

Albania is somewhat similar and somewhat different than those other countries we have observed. Clearly, the leadership and the vision exists here – both within the industry as a whole and also for the development of a trade association to support the overall needs of that industry. However, Albania does not have the history, culture, tradition, or institutional capacity of those other successful countries that supports the growth and development of these endeavors. Albania also has developed a culture within many of its industries – the herb and spice trade included – that believes donor money and donor projects will always exist and be there to sustain and finance the efforts needed for both short-term and long-term improvement.

During the first five years of our involvement in Albania, we saw great enthusiasm to improve the herb and spice industry. We also saw great support and enthusiasm for a trade association to help in that effort. However, until five years ago, there was no true leadership and no vision for how that would happen in such a way that the improvements would be institutionalized and self-sustaining. We are most encouraged by the changes that have occurred. We believe that two in particular make it possible for our optimism – the first is the new and more diverse leadership we are seeing from more firms than ever within the industry combined with the development of one leader in particular with that long-term vision in Xhevit Hysenaj. The second, which one must not discount, is the level of openness and comfort that has developed within the industry. Five or six years ago, one could not get the most significant companies in the industry to speak openly and honestly about their issues and problems amongst themselves and in open meetings. One cannot minimize the importance of this change and what it will mean in terms of supporting efforts to work together as a cohesive group. The achievements of EPCA to date and the willingness to treat them as those of the group at large under the name of EPCA and the industry are most notable and impressive.

Thus, we conclude that there are real opportunities for this industry to create a strong, vibrant, viable, and self-sustaining trade association in EPCA during the coming years. We also believe that EPCA can serve as the vehicle for further strengthening the industry at large and finally providing the sorely needed improvements within the industry. If this happens, we believe that the Albanian herb and spice industry will see new levels of export trade, improved income at all levels of its supply chain, and improvements in its worldwide reputation that far exceed anything we could otherwise hope for.

² The ASTA Clean Spices Manual was licensed from them by AAATA, translated into Albanian, and used in training sessions in Albania during 2002 and 2003.

There are, however, significant roadblocks to the achievements highlighted above. First and foremost is the lack of a real and meaningful organization and institutional structure for EPCA. Without this, EPCA will remain totally dependent on the actions and financial support of a very few people, leaving it extremely fragile, vulnerable, and under-funded. Secondly, EPCA needs to establish a culture and tradition of financial support and volunteer activity to support its vision and goals. Finally, EPCA must establish management and organizational policies and procedures to build an institutional capacity that is non-existent today.

In order for EPCA to succeed, we recommend the following actions and activities during the near term:

- ProMali should work with EPCA to create a thorough set of policies and procedures that document and institutionalize their operations.
- A framework should be created for EPCA to have an independent office and staff that manages the day-to-day operations and administration of the organization. Appropriate job descriptions must be created for the staff and qualified staff must be hired.
- The staff hired for EPCA must be professional and properly trained. As well, the membership must believe that the staff is truly independent of any members of the association.
- The Board of Directors should be galvanized and trained to perform those functions normally required of a non-profit Board. That includes strategic planning, leadership, volunteer activities, and the setting of goals and objectives for the organization (both short and long-term). The planning should be guided by SMART principles – Strategic, Manageable, Attainable, Realistic, and Timely – at all times.
- The By-Laws should be reviewed and revised to meet the current and future needs and objectives of EPCA. KASH, which has experience in these areas and also understands the current Albanian laws governing these organizations, should be consulted with to determine if it is best to fully re-write the current By-Laws or simply create a Policies and Procedures Manual that describes the structure, operations, and procedures for the organization. In fact, it may be necessary to do both.
- A regular meeting schedule should be adopted for EPCA. We recommend that they hold their Annual General Meeting at the same time each year. Given the comments and recommendations of those we met with, we further recommend that the AGM be held between April 15th and May 30th of each year, a time when the businesses are just beginning to gear up for the coming crops and when there is a lull in their day-to-day business. We also recommend that this meeting include training and educational programs of tangible value to the membership. Finally, we recommend that the meeting charge a fee for attendance. This would serve a number of purposes. First, it would support the notion of fees for services that is not yet prevalent in Albania. Second, it would provide some additional income sources for EPCA other than dues. Finally, it would support the belief system that something paid for is more important and valuable than something received for free.
- Additional meetings – probably three or four – should be conducted throughout the country. We suggest that five or six strategic and important areas be identified and a rotating, routine schedule over a two-year cycle be adopted for these meetings. That would institutionalize them and leave everyone knowing when and where they will be held.
- Discussions should be held with Albaflor to bring them under EPCA, thus creating a more fully representative organization encompassing all aspects of the industry.
- EPCA should seek formal relations and cooperation with similar trade associations throughout the region and the world.

- The next ten months should be used for designing and implementing the strategic planning, budgeting, and design of the management and organization of the structure. Financial planning should be instituted, with the help of ProMali, to create a dues structure that will meet the long-term needs of the association. A phase in plan should be created so that the income levels are built up during the remaining tenure of the project. Without this (waiting until ProMali ends to do so) would, no doubt, be highly risky and probably suicidal for the organization.
- In order for EPCA to succeed, additional financial support will need to be secured for the coming years.
- Various other ways of securing income should be explored for EPCA. A realistic assessment should be made of those before any are implemented. The financial model for this assessment should be extremely conservative, as there is no history of which we are aware of these models succeeding in Albania.
- Outside expertise and counsel should be used to help EPCA design and implement these actions, while allowing them to build up the institutional capacity and financial structure to remain viable for the long-term.

We conclude that EPCA has every opportunity to succeed as an organization and provide Albania with a model for such success. Additionally, were EPCA to succeed as described, the Albanian herb and spice industry would be the biggest beneficiary, with the goal of deriving improved export revenues, with improved incomes and profits throughout the value chain.

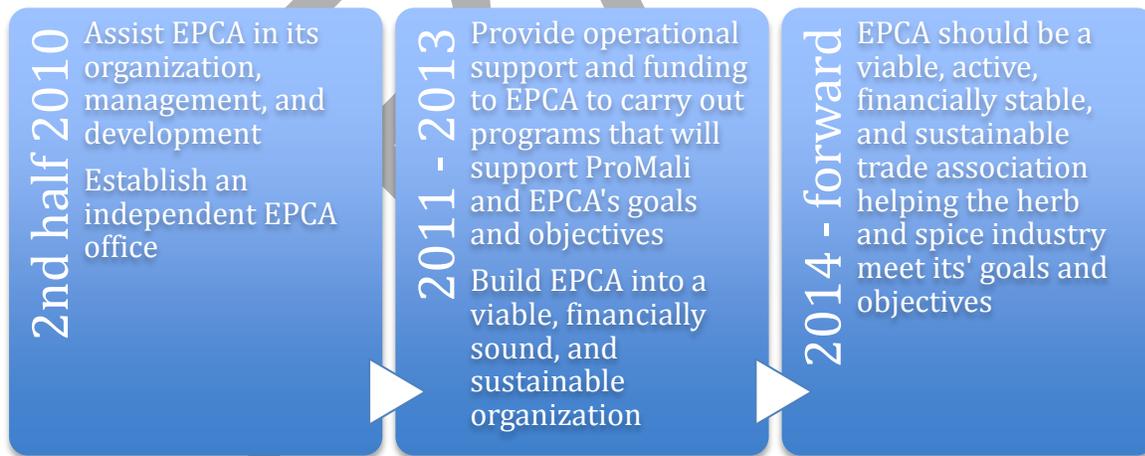
OVERALL RECOMMENDATIONS

During our time in Albania, we discussed numerous ideas and options to increase the overall welfare and income of the herb and spice industry. Our discussions and meetings, both internal and external, concluded with the recommendation that EPCA serve as the primary vehicle for ProMali's activities in this sector. Based on that decision, we are providing the blueprint and initial recommended actions below.

First and foremost, in order for this effort to be successful, ProMali must support EPCA's efforts to become a professionally managed, financially stable, and sustainable trade association. As we observed in our Due Diligence Report, "there is a lack of a real and meaningful organization and institutional structure for EPCA...Without this, EPCA will remain totally dependent on the actions and financial support of a very few people, leaving it extremely fragile, vulnerable, and under-funded." Additionally, "EPCA needs to establish a culture and tradition of financial support and volunteer activity to support its vision and goals." And, "finally, EPCA must establish management and organizational policies and procedures to build an institutional capacity that is non-existent today."

In order to achieve all of the above, we believe the following roadmap, along with our specific recommendations, will provide the necessary structure, training, policies, and procedures to help ensure EPCA's ability to meet both its own and ProMali's goals and objectives to help the industry achieve real and meaningful results.

The overall blueprint for the remaining tenure of the ProMali project and the following years is as follows:



The overall goals and objectives for the coming years should be to be as follows:

- Build local capacity to support the further growth and development of the herb and spice industry in Albania.
- In order to achieve this, EPCA shall be the primary vehicle through which these activities are carried out. For EPCA to be effective in this area, EPCA will need to undertake a serious effort at institutional and management development. This will include creation of

an independent staff with its own office and structure, training of its management and Board of Directors, internal systems, program development, strategic planning, financial planning and budgeting, as well as development of its own website. Longer term, EPCA must develop funding sources to sustain its operations.

- In order to allow the herb and spice industry to achieve greater sales and profits, increased exports, and increased employment, a serious, planned, strategic, and on-going effort to provide the needed and desired training and development must occur.

In order to achieve these goals, we have developed a set of recommendations to be carried out during the second half of 2010, which will set the stage for the full implementation of this blueprint. These recommendations are detailed in the following section.

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RECOMMENDED INITIAL ACTIONS FOR THE SECOND HALF OF 2010

Initially, it is critical to have a very clear and well articulated structure in place that defines how, when, and under what conditions ProMali shall put its full force, efforts, and funding in place to have EPCA carry out the desired programs and necessary activities to support the needs and further development of the herb and spice industry in Albania.

Therefore, we recommend as follows during the next six months:

- Recommendation: ProMali and EPCA's Chairman should work together to draft an outline and memorandum of the concept and structure. The ProMali Team Leader should then sign off on the document and it should be presented to EPCA's Board of Directors within the next 30 days. EPCA's Board of Directors must agree with all of the above before proceeding further. This shall be completed and agreed to by June 30, 2010.
- ProMali should then enter into a formal Memorandum of Understanding (MOU) with EPCA that outlines the structure, support levels, reporting requirements, and other details of the new relationship between ProMali and EPCA. This shall be completed by July 31, 2010 and shall include, but not be limited to:
 - ProMali shall provide EPCA with financial support and personnel to establish an independent and viable office for its activities. This shall include the financial support of EPCA's needed office staff, as well as its operational needs.
 - Elvira Bazina, currently ProMali's Herb and Spice Industry Manager, shall become the full time ProMali Adviser to EPCA. ProMali must agree to continue her contract in full force and effect and she shall remain a full employee of SNV/ProMali under the same terms and conditions of her current contract through the end of the ProMali project in 2013.
 - ProMali and EPCA must agree that all of ProMali's activities and financial support for the herb and spice industry will be handled through grants and financial support to EPCA. ProMali will not provide any financial support for the industry through other organizations or entities and will not place any of its staff in a position of responsibility to carry out any of these activities. Rather, it is intended that EPCA shall deal directly with ProMali's Team Leader to carry out its desired and funded activities.
 - ProMali must maintain its needed oversight and monitoring and evaluation to insure that its' funds are being used properly and that the funded activities meet its criteria, objectives, and oversight as required under the project.
 - ProMali shall agree to provide funding for activities as currently provided for in its' work plan and at the same levels for the duration of the project.
 - Financial support for the agreed upon overhead and operations of EPCA during the remaining time of the project must be detailed and outlined up front.
 - The MOU should detail the Policies and Procedures under which this relationship shall operate. It should also outline the Policies and Procedures for the operations of the EPCA office and the ProMali Adviser's roles and responsibilities.

- EPCA currently has no staff, offices, or overhead in place. Therefore, ProMali should provide support and assistance to set-up an independent EPCA office. A draft plan should be in place for this structure within the next 30-45 days. This plan should include a detailed budget of the required funding for the office, job descriptions for the needed personnel, and a plan for the hiring process to fill those positions. We believe an initial staff of two people is needed – a Technical Director and a financial/administrative person. The plan for this structure, as well as job descriptions and a timetable for implementation shall be completed by July 31, 2010. We envision the initial office to be open and in operation by not later than September 30, 2010.
- We cannot emphasize enough our earlier recommendation that “The staff hired for EPCA must be professional and properly trained. As well, the membership must believe that the staff is truly independent of any members of the association.”
- EPCA should create a thorough set of policies and procedures that document and institutionalize their operations. This should include the level of staffing needed to carry out their operations in the coming years. This shall be completed by August 31, 2010.
- EPCA’s Board of Directors and Executive Director should be trained to perform those functions normally required of a non-profit Board and association management. This should include strategic planning, leadership, financial management, volunteer activities, and the setting of short and long-term goals and objectives for the organization. The strategic planning process must become an annual activity and responsibility of the Board.
- EPCA’s By-Laws should be reviewed and revised as needed to meet the current and future needs and objectives of EPCA.
- EPCA should establish a regular meeting schedule for its Board of Directors, Annual General Meeting and any other meetings of regions, committees or otherwise. We recommend that the AGM will be held between April 15th and May 30th of each year, a time when the businesses are gearing up for the coming crops and there is a lull in their day-to-day business. The AGM should include training and educational programs of tangible value to those in attendance. Ideally, EPCA should charge a fee for attendance at this meeting, both to provide a source of income to the association, but more importantly, to support the belief that something paid for is more important and valuable than something received for free.
- EPCA should develop a set of activities to be carried out in 2011 and then annually thereafter. These activities should meet ProMali’s objectives as a criteria for their funding. These activities should be formalized into a funding proposal to be presented to ProMali for its approval and financial support.
- EPCA should create a plan to insure its financial independence and viability beginning in 2014. A phase-in of income generation from various sources must be structured for the next three years.

- Along with the above recommendation, EPCA must begin to build an adequate reserve fund for the future.³
- EPCA should begin discussions with Albatflor to determine if it is best for them to be under EPCA, thus creating a more fully representative organization encompassing all aspects of the industry. The KASH Executive Director shall facilitate and mediate these discussions.
- EPCA should determine and clarify its relationship with KASH in terms of advocacy for the industry.
- EPCA should also seek improved relationships and cooperation with similar trade associations throughout the region and the world.
- EPCA should be provided with the necessary support and assistance from ProMali to undertake this ambitious program.

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³ Typically, for trade associations, this would be a minimum of six months but preferably one year of operational overhead and expenses.

RECOMMENDED BUDGET FOR THE SECOND HALF OF 2010

In order to carry out the recommendations, ProMali and EPCA will need to have consulting support for training, development, and oversight of their work and activities.

We are making the following recommendations for outside consultant activities to support this effort.

First, Zyhdi Teqja and KASH should be engaged to review and provide recommendations with regard to:

- Any changes required to the By-Laws to insure that they are in line with current Albanian laws and regulations governing non-profit trade associations.
- EPCA's relationship with KASH with respect to advocacy efforts on behalf of the herb and spice industry.

Zyhdi should also facilitate the discussions between EPCA and Albaflor.

We foresee a need for approximately 10-15 days of Zyhdi's time during the balance of 2010.

Secondly, FFF Associates, Inc.-Peter Furth should be engaged to provide training, oversight, and development for the agreed upon work and activities during the balance of 2010.

We foresee a regular need for communication, on-going review and consultation, as well as several trips to Albania to work directly with those involved in the implementation of the plan.

Below is an outline of the forecasted time and activities for this effort, which totals approximately 62 days of FFF's time:

Projected Consultant's Activities		
Month	Activities	Est. # of Working Days
June	<ul style="list-style-type: none"> Assist with outline and memorandum of the concept and structure Assist with the development of a formal Memorandum of Understanding (MOU) with EPCA that outlines the structure, support levels, reporting requirements, and other details of the new relationship between ProMali and EPCA Help determine staffing and budget needs for the next six months 	6
July	<ul style="list-style-type: none"> Assist in the drafting of a full budget for EPCA's needs, staffing and organizational needs during the remaining time of the ProMali project Create a training plan, schedule, and budget for EPCA's Executive Director and Board of Directors Review and advise Zyhdi as he undertakes a review of EPCA's By-Laws 	8
August	<ul style="list-style-type: none"> Travel to Albania to hold a Strategic Planning session with EPCA's Board of Directors Work with EPCA and ProMali to agree on program needs and funding to support those programs Work on EPCA staffing and organizational structure Help make sure set-up and establishment of EPCA office is on course and in place 	14
September	<ul style="list-style-type: none"> Assist the EPCA staff and Board of Directors in implementation of the strategic plan and objectives Continue training activities of the EPCA staff and Board 	6
October	<ul style="list-style-type: none"> Continue as above 	6
November	<ul style="list-style-type: none"> Continue as above Begin working on plans for 2011-2013 	8
December	<ul style="list-style-type: none"> Travel to Albania to continue all of the above Finalize the full agenda, strategic plan, business plan and financial plan for 2011-2013 	14
Total Estimated # of Working Days		62

