

FINAL PROPOSAL FORM
West Balkan Development Marketplace 2006 :
Innovations in Job Creation in Formal Sector

ORGANIZATION INFORMATION

1. Name of organization : BERTTONI shpk		
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8. City/Town/Village: Shkoder , Albania		
9. Type of organization (tik in box below)		
Academic	Non – Governmental Organization	<input checked="" type="checkbox"/> Private – for – profit
International NGO	Cooperative	Individual
Foundation	Government agency	Other(specify type of organization)

BASIC PROJECT INFORMATION

10. Title of your project proposal :
Developing a “hand – sewn” footwear production workforce in Puka North Albania.

11. Project Summary (Suggested Limit: 250 Words) Please summarize Your Project. The Summary should include three main sections: Objective, Rationale, Effectiveness(See for examples Annex A at the end of this form):

Objective: Northern region of Albania is faced with lack of investment, few economic opportunities, high unemployment and outward migration of population seeking work in cities in Albania and abroad. The project will create sustainable employment opportunities for women in the town of Puka in North Albania and help them improve their living conditions.

Rationale: Although the Northern region of Albania, due to high mountains and lack of good roads, has been unable to attract investment that is essential to develop the region and bring economic prosperity, opportunities do exist in developing enterprises in the region that can utilize manual skills and create products for which market demand exist. As global production outsourcing to lower cost countries gradually force finely crafted “hand – made” products industries in developed countries to shrink, it is becoming possible to fill market needs for these products with the help of rural workers in developing countries. Therefore by focusing on products that are “hand – made” and are sold at a higher price in developed country markets, the impediments to establishing production center in rural North Albania can be mitigated and relatively higher cost of transport and other logistics can be absorbed.

Effectiveness: Through its established links with markets for footwear in the European Union (EU) and the United States (US) and its established capability in producing and exporting products to these markets. Berttoni can assure market demand and operate a sustainable production center in Puka and provide steady employment to women who never held a job before.

12. Total amount needed to implement the project proposal (in US \$) : 445 400 \$ (including investments from World Bank and investments from Berttoni)

PROJECT DETAILS

13. How will your project address the problem of unemployment?(suggested limit:200 words):

The project will directly address the problem of unemployment in Puka by training women in developing skills in producing hand – sewn leather footwear and giving them full –time employment at the production center that will be established there. The project plans are for training 200 women over a period of 6 month. Immediately following completion of their training they will be offered full-time work by the project. The official data from Puka municipality indicates that currently unemployment rate in the town is about 30%.However,with one construction firm and few retail and wholesale small businesses operating and the only other employment source being 15 government offices and 3 schools actual unemployment 90% are men. Therefore few job opportunities for women are available. The prospects for the 50 students graduating each year from the local high school and looking for jobs are also known to be poor.

The project will train and develop an all woman workforce. Aside from the workers who will work at the production center the project also expects to employ an additional 50-100 female workers (based on production needs) who can do “home-based” work.

14. Briefly describe what makes your project innovative.(Suggested limit:200 words) (Please refer to Annex B for the “Typology of Innovation” at the end of this form):

The project will build on following innovative ideas:

- 1) Create jobs for a new beneficiary group, women in isolated Northern Albania, who currently have no employment opportunities.

The Northern Albania region is the least developed part of the country. Primary because of the mountainous terrain and lack of good roads, communities living in the area largely isolated. By selecting an economic activity that is driven by growing export market demand the project will implement a sustainable business activity in this neglected region. The project will be able to overcome the barrier of higher costs associated with increased distances and difficult roads in basing production center in rural area (behind mountains)by focusing solely on making higher priced (with higher profit margins) products that are not faced with competition from low cost high volume machine made products.

- 2) New combination of existing processes.

By making “hand-sewn” products the project can overcome a key impediment to doing business in the area-chronic shortage of electrical power. In Puka a electricity outage lasts on an average 18 hours per day. The project will use manual production processes that can continue without electric power. The machine based assembly workers will switch to manual component production during hours without electricity.

15. What are the expected results and beneficiaries of your project at the end of the one-year implementation period? Indicate how many beneficiaries your project expects to reach within the funding and duration of Development Marketplace support (**suggested limit: 150 words**):

With the help of experienced trainers the project’s goal is to train 200 women in Puka in the craft of producing hand-sewn footwear components, help the trainers develop their skills through hand-on training and place them in full-time employment by the end of the first year of project implementation period.

Within the end of the Adelchi in corporation to Berttoni’s should employ 200 individuals.

16. Briefly describe how your project can be replicated/expanded (Suggested limit: 150 words):

The project is based on two key strengths, Berttoni's knowledge of product demands in the export markets in the EU and US and its ability in marketing products in these demanding markets. Based on these abilities the firm places, will produce. The firm's experience indicates that the demand for hand-sewn leather footwear products is likely to continue growing in the future. The growing demand will allow the firm to establish production centers in Berttoni considers Vau-Deje and Bushat, two villages near Puka and Mamurras, near Lac, as suitable potential sites where it can replicate its development model with little or no modification. All three villages suffer from high unemployment with few economic opportunities for women.

17. Is your project addressing the issue of youth unemployment and/or regional cooperation? if yes, briefly describe how (Suggested limit: 150 words):

The project's primary objective is produce hand-sewn leather in the economically depressed Northern region in Albania. The products are to be hand-sewn by women to high quality standards at competitive costs. Therefore, the project's commercial success will critically depend on its ability in recruiting unemployed women and training them to develop their skills for producing footwear to exacting standards. Through this process the firm will be addressing the issue of high unemployment among women in Puka. Since few job opportunities currently exist for women who have completed high school, it is expected that the project will be able to recruit number of unemployed young women. Berttoni's past and current experience indicates that, due to socio-economic reasons, young women often constitute significant part of footwear production workforce. The firm expects that out of its initial recruitment of 200 women, at least half will belong to the 18-30 years age group.

ACTIVITIES OF THE PROJECT

18. Project implementation and milestones (Suggested limit: 800 words):

List and describe the concrete activities that the project will undertake to implement for the duration of the grant. If selected as a winner, your project will be given an initial payment (~50%) to begin implementation. You will then expected to meet the first set of milestones before being paid the remainder of the grant funds. Therefore please structure your implementation plan/timeline under two sets of milestones that will correspond with the project payments.

1) Implementation Activities/Milestones after first payment:

- Training of 200 currently unemployed women in building hand-sewing, and machine based production skills.
- Full-time employment for the 200 women soon after training completion.
- Continuous production of hand-sewn foot wear to fulfill existing orders.
- Continuous production of footwear to fulfill contacts from new buyers.
- Full-time employment for the 200 women after 6 months.

2) Implementation Activities/Milestones after second payment:

- The second payment for the machines purchasing be as soon as possible.
- Continuous production of machine-sewn footwear assembly.

The various activities/Milestones are described below :

1) Implementation Activities/Milestones after first payment :

Training of 200 women on hand sewing. The training will be delivered in two phases. During the first phase, one group of 100 Young women will be trained in developing hand sewing skills. One trainer will be assigned for training a group of 20 women. The training will last six months. During those months Workers will be paid as law predict, as if they will be receiving on-the job training. Each worker will be paid \$ 140 per month, while each trainer will be paid \$ 200 per month. It is expected that as the workers progress through on-the job training they will build their skills sufficiently so that the quality of uppers sewn will improve. Therefore, uppers produced by the trainees are expected to be of acceptable quality for inclusion in finished footwear.

Continuous production of hands – sewn footwear :

At the end of the one month long training the workers will continue as full – employees and begin full fledged production and feed Berttoni’s production line.

Soon after the first group of 100 women complete their training and begin full – time production work the project will recruit another group of 100 women and put them through same training for one month and then absorb them as full – time workers in producing hand- sewn footwear. They will also become permanent employees and receive a salary of \$ 140 / month.

New contacts with new buyers :

The 200 trained women are expected to produce about 300 000 hand – sewn footwear uppers per year. Before and during the six months period of training. Berttoni will market its specialized capability in producing high quality hand – sewn footwear to international buyers. Berttoni’s has in the past turned down new production contracts for hand – sewn footwear because it didn’t have enough production capacity. Therefore the firm expect that it can generate sufficient demand for product that the project will produce. The production unit in Puka will permit the company to deal with specific orders that may come from different buyers.

2) Implementation Activities/Milestones after second payment

Training 100 currently unemployed women in developing machine based production skills:

To make the hand-sewn production process sustainable, it is necessary to assemble the hand-sewn parts with the use of machines. Therefore the project will recruit and train another group of 100 women on the use of machine based production order. The training process will last 6 months. The project will engage 10 skilled trainers on full-time basis for delivering hands-on training. Each trainer will train 10 women and will be paid \$ 200 /month. It is expected that as the machine use training progresses products that will be produced by the trainees will gradually improve in quality sufficiently for inclusion in final products. The number of production defects is expected to steadily decline as the training progresses.

Continuous production of machine – sewn shoes :

At the completion of the 3 month long training, the 100 women will continue as full- time production worker for the project . It is expected that they will produce about 300 000 unfinished footwear per year.

Functioning as complete production unit, the unit in Puka is expected to be able to fulfill complete production for specific orders. The project will undertake most of the production processes including hand-sewn as well as machine based assembly work..

As an added benefit the project also expects that once the Puka project is fully functional it will generate the need for off-site production work for hand-sewn components. Up to 100 women are expected to be able to benefit from home-based work for the project. These women can do work at home without having the need to come to the factory. A person assigned from Berttoni will deliver materiel to the homes of the workers, collect finished uppers they will produce and deliver them to the project’s production center for inspection and assembly.

19. Organizational Sustainability: Project Team and Partners (Suggested limit: 200 words)

Applicant Organization : Describe the role of the applicant organization .

Since the project is based on developing a production center in a new location that can compete on its own on the basis of cost and efficiencies, the project will become a supplier of products to Berttoni's existing logistics chain. Berttoni will employ a qualified woman who will be bases in Puka and act as overall supervisor for the project's operation. Berttoni's main office in Shkodra will provide her ontinually with assistance. In addition to supervisor in Puka , the project implementation and management team will include Paulin Radovani, who will be the team leader, Filomena Radovani, will act as the production manager assisting the supervisor in Puka.

Both Mr. and Mrs. Radovani have 15+ years of experience in footwear industry. The project will also be assisted by Italian production specialists who are already assisting Berttoni's operation in Shkodra. They will assist during the training phase as well provide technical advice during the machine installation and provide training on machine use. Each of these individuals has substantial experience in footwear production and management. Mr Radovani has successfully established and developed footwear production business in Shkodra

The combined knowledge and experience of the management team will ensure the sustainability of the project.

Main Partner Organization (if applicable):Please list the contact information of your partner organization and explain the partner's role in your project.

The implementer will have no partner organization.

MONITORING

20. Briefly describe how will you monitor the progress of the project (Suggested limit: 150 words)

Footwear production is a highly competitive industry that is open to world – wide competition. In order to succeed in this environment firms need to be able to operate production systems that constantly monitor and control costs quality. In this competitive environment Mr. & Mrs. Radovani have founded a footwear production business in Shkodra and have steanly grown it over the 15 years. The firm has been using various monitoring tools on a continual basis and for every production order . The project in Puka will benefit from BERTTONI'S built-up knowledge in monitoring operations. It will utilize standard monitoring tools to ensure that the production center is able to meet budgeted cost and quality targets within allotted time frames. The project will maintain logs for capturing monthly data on labor productivity output level , various costs and revenues generated.

EVALUTION

21. Briefly describe what will you consider to be the success of the proposed project.

Creation of competitive business unit which will be operational and will generate income. This unit will employ approximately 200 young women in one year time. It will operate in a area of high unemployment and low level of development.

BUDGET

22. Please provide financing information and a detailed estimate of the budget for project activities

CO – FINANCING

CO- FINANCING	AMOUNT (IN USD)
A . <u>APPLICANT CONTRIBUTION</u>	411 000
B. West Balkan DM CONTRIBUTION	34 400
TOTAL FINANCING (A + B)	445 400

PROJECT COST

Activity	Cost	Contribution of Berttoni's applicant	Contribution Of West Balkan DM	TOTAL \$
Improvement of the division conditions	\$ 20 000	\$ 20 000		\$ 20 000
Purchasing and Installation equipments (machine)	\$ 229 400	\$ 195 000	\$ 34 400	\$ 229 400
Trainers of hand soul and production	20 * \$200*6 MONTHS \$ 24 000	\$ 24 000		\$ 24 000
Trained women Salaries	200*\$140*6MONTHS \$ 168 000	\$ 168 000		\$ 168 000
Transport's Costs	\$ 4 000	\$ 4 000		\$ 4 000
TOTAL		\$ 411 000	\$ 34 400	\$ 445 400